

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

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**DAKOTA COUNTY  
HASTINGS, 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? **No**

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? **No**

The major programs are:

|  |              |
|--|--------------|
| Farm and Ranch Lands Protection Program  | CFDA #10.913 |
| Special Supplemental Nutrition Program for Women, Infants, and Children                | CFDA #10.557 |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | CFDA #10.561 |
| Community Development Block Grants/Entitlement Grants                                  | CFDA #14.218 |
| Home Investment Partnerships Program   | CFDA #14.239 |
| 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 |
| Child Support Enforcement  | CFDA #93.563 |

The threshold for distinguishing between Types A and B programs was \$1,226,398.

Dakota 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 ITEMS NOT RESOLVED

Finding 2007-001

#### Documenting and Monitoring Internal Controls

**Criteria:** County management is responsible for developing and monitoring its internal control over financial reporting. An essential element of monitoring controls includes documenting the County's accounting policies and procedures and performing a risk assessment of existing controls over significant functions of the accounting system used to produce financial information for members of the County Board, management, and for external financial reporting. The risk assessment is intended to determine if the internal controls established by 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. Significant internal controls would cover areas such as: cash and investment activities; capital assets (capitalization process and related depreciation); major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items); expenditure/expense processing including social services expenditures; and payroll.

**Condition:** Our inquiry of County management found that significant internal controls of its accounting system have not been documented and/or updated to reflect the implementation of a new integrated financial and administrative system (IFAS), including the documentation of risk assessment and monitoring procedures.

**Context:** The County implemented a new integrated financial and administrative system in 2012.

**Effect:** As a result of this condition, the County's practices may not be followed as intended by management, and employees may not understand the purpose of internal controls. The lack of risk assessment and monitoring procedures increases the risk of fraud.

**Cause:** The County informed us that due to limited time and resources, the County has not yet completed this project.

**Recommendation:** We recommend that County management document the significant internal controls in its integrated financial and administrative system. We also recommend that a formal plan be developed that calls for assessing and monitoring the significant internal controls on a regular basis, no less than annually. The monitoring activity should be documented to show the results of the review, changes required, and who performed the work.

Client's Response:

*The County continues to review and edit internal control procedures over operations and the financial management system (IFAS). Both the IT and Finance departments have started looking at security within IFAS and have developed roles and levels of access for each module. These roles will be tested throughout the migration project to ensure appropriate security and that access has been assigned for each major area or function. The County also plans to implement automated 'workflow' in as many areas as available, including budget amendments, which has already been tested and is in use.*

*The Finance department has experienced a shift in assignments and is currently dealing with vacancies, which puts a strain on resources and time. We are working on two business process improvement projects in the areas of receipting and cash handling. Through the recommendations and analysis of these projects we have begun implementing new procedures that will be documented, monitored and reassessed throughout 2014.*

*Additional comments are continued with our response to Finding 2013-001.*

Finding 2012-001

Bank Reconciliations

**Criteria:** The cash balance on the general ledger should be reconciled with the cash balance in the bank account on a monthly basis in order to detect errors and irregularities in a timely manner.

**Condition:** During 2013, the bank balance did not reconcile to the cash balance on the general ledger.

**Context:** The County had to adjust its cash balance on the general ledger to reconcile with the cash balance in the bank account at December 31, 2013. The bank balance reconciled to the cash balance on the general ledger at January 31, 2014.

**Effect:** Errors that are detected during the reconciliation process are not corrected timely.

**Cause:** After the County implemented its integrated financial and administrative system in 2012, the receipting process with the new system did not provide an effective cutoff at month-end that could be easily reconciled to bank deposits.

**Recommendation:** We recommend that the general ledger cash balance be reconciled monthly with the bank account balance. Any differences should be investigated so that errors can be corrected.

Client's Response:

*As of January 2014, the County has been reconciling the general ledger cash balance to the banks' balances monthly, correlating with the month end close process. The County recognizes the importance of balancing our book entries with external reports on a timely basis. Since the implementation of the County's financial management system (IFAS), cash management staff have been analyzing best practices for efficiently tying out daily operations with IFAS reports. With some changes in our business process, we have successfully achieved this goal.*

ITEMS ARISING THIS YEAR

Finding 2013-001

IFAS General Ledger System Segregation of Duties

**Criteria:** Management is responsible for establishing and maintaining internal control. This responsibility includes the internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information. Adequate segregation of duties is a key internal control in an organization's accounting system.

**Condition:** Currently, journal entries can be created in the IFAS general ledger system without secondary approval, and there are no documented policies or procedures addressing manual approval over journal entries. Also, it was discovered that two Accounts Payable staff who review invoices for proper approvals and input into IFAS can bypass the system's approval workflows.

