

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

CARVER COUNTY
CHASKA, MINNESOTA

YEAR ENDED DECEMBER 31, 2015

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

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

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

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

Pension - monitors investment, financial, and actuarial reporting for approximately 700 public pension funds; and

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

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

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**CARVER COUNTY
CHASKA, MINNESOTA**

Year Ended December 31, 2015



Management and Compliance Report

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

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**CARVER COUNTY
CHASKA, MINNESOTA**

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**CARVER COUNTY
CHASKA, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **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? **None reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal programs are:

Highway Planning and Construction	CFDA #20.205
Child Support Enforcement	CFDA #93.563

The threshold for distinguishing between Types A and B programs was \$750,000.

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

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

INTERNAL CONTROL

ITEM ARISING THIS YEAR

Finding 2015-001

Audit Adjustment

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 an audit adjustment that resulted in a change to Carver County's financial statements. The adjustment was reviewed and approved by the appropriate staff and is 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. This adjustment was 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 reclassify unspent bond proceeds that were reported as a restricted item when the bonds payable were reported as unrestricted net position. The unspent bond proceeds amount of \$5,247,137 was reclassified from restricted net position to unrestricted net position.

Cause: County personnel stated the elimination of the restriction for unspent bond proceeds was overlooked during the preparation of the Statement of Net Position.

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:

Statement of Net Position was adjusted in 2015 to correct the restriction. The County will review the process of determining restrictions to ensure the County's annual financial statements are reported in accordance with generally accepted accounting principles.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2013-001

Individual Ditch System Deficits

Criteria: Drainage system costs are required by Minn. Stat. § 103E.655 to be paid from the ditch system account for which the costs are being incurred. If money is not available in the drainage system account on which the warrant is drawn, this statute allows for loans to be made from ditch systems with surplus funds or from the General Fund to a ditch system with insufficient cash to pay expenditures. Such loans must be paid back with interest.

Additionally, individual ditch systems should be maintained with a positive fund balance to display solvency. As provided by Minn. Stat. § 103E.735, subd. 1, a fund balance to be used for repairs may be established for any drainage system, not to exceed 20 percent of the assessed benefits of the ditch system or \$100,000, whichever is larger.

Condition: The County had individual ditch systems with deficit cash balances and deficit fund balances at December 31, 2015.

Context: At December 31, 2015, six ditch systems had negative cash balances totaling \$80,676, and ten ditch systems had deficit fund balances totaling \$157,776.

Effect: The County is not in compliance with Minnesota statutes by having ditch systems with negative cash balances. Ditch systems with negative fund balances indicate that measures have not been taken to ensure that an individual ditch system can meet financial obligations.

Cause: Expenditures have been made for ditch systems with insufficient cash to cover the expenditures. Additionally, special assessments levied for systems have not been sufficient to meet all obligations of the systems.

Recommendation: We recommend the County eliminate the cash deficits by borrowing from eligible funds with surplus cash balances under Minn. Stat. § 103E.655. Individual fund balance deficits should be eliminated by levying assessments pursuant to Minn. Stat. § 103E.735, subd. 1, which permits the accumulation of a surplus cash balance to provide for the repair and maintenance of the ditch systems.

Client's Response:

Maintaining positive cash and fund balances for individual ditch systems is a systemic challenge and unavoidable in certain circumstances. County Staff do not agree with the State Auditor's opinion that Minnesota statutes require individual ditch systems to maintain positive cash balances.

In 2016, one-year ditch repair liens will be levied. JD3A has a multiple year assessment, due to a redetermination that was paid out in 2014-2015. County Staff continue to address individual ditch systems with deficit cash and fund balances.

ITEM ARISING THIS YEAR

Finding 2015-002

Ditch Special Revenue Deficits

Criteria: As stated in Minn. Stat. § 385.04, payment of expenditures may be made only if money is available in the fund for that purpose. As provided by Minn. Stat. § 385.32, temporary fund transfers may be made with the approval of the County Board and County Financial Services Director. The County Board has oversight responsibilities for the property, funds, and business of the County. The Board should be notified if a fund does not have sufficient money available to cover expenditures so that it can provide temporary or permanent resources as needed for the fund.

