

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR

SCOTT COUNTY
SHAKOPEE, MINNESOTA

FOR THE YEAR ENDED DECEMBER 31, 2009

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

For the Year Ended December 31, 2009



Management and Compliance Report

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

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Scott County.
- B. A significant deficiency in internal control was disclosed by the audit of financial statements of Scott 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 Scott 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 Applicable to Each Major Program and 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 Scott 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:

State Administrative Matching Grants for the Supplemental
Nutrition Assistance Program (SNAP) Cluster

State Administrative Matching Grants for SNAP

CFDA #10.561

State Administrative Matching Grants for SNAP - ARRA

CFDA #10.561

Workforce Investment Act (WIA) Cluster	
WIA - Adult	CFDA #17.258
WIA - Adult - ARRA	CFDA #17.258
WIA - Youth	CFDA #17.259
WIA - Youth - ARRA	CFDA #17.259
WIA - Dislocated Worker	CFDA #17.260
WIA - Dislocated Worker - ARRA	CFDA #17.260
Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA #20.205
Highway Planning and Construction - ARRA	CFDA #20.205
Child Support Enforcement Cluster	
Energy Efficiency and Conservation Block Grant Program - ARRA	CFDA #81.128
Child Support Enforcement	CFDA #93.563
Child Support Enforcement - ARRA	CFDA #93.563
Foster Care Title IV-E Cluster	
Foster Care Title IV-E	CFDA #93.658
Foster Care Title IV-E - ARRA	CFDA #93.658
Social Services Block Grant Title XX	CFDA #93.667

- H. The threshold for distinguishing between Types A and B programs was \$350,198.
- I. Scott 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

07-2 Documenting and Monitoring Internal Control

The overall financial reporting objective is for management to prepare reliable financial statements that do not contain material misstatements. Although internal control has always been a critical management function, the recent changes in audit reporting requirements underscore the importance management should place on designing and implementing an effective internal control system. The effective internal control system should be documented and monitored on a regular basis.

Currently, Scott County does have controls relating to its various transaction cycles and certain account balances. The controls, however, are not documented, and the controls system is not monitored by the County.

We recommend that Scott County document its internal control, with an emphasis on risk assessment, the control environment, the various control activities, and the application of information and communication. Further, the County should monitor its internal control system on a regular basis.

Client's Response:

The new Controller was hired in the second half of 2009, one of his responsibilities is to evaluate internal controls. It was planned last year that this effort would go well into 2010 before being accomplished. What was accomplished in 2009 was the updating of cash management and accounts receivable procedures within the accounting unit. Procedures have been updated to accommodate the implementation of Lawson financial systems. The procedures were reviewed and added centrally to our department SharePoint site. The Regional Training Facility was also visited by a Sr. Accountant and recommendations were issued.

The next area being reviewed is the customer services department in the area of cash management. We plan to do a complete review in June and July and issue recommendations. We anticipate auditing cash drawers quarterly unannounced. Other goals will be to complete a risk assessment in 2010 and develop a calendar for collecting, reviewing and testing procedures within the county.

PREVIOUSLY REPORTED ITEMS RESOLVED

Cash at Sheriff's Office (06-1)

The Scott County Sheriff's Office was unable to successfully identify the total cash balance as stated on TEAM, its inmate account tracing system. Since the total amount of cash could not be identified, the Sheriff's Office was not able to reconcile the bank statement to TEAM.

Resolution

Starting in 2010, the County began reconciling the cash recorded on TEAM to the bank statements on a monthly basis.

Prior Period Adjustment (08-1)

The County restated its January 1, 2008, net assets to correct overstatement of Minnesota Department of Transportation appropriations.