**Context:** The County implemented a new integrated financial and administrative system in 2012.

**Effect:** Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

**Cause:** The County informed us that due to limited time and resources, the County has not been able to utilize the full capabilities of IFAS nor establish documented policies or procedures for manual approval over journal entries. Also, the County has not updated its risk assessment to address its new IFAS system.

**Recommendation:** We recommend that County management document policies and procedures for manual approval over journal entries until the approval can be set up in IFAS. We also recommend that a formal plan be developed that calls for assessing and monitoring the significant internal controls on a regular basis, no less than annually.

Client's Response:

*Over the past several months the Financial Services department has been meeting to review our internal control practices particularly in the areas of journal entries, cash receipting and accounts payable workflow. Until we can implement an automated workflow within the IFAS system, we have reassigned duties for entering journal entries amongst the finance staff. The final approval and posting of journal entries is the responsibility of limited staff or managers, separate from the user that originates the journal entry. With the start of the software upgrade project, we are working with an external consultant to complete a 'workflow' approval process within the system. Additionally, we are currently editing our journal entry procedures and processes to document both the manual and automated steps.*

*Regarding the accounts payable approval process, we have also implemented a change in assignments amongst staff to accommodate the need for an additional "approver" for the final distribution step for payments.*

*All of our operations in IFAS create a record within the system that identifies the user and provides a report for management to use in monitoring access. The migration project has also provided the County with an opportunity to review access across the organization and security roles will be further defined as we begin testing functionality.*

Finding 2013-002

Audit Adjustments

**Criteria:** 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 of the financial statements on a timely basis.

**Condition:** During our audit, we proposed audit adjustments that resulted in significant changes to Dakota County's financial statements. These adjustments were reviewed and approved by the appropriate staff and are reflected in the financial statements.

**Context:** The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. These adjustments were found in the audit; however, independent external auditors cannot be considered part of the County's internal control.

**Effect:** An audit adjustment was necessary in the Statement of Net Position to reduce net investment in capital assets and increase unrestricted net position for capital related debt that was not included. Audit adjustments were also necessary in the General Fund to reduce an overstatement of cash and investments and to correct an understatement of due from other governments and related deferred inflows of resources pertaining to a federal grant. Audit adjustments were necessary in the Byllesby Dam Fund to correct an understatement of due from other governments and state revenue, and retainage payable and operating expenses. Audit adjustments were necessary in numerous funds to reflect proper cash balances, to correct the original revenue budget amounts, to reclassify fund balance, and to correct negative account balances.

**Cause:** County employees did not detect the errors in the normal course of performing their assigned functions.

**Recommendation:** We recommend the County establish internal controls necessary to determine that all adjusting entries are made to ensure the County's annual financial statements are reported in accordance with generally accepted accounting principles.

Client's Response:

*While the County anticipates that minor audit adjustments may occur during the course of the audit period, we acknowledge that the timing of the close of the fiscal year can affect revenue recognition and many other account classifications. Management understands the need for attention to detail in the preparation of the trial balances and accepts the responsibility. The Financial Services department has recently implemented several reassignments of duties, incurred staff changes and vacancies while diligently working to resolve reporting and reconciliation issues within the new IFAS system. We also relied on previous actions performed in prior years as well as recommendations by the former audit team.*

*The Financial Services department recognizes the importance of implementing proper internal controls and timely communication to ensure an accurate set of financial statements.*

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

#### **PREVIOUSLY REPORTED ITEM RESOLVED**

##### **Reporting Income Maintenance Expenses (CFDA No. 10.561) (2012-002)**

During our testing of the 2012 DHS-2550 quarterly reports, we had noted that the amount of rent expense claimed for reimbursement was overstated by \$138,465.

##### **Resolution**

During our testing of the 2013 DHS-2550 quarterly reports, we did not note any overstatement of expenses claimed for reimbursement.

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REBECCA OTTO  
STATE AUDITOR

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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  
Dakota 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 governmental activities, the business-type activities, 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, 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 26, 2014. 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 the 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 Dakota 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 certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as items 2007-001, 2012-001, 2013-001, and 2013-002, that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dakota 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 Dakota County does not use tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Dakota 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.

### **Dakota County's Response to Findings**

Dakota County's responses to the internal control findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 26, 2014

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REBECCA OTTO  
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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  
Dakota County

### **Report on Compliance for Each Major Federal Program**

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 the County's major federal programs for the year ended December 31, 2013. 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.

Dakota County's basic financial statements include the operations of the Dakota County Community Development Agency (CDA) component unit, which expended \$20,940,809 in federal awards during the year ended June 30, 2013, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Dakota County CDA because it had a separate single audit in accordance with OMB Circular A-133.

### ***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 Dakota 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 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 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, Dakota 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.

