

# STATE OF MINNESOTA

## Office of the State Auditor



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

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MANAGEMENT AND COMPLIANCE REPORT FOR

**DAKOTA COUNTY**  
**HASTINGS, MINNESOTA**

YEAR ENDED DECEMBER 31, 2010

## **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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**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**Year Ended December 31, 2010**



**Management and Compliance Report**

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

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**DAKOTA COUNTY  
HASTINGS, 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> | 7           |
| Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133             | 10          |
| Schedule of Expenditures of Federal Awards  | 13          |
| Notes to the Schedule of Expenditures of Federal Awards   | 17          |

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**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses unqualified opinions on the basic financial statements of Dakota County.
- B. A significant deficiency in internal control was disclosed by the audit of the financial statements of Dakota County and is reported in the "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*." It was not a material weakness.
- C. No instances of noncompliance material to the financial statements of Dakota County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133."
- E. The Auditor's Report on Compliance for the major federal award programs for Dakota County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:
  - Community Development Block Grants - Entitlement Grants Cluster
  - Community Development Block Grant CFDA #14.218
  - Community Development Block Grant - ARRA CFDA #14.253
  - HOME Investment Partnerships Program CFDA #14.239
  - Homelessness Prevention-Rapid Re-Housing Program - ARRA CFDA #14.257

|   |              |
|---|--------------|
| Edward Byrne Memorial Justice Assistance Grant - ARRA | CFDA #16.804 |
| Workforce Investment Act (WIA) Cluster                |              |
| WIA Adult Program                                     | CFDA #17.258 |
| WIA Adult Program - ARRA                              | CFDA #17.258 |
| WIA Youth Activities                                  | CFDA #17.259 |
| WIA Youth Activities - ARRA                           | CFDA #17.259 |
| WIA Dislocated Workers                                | CFDA #17.260 |
| WIA Dislocated Workers - ARRA                         | CFDA #17.260 |
| Highway Planning and Construction Cluster             |              |
| Highway Planning and Construction                     | CFDA #20.205 |
| Highway Planning and Construction - ARRA              | CFDA #20.205 |
| Energy Efficiency and Conservation Block Grant        |              |
| Program - ARRA  | CFDA #81.128 |
| Homeland Security Grant Program                       | CFDA #97.067 |

- H. The threshold for distinguishing between Types A and B programs was \$1,286,290 (three percent of total federal awards).
- I. Dakota County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

07-1 Documenting and Monitoring Internal Controls

County management is responsible for the County’s internal control over financial reporting. This responsibility requires performing an assessment of existing controls over significant functions used to produce financial information for the Board, management, and for external financial reporting. The risk assessment is intended to determine if the internal controls that have been established by County management are still effective or if changes are needed to maintain a sound internal control structure. Changes may be necessary due to such things as organizational restructuring, updates to information systems, or changes to services being provided.



The following significant internal control areas should be documented:

- cash and investment activities;
- major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items);
- expenditure/expense processing including social services expenditures; and
- journal entry processing.

The County has documentation on most of these areas. However, each department's accounting procedures that document internal controls are kept in the individual department's computer files. In order for the Financial Services staff to perform periodic risk assessments of the County's internal controls, they would have to contact each department to get the current documentation.

We recommend that County management centralize the documentation of the significant internal controls in its accounting system. County management has completed an assessment of risk and is in the process of documenting that assessment. We also recommend that a formal plan be developed that calls for monitoring the internal control structure on a regular basis, no less than annually. The monitoring activity should also be documented to show the results of the review, any changes required, and who performed the work.

Client's Response:

*We agree on the need for the county to develop a more comprehensive and integrated approach to documenting and monitoring internal controls. As part of our continuing efforts to improve in this area, during 2010, the county began compiling a list of documented internal controls for each department, with the goal of including current versions on the county's internal website. This will allow the departments to update the version as well as give the finance department easy access to the documentation. The county is currently in the process of implementing a new ERP system. Within this system, we are having more internal controls built in and it will allow for better access to data. As part of the ERP implementation, we are documenting all procedures relating to transactions.*

## PREVIOUSLY REPORTED ITEM RESOLVED

### **Accrual Adjustments (09-1)**

Errors in accrual journal entries on the general ledger system occurred that were not detected until after they were posted.

