

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR

DAKOTA COUNTY
HASTINGS, MINNESOTA

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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@state.mn.us
www.auditor.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor's web site: www.auditor.state.mn.us.

**DAKOTA COUNTY
HASTINGS, MINNESOTA**

Year Ended December 31, 2009



Management and Compliance Report

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

This page was left blank intentionally.

**DAKOTA COUNTY
HASTINGS, MINNESOTA**

TABLE OF CONTENTS

	<u>Reference</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Schedule 1	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		7
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		10
Schedule of Expenditures of Federal Awards	Schedule 2	13
Notes to the Schedule of Expenditures of Federal Awards		16

This page was left blank intentionally.

**DAKOTA COUNTY
HASTINGS, 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 Dakota County.
- B. Deficiencies involving internal control were disclosed by the audit of the financial statements of Dakota County and are 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*." None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of Dakota County were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the "Report on Compliance with Requirements 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 Dakota County expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Farm and Ranch Lands Protection Program	CFDA #10.913
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 Programs	CFDA #17.258
WIA Adult Programs - ARRA	CFDA #17.258
WIA Youth Activities	CFDA #17.259
WIA Youth Activities - ARRA	CFDA #17.259

Schedule 1
(Continued)

WIA Dislocated Workers	CFDA #17.260
WIA Dislocated Workers - ARRA	CFDA #17.260
Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA #20.205
Highway Planning and Construction - ARRA	CFDA #20.205
Energy Efficiency and Conservation Block Grant Program - ARRA	CFDA #81.128
Child Support Enforcement Cluster	
Child Support Enforcement Title IV-D	CFDA #93.563
Child Support Enforcement Title IV-D - ARRA	CFDA #93.563
Foster Care 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 \$1,151,382 (three percent of total federal awards).

I. Dakota County was determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

07-1 Documenting and Monitoring Internal Controls

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

Schedule 1
(Continued)

The following significant internal control areas should be documented:

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

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

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

Client's Response:

We agree on the need for the county to develop a more comprehensive and integrated approach to documenting and monitoring internal controls. As part of our continuing efforts to improve in this area, during 2009 the county completed the State Auditor's government entity internal control self-assessment to help identify potential control risks and inventory policies and procedures across the county. Additionally, key county staff participated in a course on internal controls conducted by the Government Finance Officers Association. During 2010, our current plan is to undertake a project to collect and centrally locate documentation on internal control procedures.

ITEM ARISING THIS YEAR

09-1 Accrual Adjustments

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. Errors in accrual journal entries on the general ledger system occurred that were not detected until after they were posted. Financial analysts should perform a review of accrual journal entries before posting to the general ledger.

We recommend that the County design internal control over financial reporting to detect misstatements in the financial statements. The controls should include a review of accrual journal entries by a qualified individual for compliance with generally accepted accounting principles and to identify potential misstatements.

Client's Response:

We agree on the need to improve our controls over accrual entries on the general ledger. We intend to review generally accepted accounting principles for these adjustments with Financial Services staff prior to year-end, and we will develop a more systematic internal review process for these adjustments as well.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

OTHER ITEM FOR CONSIDERATION

GASB Statement 54

The Governmental Accounting Standards Board (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 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.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of County Commissioners
Dakota County

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of and for the year ended December 31, 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 Dakota County Community Development Agency, as described in our report on Dakota County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dakota County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as items 07-1 and 09-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dakota County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for 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, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories, except tax increment financing, because Dakota County does not use tax increment financing.

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

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

Dakota County's written responses to the internal control 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 Dakota County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 28, 2010

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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
Dakota County

Compliance

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

Dakota County's financial statements include the operations of the Dakota County Community Development Agency component unit, which expended \$20,928,521 in federal awards during the year ended June 30, 2009, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Community Development Agency because it had a separate single audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dakota County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Dakota County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Dakota County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dakota County as of and for the year ended December 31, 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 Dakota 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

June 28, 2010

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

This page was left blank intentionally.

**DAKOTA COUNTY
HASTINGS, 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	Passed Through to Subrecipients
U.S. Department of Agriculture			
Direct			
Farm and Ranch Lands Protection Program	10.913	\$ 2,483,447	\$ -
Passed Through Minnesota Department of Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1,135,343	-
Passed Through Minnesota Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	13,604	-
National School Lunch Program	10.555	18,332	-
Passed Through Minnesota Department of Human Services			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (SNAP) Cluster			
State Administrative Matching Grants for SNAP	10.561	1,658,306	-
State Administrative Matching Grants for SNAP - ARRA	10.561	44,290	-
Total U.S. Department of Agriculture		\$ 5,353,322	\$ -
U.S. Department of Housing and Urban Development			
Direct			
Community Development Block Grant	14.218	\$ 1,594,809	\$ 1,594,809
Supportive Housing Demonstrative Program	14.235	429,690	-
HOME Investment Partnerships Program	14.239	1,082,746	1,082,746
Homelessness Prevention - Rapid Re-Housing Program - ARRA	14.257	5,265	-
Total U.S. Department of Housing and Urban Development		\$ 3,112,510	\$ 2,677,555
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Incentive Block Grant	16.523	\$ 21,917	\$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	77,143	-
Direct			
Edward Byrne Memorial Formula Grant Program	16.579	171,963	-
State Criminal Alien Assistance Program (SCAAP)	16.606	69,770	-
Public Safety Partnership and Community Policing Grant - ARRA	16.710	9,191	-
Total U.S. Department of Justice		\$ 349,984	\$ -