Resolution

The County correctly distinguished between revenues that were appropriations and expenditure driven. The current financial report does not include any prior period adjustments.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

97-5 Business Continuity Plan - Disaster Recovery Plan

The County continues to make progress on fully implementing its business continuity plan, which includes a disaster recovery plan specifically for electronic disasters, which would direct its response if a disaster or major computer breakdown were to occur. Currently, the County has completed its written business continuity plan and has updated it to reflect the dimension of staff unavailability, but the plan had not been fully tested. The disaster recovery plan has been drafted, but not fully completed or tested.

We recommend that the County continue its efforts on finalizing and testing the business continuity plan and disaster recovery plan.

Client's Response:

In April of 2010, 12 of the County's Senior Management Team went through a FEMA training and tabletop exercise and received their certification in FEMA's Emergency Management System at the ICS-300 level. This was preceded by courses at the 700, 100 and 200 level that were taken during February and March of 2010. These certifications provide Scott County with trained and tested managers to respond to any type of disaster that might befall the County or other communities and represented a total investment of 28 contact hours for each person attending. The 300 course did include a 3-day tabletop exercise for community disasters directly applicable to Scott County (H1N1 epidemic - "Bird Flu") in which we would likely invoke the County's Business Continuity Plan. I would consider this exercise as a very good and recent preparation and testing of a systematic approach to the County's business continuity in the face of severe business disruption.

Please note that the County's Business Continuity Plan has a companion disaster recovery plan specifically for electronic disasters in which the data center in the Government Building was destroyed or rendered useless. This DR plan is called the "Technology Availability Plan" (TAP) and the written document is targeted for completion this August, 2010. This plan has been tested by tabletop in March of 2009, and in practice (by segments) throughout 2010.

Additionally, the I.T. Department has had a Vulnerability Assessment conducted in late 2009 by an outside agency (Sungard, Inc.) that identified either architecture or processes needing amendment to further secure and protect against electronic outages and system failures. All of the recommendations in that Vulnerability Assessment report will be completed by end of summer, 2010.

The County now has an encryption system in place for all information designated as confidential that might be included in email transactions. This has been in place since June of 2009. It was the last security protocol, along with the TAP, that brings us into full compliance with HIPAA, ITIL, and NIST for electronic records as audited by Solutionary, Inc. in Spring of 2009.

B. OTHER ITEM FOR CONSIDERATION

GASB Statement 54

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of this standard is to enhance the usefulness of information included in the financial report about fund balance through clearer fund balance classifications that can be more consistently applied, as well as 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 reserved, unreserved, designated, and undesignated are being replaced by nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (for example, 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.

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 Statement 54. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of GASB Statement 54 are effective for the County for the year ending December 31, 2011.

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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
Scott County

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2010. Our report was modified to include 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 Scott County Community Development Agency, as described in our report on Scott County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Scott 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 certain deficiency in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as item 07-2, 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 Scott 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 Local Government*, 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 Local Government* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except tax increment financing, because Scott County does not use tax increment financing.

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

Also included in the Schedule of Findings and Questioned Costs are a management practices comment and an other item for consideration. We believe these recommendations and information to be of benefit to the County, and they are reported for that purpose.

Scott County's written responses to the internal control and management practices findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of County Commissioners, management, others within Scott 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 28, 2010

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of County Commissioners
Scott County

Compliance

We have audited the compliance of Scott County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. Scott County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. 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.

Scott County's basic financial statements include the operations of the Scott County Community Development Agency (CDA) component unit, which expended \$4,185,313 in federal awards during the year ended December 31, 2009, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Scott County CDA because it was audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program

occurred. An audit includes examining, on a test basis, evidence about Scott County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Scott 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, 2009.