Additionally, assets should exceed liabilities in order for the County to meet its obligations and maintain a positive fund balance.

Condition: As of December 31, 2015, the Ditch Special Revenue Fund had a deficit cash balance and deficit fund balance.

Context: At December 31, 2015, the Ditch Special Revenue Fund had a negative cash balance totaling \$14,800, and a negative fund balance totaling \$102,031.

Effect: Allowing payment of expenditures from the Ditch Special Revenue Fund when cash balances were not available resulted in deficit cash balances in this fund, which is inconsistent with Minn. Stat. § 385.04. A fund with a deficit fund balance is, in effect, borrowing from County funds with positive fund balances.

Cause: The Ditch Special Revenue Fund did not have sufficient resources to cover expenditures, as ditch levies were not sufficient to cover the ditch work performed. Temporary transfers as allowed by Minn. Stat. § 385.32 were not approved by the County Board and County Financial Services Director.

Recommendation: We recommend the County borrow from another fund when the cash balances are so low as to cause the fund to have a cash deficit when a payment is made from that fund. The County should monitor fund balances and eliminate the deficit fund balances by increasing revenues or appropriating sufficient funds to cover expenditures.

Client's Response:

Maintaining a positive cash and fund balance for a Ditch Special Revenue Fund is a systemic challenge and unavoidable in certain circumstances. In 2016, one-year ditch repair liens will be levied and payments on the JD3A multiple year assessment are anticipated, which is expected to eliminate the negative cash balance for the Ditch Special Revenue Fund, as of December 31, 2016. County staff continue to address individual ditch systems with deficit cash and fund balances.

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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
Carver County
Chaska, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carver County, Minnesota, as of and for the year ended December 31, 2015, 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 10, 2016. Our report includes a reference to other auditors who audited the financial statements of the Carver County Community Development Agency, the discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carver County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carver 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 Counties*, 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 Carver County has no tax increment financing districts.

In connection with our audit, nothing came to our attention that caused us to believe that Carver County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*, except as described in the Schedule of Findings and Questioned Costs as items 2013-001 and 2015-002. 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.

Carver County's Response to Findings

Carver County's responses to the internal control and legal compliance 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 Counties* 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 10, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Caver County
Chaska, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Carver County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *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, 2015. Carver County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Carver County's basic financial statements include the operations of the Carver County Community Development Agency (CDA) component unit, which expended \$8,370,476 in federal awards during the year ended December 31, 2015, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Carver County CDA because other auditors were engaged to perform a single audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carver 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Carver 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, Carver 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, 2015.

Report on Internal Control Over Compliance

Management of Carver 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 the Uniform Guidance, 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 the Uniform Guidance

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Carver County, Minnesota, as of and for the year ended December 31, 2015, 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 10, 2016, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Carver 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 Carver County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis 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. Such 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 10, 2016

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**CARVER COUNTY
CHASKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	15152MN10152514	\$ 472,981	\$ -
U.S. Department of Justice				
Direct				
Bulletproof Vest Partnership Program	16.607	N/A	\$ 8,756	\$ -
Passed Through Minnesota Department of Public Safety Juvenile Accountability Block Grants	16.523	A-T2JABG-2015- CARVERCO-00006	1,800	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAG-2014- CARVERCO-00067	114,830	-
Total U.S. Department of Justice			\$ 125,386	\$ -
U.S. Department of Labor				
Passed Through Hennepin County Workforce Investment Act (WIA) Cluster				
WIA/WIOA Adult Program	17.258	5093100	\$ 31,373	\$ -
WIA/WIOA Youth Activities	17.259	5093600	63,188	-
WIA/WIOA Dislocated Worker Formula Grants (Total expenditures for WIA Cluster \$164,405)	17.278	5098000	69,844	-
Total U.S. Department of Labor			\$ 164,405	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	00010	\$ 4,970,691	\$ -
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFORC15- CARVERSO-00015	\$ 4,644	\$ 722
State and Community Highway Safety	20.600	A-ENFORC15- CARVERSO-00013	424	-
Total CFDA #20.600			\$ 5,068	\$ 722
National Priority Safety Programs	20.616	A-ENFORC15- CARVERSO-00015	\$ 11,229	\$ 2,723
National Priority Safety Programs	20.616	A-ENFORC15- CARVERSO-00013	2,323	1,338
Total CFDA #20.616 (Total expenditures for Highway Safety Cluster \$18,620)			\$ 13,552	\$ 4,061
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFORC15- CARVERSO-00015	\$ 9,959	\$ 2,995
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFORC15- CARVERSO-00013	6,433	1,414
Total CFDA #20.608			\$ 16,392	\$ 4,409
Total U.S. Department of Transportation			\$ 5,005,703	\$ 9,192