### **Resolution**

No errors in accrual journal entries on the general ledger system were identified during our audit of the 2010 financial statements.

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

None.

## **IV. OTHER FINDINGS AND RECOMMENDATIONS**

### OTHER ITEM FOR CONSIDERATION

#### GASB Statement 54

The Governmental Accounting Standards Board's (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, is effective for Dakota County for the year ending December 31, 2011. The standard's objectives are to enhance the usefulness of fund balance information included in the financial report through clearer fund balance classifications that can be consistently applied and to clarify existing governmental fund type definitions.

#### Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance are reserved, unreserved-designated, and unreserved-undesignated. Statement 54 replaces these components with nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as the corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.
- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

Dakota County should begin the process for implementing the new fund balance classifications. A key step in successfully implementing the new fund balance requirements is to plan ahead. The County can start with the following steps:

- review the requirements of GASB Statement 54;
- review current fund balances and compare to the new classifications;
- reclassify January 1, 2011, fund balance using the new classifications;
- review/update/prepare a comprehensive fund balance policy;
- prepare appropriate Board resolutions to commit fund balance; and
- if the Board of County Commissioners intends to delegate authority to assign fund balance, prepare the resolutions delegating that authority.

#### Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in the new standard. The new definition for a special revenue fund could have significant impact on the County's current fund classifications.

GASB Statement 54 provides a new and clearer description of when it is appropriate to account for an activity using a special revenue fund. Special revenue funds are used to report specific revenue sources restricted or committed to specified purposes other than debt service and capital projects, where the restricted or committed revenue sources comprise a substantial portion of the fund's resources, and are expected to continue to do so in the future. The standard does not define substantial portion; however, most recommendations are generally that the restricted or committed revenues should comprise at least 35 to 50 percent of total fund revenues. Under this definition, it is possible that some current special revenue funds will no longer meet the requirements for special revenue fund treatment. Dakota County's management should review the County's special revenue funds to ensure these funds continue to warrant treatment as special revenue funds.

The County's management should perform the following steps prior to December 31, 2011:

- prepare a list of the County's special revenue funds;
- determine the sources of revenues for each of those funds;
- identify whether any of those revenues are restricted or committed;
- determine if these restricted or committed revenues represent a substantial portion of the fund's revenues and are expected to continue to be a substantial source of revenues;
  - if yes, the fund may continue to be classified as a special revenue fund;
  - if not, determine whether the County will combine that fund with the General Fund or with a similar purpose special revenue fund that meets the new definition;
- code revenues in the general ledger by source constraints--restricted, committed, assigned, or unassigned; and
- determine if there needs to be a restatement of beginning fund balances.

Additional implementation steps could include: informing any component units that they also will need to meet the requirements; deciding on how fund balance will be presented in the financials, for example, detailed vs. aggregate methods; and developing the potential note disclosures. Additional guidance on GASB Statement 54 can be found on the Office of the State Auditor's website at:

[http://www.auditor.state.mn.us/other/Statements/fundbalances\\_postGASB54\\_1012\\_statement.pdf](http://www.auditor.state.mn.us/other/Statements/fundbalances_postGASB54_1012_statement.pdf).



REBECCA OTTO  
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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***

Board of County Commissioners  
Dakota County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2011. Our report includes a reference to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Dakota County Community Development Agency, as described in our report on Dakota 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, we considered Dakota County's internal control over financial reporting as a basis for designing our auditing procedures 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified a deficiency in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as item 07-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dakota County's financial statements are free of 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories, except tax increment financing, because Dakota County does not use tax increment financing.

The results of our tests indicate that for the items tested, Dakota County complied with the material terms and conditions of applicable legal provisions.

