

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, 2014

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 700 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, 2014



Management and Compliance Report

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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? **No**

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:

| | |
|--|--------------|
| Temporary Assistance for Needy Families | CFDA #93.558 |
| Child Support Enforcement | CFDA #93.563 |
| Medical Assistance Program | CFDA #93.778 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | CFDA #97.036 |

The threshold for distinguishing between Types A and B programs was \$533,324.

Scott County qualified as a low-risk auditee? **Yes**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM RESOLVED

Departmental Internal Controls (2013-001)

During our previous audit, we identified a lack of controls over cash receipting and depositing at various library branches and at the Library Administrative Office.

Resolution

The County revised its Cash Handling, Petty Cash, Change Funds and Revolving Funds Policy to address the weaknesses noted. The County Finance Department also worked with the Library to review and improve their reconciliation process.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

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.

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, for the 40 cases tested, we noted one instance where the case file did not include a birth certificate but MAXIS indicated that citizenship had been verified with a birth certificate.

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 lack of documented verification of key eligibility determining factors increases the risk that clients will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information input into MAXIS was maintained in the case file.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly maintained in case files.

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 REPT/PND2 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 IEVS Match Report (REPT/IEVC) (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 DAIL 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 2015, staff started conducting a random monthly review of non-MAGI cases in MAXIS.*

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 all client life changes within the system, we have not been given the instructions to process renewals, and the supervisor portal for managing the programs has not been developed.

Despite these system challenges, County Supervisors have developed or refined the following processes in response to the corrective action:

- **Review of county transfers:** *After a case is transferred from another county to Scott County, the Administrative Specialists will review the case to ensure that the cases contain the required documentation for each eligible household member. The Transfer-in Checklist will be completed and then sent to the Financial Assistance Specialist for an additional review.*
- **Non-MAGI MAXIS review:** *Non-MAGI cases will continue to be reviewed each month. A formal peer review will be conducted for a random selection of clients each month which will examine how the annual review was completed. The results of each review will be routed to the program supervisor for analysis and follow-up.*

Anticipated Completion Date:

These two additional procedures will begin on July 1, 2015.

IV. OTHER FINDINGS AND RECOMMENDATIONS

OTHER ITEM FOR CONSIDERATION

GASB Statement No. 68, Accounting and Financial Reporting for Pensions

The Governmental Accounting Standards Board (GASB) is the independent organization that establishes standards of accounting and financial reporting for state and local governments. Effective for your calendar year 2015 financial statements, the GASB changed those standards as they apply to employers that provide pension benefits.

GASB Statement 68 significantly changes pension accounting and financial reporting for governmental employers that prepare financial statements on the accrual basis by separating pension accounting methodology from pension funding methodology. Statement 68 requires employers to include a portion of the Public Employees Retirement Association (PERA) total employers' unfunded liability, called the "net pension liability" on the face of the County's government-wide statement of financial position. The County's financial position will be immediately impacted by its unfunded share of the pension liability.

Statement 68 changes the amount employers report as pension expense and defers some allocations of expenses to future years—deferred outflows or inflows of resources. It requires pension costs to be calculated by an actuary; whereas, in the past pension costs were equal to the amount of employer contributions sent to PERA during the year. Additional footnote disclosures and required supplementary information schedules are also required by Statement 68.

The net pension liability that will be reported in Scott County’s financial statements is an accounting estimate of the proportionate share of PERA’s unfunded liability at a specific point in time. That number will change from year to year and is based on assumptions about the probability of the occurrence of events far into the future. Those assumptions include how long people will live, how long they will continue to work, projected salary increases, and how well pension trust investments will do. PERA has been proactive in taking steps toward implementation and will be providing most of the information needed by employers to report the net pension liability and deferred outflows/inflows of resources.

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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
Shakopee, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County, Minnesota, as of and for the year ended December 31, 2014, 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 29, 2015. Our report includes a reference to other auditors who audited the financial statements of the Scott County Community Development Agency, 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 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. 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 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.

Other Matters

Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe this information to be of benefit to the County, and we are reporting it for that purpose.

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 29, 2015

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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 OMB CIRCULAR A-133

Independent Auditor's Report

Board of County Commissioners
Scott County
Shakopee, Minnesota

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, 2014. 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 \$4,352,965 in federal awards during the year ended December 31, 2014, 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is 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 this matter.

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, 2014, 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 29, 2015, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Scott County CDA, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit, is based solely on the report of the 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 29, 2015