Internal Control Over Compliance

Management of Scott 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 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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Scott County as of and for the year ended December 31, 2009, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 28, 2010. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of

forming opinions on the Scott County's financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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 28, 2010

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**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
School Breakfast Program	10.553	\$ 6,324
National School Lunch Program	10.555	12,511
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP) Cluster		
State Administrative Matching Grants for SNAP	10.561	423,762
State Administrative Matching Grants for SNAP - ARRA	10.561	9,948
Total U.S. Department of Agriculture		\$ 452,545
U.S. Department of Housing and Urban Development		
Direct		
Shelter Plus Care Grant	14.238	\$ 111,021
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	\$ 18,066
Public Safety Partnership and Community Policing Grants	16.710	7,003
Total U.S. Department of Justice		\$ 25,069
U.S. Department of Labor		
Passed Through Minnesota Department of Employment and Economic Development		
Senior Community Service Employment Program Cluster		
Senior Community Service Employment Program	17.235	\$ 82,595
Senior Community Service Employment Program - ARRA	17.235	7,453
Passed Through Dakota-Scott Service Delivery Area #14		
Workforce Investment Act (WIA) Cluster		
WIA - Adult	17.258	67,272
WIA - Adult - ARRA	17.258	17,073
WIA - Youth	17.259	102,285
WIA - Youth - ARRA	17.259	106,860
WIA - Dislocated Worker	17.260	249,544
WIA - Dislocated Worker - ARRA	17.260	181,927
Total U.S. Department of Labor		\$ 815,009

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	\$ 3,954,954
Highway Planning and Construction - ARRA	20.205	280,189
Formula Grants for Other Than Urbanized Areas	20.509	186,800
Passed Through Minnesota Department of Public Safety		
State and Community Highway Safety	20.600	6,648
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	39,139
		<hr/>
Total U.S. Department of Transportation		\$ 4,467,730
U.S. Department of Energy		
Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	\$ 211,369
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$ 15,084
Promoting Safe and Stable Families	93.556	99,754
Temporary Assistance for Needy Families	93.558	731,314
Child Support Enforcement Cluster		
Child Support Enforcement	93.563	1,721,424
Child Support Enforcement - ARRA	93.563	115,791
Refugee and Entrant Assistance - State-Administered Programs	93.566	1,150
Child Care Mandatory and Matching Funds of the Childcare Development Fund	93.596	110,037
Child Welfare Services - State Grants	93.645	38,818
Foster Care Title IV-E Cluster		
Foster Care Title IV-E	93.658	406,110
Foster Care Title IV-E - ARRA	93.658	13,898
Social Services Block Grant	93.667	404,175
Chafee Foster Care Independence Program	93.674	4,291
Medical Assistance Program	93.778	1,397,130
Block Grants for Community Mental Health Services	93.958	29,162
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	127,982
Immunization Grants	93.268	13,161
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	129,053
Maternal and Child Health Services Block Grant to the States	93.994	84,570
		<hr/>
Total U.S. Department of Health and Human Services		\$ 5,442,904

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	\$ 13,650
Emergency Management Performance Grants	97.042	55,670
Homeland Security Grant Program	97.067	25,459
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	52,848
Total U.S. Department of Homeland Security		\$ 147,627
Total Federal Awards		\$ 11,673,274

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**SCOTT COUNTY
SHAKOPEE MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Scott County. Scott County's financial statements include the operations of the Scott County Community Development Agency (the CDA) component unit, which expended \$4,185,313 in federal awards during the year ended December 31, 2009, which are not included in the Schedule of Expenditures of Federal Awards. The CDA has its own single audit. The County's reporting entity is defined in Note 1 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Scott County under programs of the federal government for the year ended December 31, 2009. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Scott County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Scott County.

3. Summary of Significant Accounting Policies

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

**SCOTT COUNTY
SHAKOPEE, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 11,778,403
Grants received more than 60 days after year-end, deferred in 2009	
Immunization Grants	1,120
Child Support Enforcement	55,800
Foster Care Title IV-E	1,783
Medical Assistance Program	6,551
Deferred in 2008, recognized as revenue in 2009	
Temporary Assistance for Needy Families	(22,800)
Child Support Enforcement	(34,254)
Foster Care Title IV-E	(15,337)
Medical Assistance Program	(97,992)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 11,673,274</u>

5. Subrecipients

During 2009, the County did not pass any federal money to subrecipients.

6. 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.