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

Dakota County's written response to the internal control finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Dakota County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 24, 2011

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## **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of County Commissioners  
Dakota County

### Compliance

We have audited Dakota 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 its major federal programs for the year ended December 31, 2010. Dakota County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Dakota County's basic financial statements include the operations of the Dakota County Community Development Agency component unit, which expended \$27,520,929 in federal awards during the year ended June 30, 2010, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Community Development Agency because it had a separate single audit in accordance with OMB Circular A-133.

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 Dakota 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. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Dakota County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

#### Internal Control Over Compliance

The management of Dakota County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

Our consideration of the 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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of and for the year ended December 31, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 24, 2011. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming opinions on Dakota County's financial statements that collectively comprise the County's 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. 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. The SEFA 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 financial statements or to the 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 taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 24, 2011

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**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>                            | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Passed Through<br/>to Subrecipients</b> |
|---|------------------------------------|---------------------|--|
| <b>U.S. Department of Agriculture</b>   |                                    |                     |  |
| Direct  |                                    |                     |  |
| Farm and Ranch Lands Protection Program   | 10.913                             | \$ 352,740          | \$ -                                       |
| Passed Through Minnesota Department of Health   |                                    |                     |  |
| Special Supplemental Nutrition Program for Women, Infants, and Children                           | 10.557                             | 1,432,636           | -  |
| Passed Through Minnesota Department of Education  |                                    |                     |  |
| Child Nutrition Cluster   |                                    |                     |  |
| School Breakfast Program  | 10.553                             | 16,254              | -  |
| National School Lunch Program   | 10.555                             | 24,018              | -  |
| Passed Through Minnesota Department of Human Services   |                                    |                     |  |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP) Cluster |                                    |                     |  |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program                | 10.561                             | 2,052,157           | -  |
| State Administrative Matching Grants for Supplemental Nutrition Assistance Program - ARRA         | 10.561                             | 44,922              | -  |
| <b>Total U.S. Department of Agriculture</b>   |                                    | <b>\$ 3,922,727</b> | <b>\$ -</b>                                |
| <b>U.S. Department of Housing and Urban Development</b>   |                                    |                     |  |
| Direct  |                                    |                     |  |
| Community Development Block Grants - Entitlement Grants Cluster                                   |                                    |                     |  |
| Community Development Block Grant   | 14.218                             | \$ 3,422,420        | \$ 3,422,240                               |
| Community Development Block Grant - ARRA  | 14.253                             | 259,378             | 259,378                                    |
| Supportive Housing Demonstrative Program  | 14.235                             | 429,536             | -  |
| HOME Investment Partnerships Program  | 14.239                             | 915,668             | 915,668                                    |
| Homelessness Prevention - Rapid Re-Housing Program - ARRA   | 14.257                             | 296,921             | -  |
| <b>Total U.S. Department of Housing and Urban Development</b>                                     |                                    | <b>\$ 5,323,923</b> | <b>\$ 4,597,286</b>                        |
| <b>U.S. Department of Justice</b>   |                                    |                     |  |
| Passed Through Minnesota Department of Public Safety  |                                    |                     |  |
| Juvenile Accountability Incentive Block Grant   | 16.523                             | \$ 35,852           | \$ -                                       |
| Edward Byrne Memorial Justice Assistance Grant (JAG) Program                                      | 16.738                             | 90,500              | -  |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>     | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b> | <b>Passed Through<br/>to Subrecipients</b> |
|--|------------------------------------|---------------------|--|
| <b>U.S. Department of Justice (Continued)</b>                              |                                    |                     |  |
| Direct   |                                    |                     |  |
| Edward Byrne Memorial Formula Grant Program                                | 16.579                             | 69,450              | -  |
| Drug Court Discretionary Grant Program                                     | 16.585                             | 151,650             | -  |
| State Criminal Alien Assistance Program (SCAAP)                            | 16.606                             | 400                 | -  |
| Public Safety Partnership and Community Policing Grant - ARRA              | 16.710                             | 16,903              | -  |
| Congressionally Recommended Awards   | 16.753                             | 200,124             | -  |
| Edward Byrne Memorial JAG - ARRA   | 16.804                             | 205,987             | -  |
|  |                                    | <u>770,866</u>      | <u>-</u>                                   |
| <b>Total U.S. Department of Justice</b>                                    |                                    | <b>\$ 770,866</b>   | <b>\$ -</b>                                |
| <b>U.S. Department of Labor</b>  |                                    |                     |  |
| Passed Through Minnesota Department of Employment and Economic Development |                                    |                     |  |
| Workforce Investment Act (WIA) Cluster                                     |                                    |                     |  |