/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, 2014**

| 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 | \$ 7,979 |
| National School Lunch Program | 10.555 | 15,422 |
| Passed Through Minnesota Department of Human Services | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | <u>543,077</u> |
| Total U.S. Department of Agriculture | | <u>\$ 566,478</u> |
| U.S. Department of Housing and Urban Development | | |
| Direct | | |
| Shelter Plus Care | 14.238 | <u>\$ 144,406</u> |
| U.S. Department of Justice | | |
| Direct | | |
| State Criminal Alien Assistance Program | 16.606 | \$ 37,986 |
| Bulletproof Vest Partnership Program | 16.607 | <u>6,552</u> |
| Total U.S. Department of Justice | | <u>\$ 44,538</u> |
| U.S. Department of Labor | | |
| Passed Through Minnesota Department of Employment and Economic Development | | |
| Senior Community Service Employment Program | 17.235 | \$ 58,710 |
| Passed Through Dakota-Scott Service Delivery Area #14 | | |
| Workforce Investment Act (WIA) Cluster | | |
| WIA Adult Program | 17.258 | 137,016 |
| WIA Youth Activities | 17.259 | 137,649 |
| WIA Dislocated Worker Formula Grants | 17.278 | 125,280 |
| WIA National Emergency Grants | 17.277 | <u>18,590</u> |
| Total U.S. Department of Labor | | <u>\$ 477,245</u> |
| U.S. Department of Transportation | | |
| Passed Through Minnesota Department of Transportation | | |
| Highway Planning and Construction | 20.205 | \$ 9,201,431 |
| State and Community Highway Safety | 20.600 | 238,605 |
| Passed Through Minnesota Department of Public Safety | | |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | <u>29,557</u> |
| Total U.S. Department of Transportation | | <u>\$ 9,469,593</u> |

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(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>\$ 214,617</u> |
| U.S. Department of Education | | |
| Passed Through Minnesota Department of Employment and Economic Development Rehabilitation Services - Vocational Rehabilitation Grants to States | 84.126 | \$ 16,380 |
| Passed Through Minnesota Department of Health Special Education - Grants for Infants and Families | 84.181 | <u>2,289</u> |
| Total U.S. Department of Education | | <u>\$ 18,669</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 | \$ 3,500 |
| Passed Through Minnesota Department of Health Public Health Emergency Preparedness | 93.069 | 139,786 |
| Universal Newborn Hearing Screening | 93.251 | 3,850 |
| Immunization Cooperative Agreements | 93.268 | 5,160 |
| Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | 150 |
| Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program | 93.505 | 2,411 |
| PPHF National Public Health Improvement Initiative | 93.507 | 2,000 |
| Temporary Assistance for Needy Families | 93.558 | 68,364 |
| (Total Temporary Assistance for Needy Families 93.558 \$579,382) | | |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 56,591 |
| Passed Through Minnesota Department of Human Services Promoting Safe and Stable Families | 93.556 | 162,162 |
| Temporary Assistance for Needy Families | 93.558 | 511,018 |
| (Total Temporary Assistance for Needy Families 93.558 \$579,382) | | |
| Child Support Enforcement | 93.563 | 1,644,138 |
| Refugee and Entrant Assistance - State-Administered Programs | 93.566 | 2,913 |
| Child Care and Development Block Grant | 93.575 | 126,487 |
| Stephanie Tubbs Jones Child Welfare Services Program | 93.645 | 20,012 |
| Foster Care Title IV-E | 93.658 | 295,586 |
| Social Services Block Grant | 93.667 | 402,850 |
| Chafee Foster Care Independence Program | 93.674 | 3,398 |
| Children's Health Insurance Program | 93.767 | 262 |
| Medical Assistance Program | 93.778 | 2,478,332 |
| Block Grants for Community Mental Health Services | 93.958 | <u>5,735</u> |
| Total U.S. Department of Health and Human Services | | <u>\$ 5,934,705</u> |

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

| Federal Grantor Pass-Through Agency Grant Program Title | Federal CFDA Number | Expenditures |
|---|------------------------------------|----------------------|
| U.S. Department of Homeland Security | | |
| Passed Through Minnesota Department of Natural Resources | | |
| Boating Safety Financial Assistance | 97.012 | \$ 8,875 |
| | | |
| Passed Through Minnesota Department of Public Safety | | |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | 708,182 |
| Emergency Management Performance Grants | 97.042 | 130,944 |
| Homeland Security Grant Program | 97.067 | 59,229 |
| | | <u>907,230</u> |
| Total U.S. Department of Homeland Security | | \$ 907,230 |
| | | |
| Total Federal Awards | | \$ 17,777,481 |

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**SCOTT COUNTY
SHAKOPEE MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

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 \$4,352,965 in federal awards during the year ended December 31, 2014, 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, 2014. 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 | \$ | 23,401 |
| Workforce Investment Act (WIA) Cluster | | 399,945 |

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

5. Reconciliation to Schedule of Intergovernmental Revenue

| | |
|--|---------------|
| Federal grant revenue per Schedule of Intergovernmental Revenue | \$ 20,477,489 |
| Grants received more than 60 days after year-end, unavailable in 2014 | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 23,000 |
| Highway Planning and Construction | 1,613,781 |
| Temporary Assistance for Needy Families | 2,213 |
| Child Support Enforcement | 55,268 |
| Refugee and Entrant Assistance – State-Administered Programs | 100 |
| Child Care and Development Block Grant | 9,072 |
| Foster Care - Title IV-E | 11,100 |
| Medical Assistance Program | 83,400 |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 64,472 |
| Unavailable in 2013, recognized as revenue in 2014 | |
| 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) |
| | <hr/> |
| Expenditures Per Schedule of Expenditures of Federal Awards | \$ 17,777,481 |

6. Subrecipients

During 2014, the County did not pass any federal money to subrecipients.