**CARVER COUNTY
CHASKA, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Education				
Passed Through Minnesota Department of Health Special Education - Grants for Infants and Families	84.181	12-700-000062	<u>\$ 2,492</u>	<u>\$ -</u>
U.S. Department of Health and Human Services				
Passed Through the National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	MRC11-226	\$ 130	\$ -
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	12-700-000062	58,701	-
Universal Newborn Hearing Screening	93.251	12-700-000062	2,400	-
Immunization Cooperative Agreements	93.268	12-700-000062	3,100	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	12-700-000062	75	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$349,646)	93.558	2015G996115	61,699	-
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance - financed in part by the Prevention and Public Health Fund (PPHF)	93.733	12-700-000062	7,500	-
Maternal and Child Health Services Block Grant to the States	93.994	12-700-000062	48,184	-
Passed Through Minnesota Department of Human Services				
Promoting Safe and Stable Families	93.556	1401MNPFS	7,676	-
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$349,646)	93.558	1502MNTANF	287,947	-
Child Support Enforcement	93.563	1504MN4005	1,126,205	-
Refugee and Entrant Assistance - State-Administered Programs	93.566	1501MNRCA	731	-
Child Care and Development Block Grant	93.575	G1501MNCDF	41,429	-
Community-Based Child Abuse Prevention Grants	93.590	1302MNFPRG	17,035	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1401MNCWSS	12,047	-
Foster Care - Title IV-E	93.658	1501MNFOST	153,302	-
Social Services Block Grant	93.667	1501MNSOSR	344,942	-
Children's Health Insurance Program	93.767	1405MN5021	204	-
Medical Assistance Program	93.778	1505MN5ADM	<u>2,337,188</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>\$ 4,510,495</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	R29G4CGSFY15	<u>\$ 7,625</u>	<u>\$ -</u>
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2015- CARVERCO-00010	<u>\$ 47,984</u>	<u>\$ -</u>
Homeland Security Grant Program	97.067	A-UASI-2013- CARVERCO-00004	\$ 24,241	\$ -
Homeland Security Grant Program	97.067	A-UASI-2014- CARVERCO-00004	<u>14,953</u>	<u>-</u>
Total CFDA #97.067			<u>\$ 39,194</u>	<u>\$ -</u>
Total U.S. Department of Homeland Security			<u>\$ 94,803</u>	<u>\$ -</u>
Total Federal Awards			<u>\$ 10,376,265</u>	<u>\$ 9,192</u>

**CARVER COUNTY
CHASKA, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Carver County. Carver County's financial statements include the operations of the Carver County Community Development Agency (CDA) component unit, which expended \$8,370,476 in federal awards during the year ended December 31, 2015, which are not included in the Schedule of Expenditures of Federal Awards. The Carver County CDA has its own single audit. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Carver County under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Carver County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Carver 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, as applicable, either the cost principles contained in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Carver County has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CARVER COUNTY
CHASKA, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 10,381,617
Grants received more than 60 days after year-end, unavailable in 2015	
Highway Planning and Construction (CFDA #20.205)	470,878
Temporary Assistance for Needy Families (CDFA #93.558)	12,138
Unavailable in 2014, recognized as revenue in 2015	
Highway Planning and Construction (CFDA #20.205)	(428,140)
Child Care and Development Block Grant (CDFA #93.575)	(3,593)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA #97.036)	<u>(56,635)</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 10,376,265</u>