| WIA Adult Program  | 17.258                             | \$ 289,564          | \$ 72,847                                  |
| WIA Adult Program - ARRA   | 17.258                             | 123,486             | 61,000                                     |
| WIA Youth Activities   | 17.259                             | 388,809             | 167,978                                    |
| WIA Youth Activities - ARRA  | 17.259                             | 179,511             | 160,904                                    |
| WIA Dislocated Workers   | 17.260                             | 1,704,407           | 146,114                                    |
| WIA Dislocated Workers - ARRA  | 17.260                             | 239,654             | 17,019                                     |
|  |                                    | <u>2,925,431</u>    | <u>625,862</u>                             |
| <b>Total U.S. Department of Labor</b>                                      |                                    | <b>\$ 2,925,431</b> | <b>\$ 625,862</b>                          |
| <b>U.S. Department of Transportation</b>                                   |                                    |                     |  |
| Passed Through Minnesota Department of Transportation                      |                                    |                     |  |
| Highway Planning and Construction Cluster                                  |                                    |                     |  |
| Highway Planning and Construction  | 20.205                             | \$ 3,190,466        | \$ -                                       |
| Highway Planning and Construction - ARRA                                   | 20.205                             | 1,249,441           | -  |
| Passed Through Minnesota Department of Public Safety                       |                                    |                     |  |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated       |                                    |                     |  |
|  | 20.608                             | 8,318               | -  |
| Passed Through Metropolitan Council  |                                    |                     |  |
| Job Access - Reverse Commute   | 20.516                             | 40,132              | -  |
|  |                                    | <u>4,488,357</u>    | <u>-</u>                                   |
| <b>Total U.S. Department of Transportation</b>                             |                                    | <b>\$ 4,488,357</b> | <b>\$ -</b>                                |
| <b>U.S. Department of Energy</b>   |                                    |                     |  |
| Direct   |                                    |                     |  |
| Energy Efficiency and Conservation Block Grant Program - ARRA              | 81.128                             | \$ 264,208          | \$ -                                       |
| <b>U.S. Department of Education</b>  |                                    |                     |  |
| Direct   |                                    |                     |  |
| Special Education - Grants for Infants and Families                        | 84.181                             | \$ 120,628          | \$ -                                       |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b>                  | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>  | <b>Passed Through<br/>to Subrecipients</b> |
|---|------------------------------------|----------------------|--|
| <b>U.S. Department of Health and Human Services</b>                                     |                                    |                      |  |
| Passed Through Minnesota Department of Health   |                                    |                      |  |
| Public Health Emergency Preparedness  | 93.069                             | \$ 551,396           | \$ -                                       |
| Project Grants and Cooperative Agreements for Tuberculosis<br>Control Programs          | 93.116                             | 7,045                | -  |
| Immunization Cluster  |                                    |                      |  |
| Immunization Research, Demonstration, Public Information and<br>Immunization Grants     | 93.268                             | 19,480               | -  |
| Immunization - ARRA   | 93.712                             | 4,008                | -  |
| Centers for Disease Control and Prevention - Investigations and<br>Technical Assistance | 93.283                             | 262,984              | -  |
| Temporary Assistance for Needy Families (TANF)  | 93.558                             | 515,952              | -  |
| Refugee and Entrant Assistance Discretionary Grants                                     | 93.576                             | 1,176                | -  |
| Maternal and Child Health Services Block Grant  | 93.994                             | 281,973              | -  |
| Passed Through Minnesota Department of Human Services                                   |                                    |                      |  |
| Projects for Assistance in Transition from Homelessness (PATH)                          | 93.150                             | 21,640               | -  |
| Promoting Safe and Stable Families  | 93.556                             | 244,761              | -  |
| Temporary Assistance for Needy Families (TANF)  | 93.558                             | 3,519,654            | -  |
| Child Support Enforcement Cluster   |                                    |                      |  |
| Child Support Enforcement Title IV-D  | 93.563                             | 7,742,326            | -  |
| Child Support Enforcement Title IV-D - ARRA   | 93.563                             | 428,591              | -  |
| Community Based Child Abuse Prevention Grant  | 93.590                             | 111,781              | -  |
| Child Care Mandatory and Matching Funds   | 93.596                             | 397,079              | -  |
| Child Welfare Services - State Grants   | 93.645                             | 143,675              | -  |
| Foster Care IV-E Cluster  |                                    |                      |  |
| Foster Care Title IV-E  | 93.658                             | 1,500,669            | -  |
| Foster Care Title IV-E - ARRA   | 93.658                             | 168,552              | -  |
| Adoption Assistance - ARRA  | 93.659                             | 12,003               | -  |
| Social Services Block Grant Title XX  | 93.667                             | 1,310,677            | -  |
| Chafee Foster Care Independence Program   | 93.674                             | 61,217               | -  |
| Medical Assistance Program  | 93.778                             | 5,885,863            | -  |
| Block Grant for Community Mental Health Services  | 93.958                             | 70,484               | -  |
| Block Grant for Prevention and Treatment of Substance Abuse                             | 93.959                             | 122,765              | -  |
| Passed Through Minnesota Department of Employment and<br>Economic Development           |                                    |                      |  |
| Emergency Contingency Fund (TANF) - ARRA  | 93.714                             | 76,096               | -  |
| <b>Total U.S. Department of Health and Human Services</b>                               |                                    | <b>\$ 23,461,847</b> | <b>\$ -</b>                                |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