**DAKOTA COUNTY
HASTINGS, 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	Passed Through to Subrecipients
U.S. Department of Labor			
Passed Through Minnesota Department of Employment and Economic Development			
Unemployment Insurance - Grants to States	17.225	\$ 100,363	\$ -
Special Programs and Activities for the Disadvantaged Workforce Investment Act (WIA) Cluster	17.243	1,088	-
WIA Adult Program	17.258	271,966	-
WIA Adult Program - ARRA	17.258	68,703	-
WIA Youth Activities	17.259	358,840	-
WIA Youth Activities - ARRA	17.259	260,131	-
WIA Dislocated Workers	17.260	797,942	-
WIA Dislocated Workers - ARRA	17.260	811,215	-
Total U.S. Department of Labor		<u>\$ 2,670,248</u>	<u>\$ -</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	\$ 837,508	\$ -
Highway Planning and Construction - ARRA	20.205	22,477	-
Passed Through Minnesota Department of Public Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	5,945	-
Passed Through Metropolitan Council			
Federal Transit Capital Assistance Grant	20.500	78,803	-
Total U.S. Department of Transportation		<u>\$ 944,733</u>	<u>\$ -</u>
U.S. National Foundation on Arts and Humanities			
Passed Through Minnesota Department of Education			
Grants to States	45.310	<u>\$ 25,414</u>	<u>\$ -</u>
U.S. Environmental Protection Agency			
Passed Through Minnesota Pollution Control Agency			
Nonpoint Source Implementation Grants	66.460	<u>\$ 6,949</u>	<u>\$ -</u>
U.S. Department of Energy			
Direct			
Energy Efficiency and Conservation Block Grant Program - ARRA	81.128	<u>\$ 99,280</u>	<u>\$ -</u>
U.S. Department of Education			
Direct			
Special Education - Grants for Infants and Families with Disabilities	84.181	<u>\$ 92,226</u>	<u>\$ -</u>

**DAKOTA COUNTY
HASTINGS, 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	Passed Through to Subrecipients
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health			
Public Health Emergency Preparedness	93.069	\$ 66,720	\$ -
Immunization Research, Demonstration, Public Information and Education - Training and Clinical Skills Improvement Projects	93.185	68,973	-
Immunization Grants	93.268	25,980	-
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	437,371	-
Temporary Assistance for Needy Families (TANF)	93.558	325,367	-
Refugee and Entrant Assistance	93.576	10,822	-
State Children's Insurance Program	93.767	213	-
Maternal and Child Health Services Block Grant	93.994	278,668	-
Passed Through Minnesota Department of Human Services			
Family Preservation and Support Services	93.556	205,340	-
Temporary Assistance for Needy Families (TANF)	93.558	3,634,370	-
Child Support Enforcement Cluster			
Child Support Enforcement Title IV-D	93.563	7,646,246	-
Child Support Enforcement Title IV-D - ARRA	93.563	713,339	-
Community-Based Child Abuse Prevention Grant	93.590	41,710	-
Child Care Mandatory and Matching Funds	93.596	486,132	-
Foster Care Cluster			
Foster Care Title IV-E	93.658	1,983,949	-
Foster Care Title IV-E - ARRA	93.658	105,509	-
Adoption Assistance - ARRA	93.659	108,708	-
Social Services Block Grant Title XX	93.667	1,550,000	-
Chafee Foster Care Independence Program	93.674	84,852	-
Medical Assistance Program	93.778	6,390,450	-
Block Grant for Community Mental Health Services	93.958	232,440	-
Block Grant for Prevention and Treatment of Substance Abuse	93.959	67,492	-
Direct			
Transitional Living for Homeless Youth	93.550	99,787	-
Total U.S. Department of Health and Human Services		\$ 24,564,438	\$ -
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety			
Boating Safety Financial Assistance	97.012	\$ 38,068	\$ -
Emergency Management Performance	97.042	56,500	-
Homeland Security Grant Program	97.067	1,065,739	-
Total U.S. Department of Homeland Security		\$ 1,160,307	\$ -
Total Federal Awards		\$ 38,379,411	\$ 2,677,555

This page was left blank intentionally.

**DAKOTA COUNTY
HASTINGS, 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 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 \$20,928,521 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.

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, 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 Dakota County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Dakota County.

3. Summary of Significant Accounting Policies

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

4. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.