

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR

SCOTT COUNTY
SHAKOPEE, MINNESOTA

YEAR ENDED DECEMBER 31, 2013

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Year Ended December 31, 2013



Management and Compliance Report

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Findings and Questioned Costs	1
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>	6
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	9
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	15

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major programs:

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

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

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

The major programs are:

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	CFDA #10.561
Workforce Investment Act (WIA) Cluster	
WIA Adult Program	CFDA #17.258
WIA Youth Activities	CFDA #17.259
WIA Dislocated Worker Formula Grants	CFDA #17.278
Medical Assistance Program	CFDA #93.778

The threshold for distinguishing between Types A and B programs was \$330,044.

Scott 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 2013-001

Departmental Internal Controls

Criteria: Management is responsible for establishing and maintaining effective internal controls. The County has a policy addressing cash handling that requires shortages to be reported to the County's Accounting Department.

Condition: Internal control deficiencies were noted during our on-site visits to the Shakopee Library and the Library Administrative Office:

- At the Library Administrative Office, the deposits from the individual library branches are compared to what the Workflow program reports show as receipted, but differences are not reported, investigated, or followed up on; and
- We noted several instances where the individual library branches deposited less than the Workflow program reports indicated.

Context: Receipts are recorded on the Workflow program at the individual library branches. The Library Administrative Office uses reports from the Workflow program to compare to cash receipts from individual library branches and delivers funds for deposit to the County's Accounting Department.

Effect: A lack of controls over receipts puts the County at risk for theft of assets.

Cause: Lack of procedures designed and implemented to provide oversight and safeguards for receipts.

Recommendation: We recommend Library administration implement the County's policy addressing cash handling. We also recommend Library administration design and implement procedures to report differences to the County's Accounting Department. These procedures should address when differences are to be investigated and when individual library branches are to be held accountable for missing funds.

Client's Response:

We will lead a new Cash Handling, Petty Cash, Change Funds and Revolving Funds Policy thru the county board approval process. It provides better clarity for cash handling and reporting procedures and will help educate all departments on how to do a better job in this area. The Finance department will work with the Library to review the current reconciliation process to identify and implement improvements.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding 2013-002

Eligibility Testing

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

Pass-Through Agency: Minnesota Department of Human Services

Criteria: OMB Circular A-133 § .300(b) states that the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its programs. These controls should include a review process for case files to ensure the intake function related to eligibility requirements is met.

Condition: The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. During our review of the Medical Assistance Program, we noted the following:

- Out of 40 cases tested, 2 individuals' citizenship were not verified in MAXIS, and in 1 of those instances, there was no birth certificate on file;
- Out of 40 cases tested, 1 individual was over the asset limit, which required the individual to spend down her assets. This spend down did not occur;
- Out of 40 cases tested, 1 individual was eligible in MAXIS when she was over the income limit. Medical payments for this individual were being made from the state's MMIS system, which had been updated timely, thus, there were no improper payments; however, MAXIS should have been updated more timely; and
- The County does not have a formal, documented review process.

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

Effect: The improper input of information into MAXIS and lack of a formal review process increases the risk that a client will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was input into MAXIS correctly and in the time frame allowed for eligibility determination. Also, the County has informed us that limited staff time hinders the ability to implement a formal review process.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly input into MAXIS and issues are followed up in a timely manner. In addition, we recommend a formal review process be documented and that documentation be maintained on which case files were reviewed and the results of the review.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

Barbara Dahl

Corrective Action Planned:

Current Process:

Scott County’s Financial Assistance unit currently utilizes the following oversight processes for monitoring the program including:

- *Review the MAXIS Report Pending Two Report (this report identifies all cases/programs that are pending in MAXIS; reviewing this report helps to ensure that the client is enrolled timely).*
- *MAXIS Income and Eligibility Verification System Match Report (REPT/IEVS) (this report identifies discrepancies between client reported income and reported income to state systems for the same client). IEVS match discrepancies are received on each individual worker’s daily report for review and resolution.*

- *Financial Assistance Specialists also review cases for accuracy before they are transferred out of or into our County. In addition, cases are also reviewed when there is staff turnover. Peer reviews can happen several times a year.*
- *Supervisors and Leads review and monitor cases that have situations that need further evaluation during the course of daily operations.*
- *In 2013, staff developed a random sampling review process for the County's SNAP program (the federal food support program). This process was not implemented with Health Care programs due to the anticipated rollout of MNSure, which has drastically changed the application, enrollment, and eligibility process.*

Future Process:

The implementation of MNSure has presented many challenges as it pertains to the monitoring of Health Care programs. Staff are unable to make client life changes within the system. We have been instructed not to close a majority of the cases we serve due to converting current Medical Assistance clients to the new system, and the supervisor portal for managing the programs has not been developed.

Despite these system challenges, County Supervisors will work to develop a random systematic review of cases that will meet the requirements as outlined in the Schedule of Findings for the year ending in December 31, 2013. This process will be added to the existing internal controls that were described above.