| <b>Federal Grantor<br/>Pass-Through Agency<br/>Grant Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>         | <b>Passed Through<br/>to Subrecipients</b> |
|--|------------------------------------|-----------------------------|--|
| <b>U.S. Department of Homeland Security</b>                            |                                    |                             |  |
| Passed Through Minnesota Department of Public Safety                   |                                    |                             |  |
| Boating Safety Financial Assistance                                    | 97.012                             | \$ 60,581                   | \$ -                                       |
| Emergency Management Performance                                       | 97.042                             | 82,733                      | -  |
| Pre-Disaster Mitigation Grant  | 97.047                             | 26,284                      | -  |
| Homeland Security Grant Program  | 97.067                             | <u>1,329,216</u>            | <u>-</u>                                   |
| <b>Total U.S. Department of Homeland Security</b>                      |                                    | <b><u>\$ 1,498,814</u></b>  | <b><u>\$ -</u></b>                         |
| <b>Total Federal Awards</b>  |                                    | <b><u>\$ 42,776,801</u></b> | <b><u>\$ 5,223,148</u></b>                 |
| <b>Vermillion River Watershed District (Component Unit)</b>            |                                    |                             |  |
| <b>U.S. Department of Environmental Protection Agency</b>              |                                    |                             |  |
| Passed through Minnesota Pollution Control Agency                      |                                    |                             |  |
| Nonpoint Source Implementation Grants                                  | 66.460                             | <u>\$ 95,540</u>            | <u>\$ -</u>                                |



**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Dakota County. The County's reporting entity is defined in Note I to the financial statements. Dakota County's financial statements include the operations of the Dakota County Community Development Agency (the CDA) component unit, which expended \$22,923,463 in federal awards during the year ended June 30, 2010, which are not included in the Schedule of Expenditures of Federal Awards. The CDA has its own single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Dakota County under programs of the federal government for the year ended December 31, 2010. 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 Dakota County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dakota 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. 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.