### **Report on Internal Control Over Compliance**

Management of Dakota 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

We have audited the financial statements of 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, 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 26, 2014, which contained unmodified opinions on those financial statements. We did not audit the Dakota 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 26, 2014

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

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

| <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                             | \$ 1,802,376               | \$ -                                       |
| Passed Through Minnesota Department of Health<br>Special Supplemental Nutrition Program for Women, Infants, and<br>Children                        | 10.557                             | 1,332,919                  | -  |
| Passed Through Minnesota Department of Agriculture<br>WIC Farmers' Market Nutrition Program (FMNP)   | 10.572                             | 2,699                      | -  |
| Passed Through Minnesota Department of Education<br>Child Nutrition Cluster  |                                    |                            |  |
| School Breakfast Program   | 10.553                             | 16,070                     | -  |
| National School Lunch Program  | 10.555                             | 24,875                     | -  |
| Passed Through Minnesota Department of Human Services<br>State Administrative Matching Grants for the Supplemental Nutrition<br>Assistance Program | 10.561                             | <u>1,741,785</u>           | <u>-</u>                                   |
| <b>Total U.S. Department of Agriculture</b>  |                                    | <b><u>\$ 4,920,724</u></b> | <b><u>\$ -</u></b>                         |
| <b>U.S. Department of Housing and Urban Development</b>  |                                    |                            |  |
| Direct   |                                    |                            |  |
| Community Development Block Grant - Entitlement Grants   | 14.218                             | \$ 1,609,496               | \$ 1,609,496                               |
| Supportive Housing Program   | 14.235                             | 377,504                    | -  |
| Home Investment Partnerships Program   | 14.239                             | 1,244,963                  | 1,244,963                                  |
| Passed Through Minnesota Department of Human Services<br>Emergency Solutions Grant Program   | 14.231                             | 45,767                     | -  |
| Passed Through Minnesota Department of Health<br>Asthma Interventions in Public and Assisted Multifamily Housing                                   | 14.914                             | <u>30,492</u>              | <u>-</u>                                   |
| <b>Total U.S. Department of Housing and Urban Development</b>  |                                    | <b><u>\$ 3,308,222</u></b> | <b><u>\$ 2,854,459</u></b>                 |
| <b>U.S. Department of Interior</b>   |                                    |                            |  |
| Direct   |                                    |                            |  |
| Mississippi National River and Recreation Area State and<br>Local Assistance   | 15.941                             | <u>\$ 80,000</u>           | <u>\$ -</u>                                |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(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</b>   |                                    |                     |  |
| Direct  |                                    |                     |  |
| Edward Byrne Memorial Formula Grant Program                                   | 16.579                             | \$ 26,682           | \$ -                                       |
| Drug Court Discretionary Grant Program  | 16.585                             | 24,776              | -  |
| Equitable Sharing Program   | 16.922                             | 58,241              | -  |
| Passed Through City of Eagan  |                                    |                     |  |
| Juvenile Accountability Block Grants  | 16.523                             | 48,000              | -  |
| Passed Through Minnesota Department of Public Safety                          |                                    |                     |  |
| Juvenile Accountability Block Grants  | 16.523                             | 16,729              | -  |
| Title V Delinquency Prevention Program  | 16.548                             | 26,379              | -  |
| Edward Byrne Memorial Justice Assistance Grant Program                        | 16.738                             | 21,040              | -  |
| <b>Total U.S. Department of Justice</b>                                       |                                    | <b>\$ 221,847</b>   | <b>\$ -</b>                                |
| <b>U.S. Department of Labor</b>   |                                    |                     |  |
| Passed Through Minnesota Department of Employment and Economic<br>Development |                                    |                     |  |
| Workforce Investment Act (WIA) Cluster  |                                    |                     |  |
| WIA Adult Program   | 17.258                             | \$ 421,660          | \$ 183,650                                 |
| WIA Youth Activities  | 17.259                             | 326,568             | 293,160                                    |
| WIA Dislocated Worker Formula Grants  | 17.278                             | 791,814             | 171,628                                    |
| Workforce Investment Act (WIA) National Emergency Grants                      | 17.277                             | 129,723             | 76,173                                     |
| <b>Total U.S. Department of Labor</b>   |                                    | <b>\$ 1,669,765</b> | <b>\$ 724,611</b>                          |
| <b>U.S. Department of Transportation</b>                                      |                                    |                     |  |
| Passed Through Minnesota Department of Transportation                         |                                    |                     |  |
| Highway Planning and Construction   | 20.205                             | \$ 6,813,724        | \$ -                                       |
| Passed Through Metropolitan Council   |                                    |                     |  |
| Job Access and Reverse Commute Program  | 20.516                             | 22,595              | -  |
| Alternative Analysis  | 20.522                             | 621,344             | -  |
| <b>Total U.S. Department of Transportation</b>                                |                                    | <b>\$ 7,457,663</b> | <b>\$ -</b>                                |