Anticipated Completion Date:

September 30, 2014

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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
Scott County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 20, 2014. Other auditors audited the financial statements of the Scott County Community Development Agency, as described in our report on Scott County's financial statements. This report does not include the results of the other auditor's 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 Scott County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scott County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because Scott County does not use tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Scott County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Scott County's Response to Findings

Scott County's response to the internal control finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 20, 2014

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

Independent Auditor's Report

Board of County Commissioners
Scott County

Report on Compliance for Each Major Federal Program

We have audited Scott County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. Scott County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Scott County's basic financial statements include the operations of the Scott County Community Development Agency (CDA) component unit, which expended \$4,363,809 in federal awards during the year ended December 31, 2013, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Scott County CDA because it was audited by other auditors.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Scott County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Scott 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, Scott County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002. Our opinion on each major federal program is not modified with respect to these matters.

Scott County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Scott County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Scott County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal

control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

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

Scott County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Scott County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 20, 2014, which contained unmodified opinions on those financial statements. We did not audit the Scott County CDA which was audited by other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of This Report

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

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

June 20, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 5,973
National School Lunch Program	10.555	11,242
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>386,430</u>
Total U.S. Department of Agriculture		<u>\$ 403,645</u>
U.S. Department of Housing and Urban Development		
Direct		
Shelter Plus Care Grant	14.238	<u>\$ 173,508</u>
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	\$ 31,177
Public Safety Partnership and Community Policing Grants	16.710	3,711
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - ARRA	16.804	<u>17,960</u>
Total U.S. Department of Justice		<u>\$ 52,848</u>
U.S. Department of Labor		
Passed Through Minnesota Department of Employment and Economic Development		
Senior Community Service Employment Program	17.235	\$ 54,746
Passed Through Dakota-Scott Service Delivery Area #14		
Workforce Investment Act (WIA) Cluster		
WIA Adult Program	17.258	114,169
WIA Youth Activities	17.259	107,997
WIA Dislocated Worker Formula Grants	17.278	170,138
WIA National Emergency Grants	17.277	<u>74,821</u>
Total U.S. Department of Labor		<u>\$ 521,871</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 4,081,500
Passed Through Minnesota Department of Public Safety		
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	<u>22,094</u>
Total U.S. Department of Transportation		<u>\$ 4,103,594</u>

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Environmental Protection Agency		
Passed Through Minnesota Pollution Control Agency		
Nonpoint Source Implementation Grants	66.460	<u>\$ 45,774</u>
U.S. Department of Health and Human Services		
Passed Through National Association of County and City Health Officials		
Medical Reserve Corps Small Grant Program	93.008	\$ 4,000
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	108,807
Universal Newborn Hearing Screening	93.251	225
Immunization Cooperative Agreements	93.268	7,325
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	225
Temporary Assistance for Needy Families	93.558	76,567
(Total Temporary Assistance for Needy Families 93.558 \$641,453)		
Maternal and Child Health Services Block Grant to the States	93.994	65,249
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	203,918
Temporary Assistance for Needy Families	93.558	564,886
(Total Temporary Assistance for Needy Families 93.558 \$641,453)		
Child Support Enforcement	93.563	1,574,496
Refugee and Entrant Assistance - State-Administered Programs	93.566	962
Child Care and Development Block Grant	93.575	132,756
Community-Based Child Abuse Prevention Grants	93.590	39,000
Stephanie Tubbs Jones Child Welfare Services Program	93.645	16,559
Foster Care Title IV-E	93.658	183,788
Social Services Block Grant	93.667	429,533
Chafee Foster Care Independence Program	93.674	7,962
Children's Health Insurance Program	93.767	298
Medical Assistance Program	93.778	2,215,349
Block Grants for Community Mental Health Services	93.958	<u>5,780</u>
Total U.S. Department of Health and Human Services		<u>\$ 5,637,685</u>
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 12,925
Passed Through Minnesota Department of Public Safety		
Homeland Security Grant Program	97.067	<u>49,601</u>
Total U.S. Department of Homeland Security		<u>\$ 62,526</u>
Total Federal Awards		<u><u>\$ 11,001,451</u></u>

**SCOTT COUNTY
SHAKOPEE MINNESOTA**

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

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Scott County. Scott County's financial statements include the operations of the Scott County Community Development Agency (CDA) component unit, which expended \$4,363,809 in federal awards during the year ended December 31, 2013, which are not included in the Schedule of Expenditures of Federal Awards. The CDA has its own single audit. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Scott County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Scott County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Scott County.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

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

Child Nutrition Cluster	\$ 17,215
Workforce Investment Act (WIA) Cluster	392,304

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

5. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 7,254,806
Grants received more than 60 days after year-end, deferred in 2013	
Highway Planning and Construction	4,074,571
Temporary Assistance for Needy Families	96,378
Child Care and Development Block Grant	8,364
Foster Care Title IV-E	36,458
Medical Assistance Program	340,863
Block Grants for Community Mental Health Services	5,780
Deferred in 2012, recognized as revenue in 2013	
WIA Adult Program	(7,369)
Highway Planning and Construction	(703,726)
Temporary Assistance for Needy Families	(1,900)
Child Care and Development Block Grant	(13,136)
Foster Care Title IV-E	(2,649)
Emergency Management Performance Grants	(57,597)
Homeland Security Grant Program	(29,392)
	\$ 11,001,451
Expenditures Per Schedule of Expenditures of Federal Awards	\$ 11,001,451

6. Subrecipients

During 2013, the County did not pass any federal money to subrecipients.

7. American Recovery and Reinvestment Act

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