| <b>U.S. Environmental Protection Agency</b>                                   |                                    |                     |  |
| Direct  |                                    |                     |  |
| Brownfields Assessment and Cleanup Cooperative Agreement                      | 66.818                             | \$ 74,816           | \$ -                                       |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(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                             | \$ 411,535           | \$ -                                       |
| Immunization Cooperative Agreements                                     | 93.268                             | 12,840               | -  |
| Affordable Care Act (ACA) Maternal, Infant, and Early Childhood         |                                    |                      |  |
| Home Visiting Program   | 93.505                             | 288,174              | -  |
| Temporary Assistance for Needy Families                                 | 93.558                             | 325,356              | -  |
| (Total Temporary Assistance for Needy Families 93.558 \$3,026,020)      |                                    |                      |  |
| Maternal and Child Health Services Block Grant to the States            | 93.994                             | 277,260              | -  |
| Passed Through Minnesota Department of Human Services                   |                                    |                      |  |
| Guardianship Assistance   | 93.090                             | 106,815              | -  |
| Projects for Assistance in Transition from Homelessness (PATH)          | 93.150                             | 30,382               | -  |
| Promoting Safe and Stable Families                                      | 93.556                             | 138,526              | -  |
| Temporary Assistance for Needy Families                                 | 93.558                             | 2,700,664            | 911,655                                    |
| (Total Temporary Assistance for Needy Families 93.558 \$3,026,020)      |                                    |                      |  |
| Child Support Enforcement   | 93.563                             | 7,589,265            | -  |
| Child Care and Development Block Grant                                  | 93.575                             | 504,087              | -  |
| Community-Based Child Abuse Prevention Grants                           | 93.590                             | 98,583               | -  |
| Stephanie Tubbs Jones Child Welfare Services Program                    | 93.645                             | 44,513               | -  |
| Foster Care Title IV-E  | 93.658                             | 460,523              | -  |
| Adoption Assistance   | 93.659                             | 572,754              | -  |
| Social Services Block Grant   | 93.667                             | 1,486,212            | -  |
| Chafee Foster Care Independence Program                                 | 93.674                             | 61,646               | -  |
| Medical Assistance Program  | 93.778                             | 6,747,505            | -  |
| Block Grants for Prevention and Treatment of Substance Abuse            | 93.959                             | 101,468              | -  |
| Passed Through Minnesota Department of Human Services                   |                                    |                      |  |
| State Planning and Establishment Grants for the Affordable              |                                    |                      |  |
| Care Act (ACA)'s Exchanges  | 93.525                             | 24,878               | -  |
| <b>Total U.S. Department of Health and Human Services</b>               |                                    | <b>\$ 21,982,986</b> | <b>\$ 911,655</b>                          |
| <b>U.S. Department of Homeland Security</b>                             |                                    |                      |  |
| Passed Through Minnesota Department of Public Safety                    |                                    |                      |  |
| Boating Safety Financial Assistance                                     | 97.012                             | \$ 13,250            | \$ -                                       |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036                             | 41,366               | -  |
| Hazard Mitigation Grant   | 97.039                             | 9,369                | -  |
| Emergency Management Performance Grants                                 | 97.042                             | 153,054              | -  |
| Homeland Security Grant Program   | 97.067                             | 923,174              | -  |
| <b>Total U.S. Department of Homeland Security</b>                       |                                    | <b>\$ 1,140,213</b>  | <b>\$ -</b>                                |
| <b>Total Federal Awards</b>   |                                    | <b>\$ 40,856,236</b> | <b>\$ 4,490,725</b>                        |

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
(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>Vermillion River Watershed District (Component Unit)</b>                                |                                    |                     |  |
| <b>U.S. Environmental Protection Agency</b>  |                                    |                     |  |
| Passed through Minnesota Pollution Control Agency<br>Nonpoint Source Implementation Grants | 66.460                             | <b>\$ 23,685</b>    | <b>\$ -</b>                                |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

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

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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 \$20,940,809 in federal awards during the year ended June 30, 2013, 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, 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 Dakota County, it is not intended to and does not present the financial position, changes in net position, 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. Clusters

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

|                         |           |
|-------------------------|-----------|
| Child Nutrition Cluster | \$ 40,945 |
| WIA Cluster             | 1,540,042 |

**DAKOTA COUNTY  
HASTINGS, MINNESOTA**

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5. Reconciliation to Schedule of Intergovernmental Revenue

|   |                      |
|---|----------------------|
| Federal grant revenue per Schedule of Intergovernmental Revenue   | \$ 39,053,860        |
| Grants received more than 90 days after year-end, deferred in 2013<br>Farm and Ranch Lands Protection Program | <u>1,802,376</u>     |
| Expenditures Per Schedule of Expenditures of Federal Awards   | <u>\$ 40,856,236</u> |