

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT
PREPARED AS A RESULT OF THE AUDIT OF

BENTON COUNTY
FOLEY, MINNESOTA

YEAR ENDED DECEMBER 31, 2013

Description of the Office of the State Auditor

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

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

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

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

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

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

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

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

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

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**BENTON COUNTY
FOLEY, MINNESOTA**

Year Ended December 31, 2013



Management and Compliance Report

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

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**BENTON COUNTY
FOLEY, MINNESOTA**

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**BENTON COUNTY
FOLEY, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- 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? **Yes**

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? **Yes**

The major programs are:

Highway Planning and Construction	CFDA #20.205
Medical Assistance Program	CFDA #93.778

The threshold for distinguishing between Types A and B programs was \$300,000.

Benton County qualified as a low-risk auditee? **No**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

Finding 1996-004

Departmental Internal Accounting - Segregation of Duties

Criteria: A good system of internal control provides for adequate segregation of duties so that no one individual handles a transaction from its inception to completion.

Condition: Several of the County's departments lack proper segregation of duties. Offices that do not have sufficient segregation of duties include Extension Services, Development (Planning and Zoning), Recorder's Office, Parks, Corrections, Auditor-Treasurer, Public Works/Highway, and Human Services. These departments generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: Due to the limited number of office personnel within the County, segregation of the accounting functions necessary to ensure adequate internal accounting control is not possible. This is not unusual in operations the size of Benton County; however, the County's management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from an accounting point of view.

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

Cause: The County informed us that due to the available resources, it would not be able to hire additional qualified accounting staff to segregate duties in every department.

Recommendation: We recommend the County's elected officials and management be aware of the lack of segregation of the accounting functions and, where possible, implement oversight procedures to ensure that the internal control policies and procedures are being implemented by staff to the extent possible.

Client's Response:

Benton County will review the assignment of duties within the Departments noted and will determine if new internal controls can be implemented and duties further segregated to reduce the risks of financial losses. Opportunities to segregate functions may not be possible with limited staff, nor may it be affordable to increase staffing for this purpose. The County must weigh the benefits of reduced risks against the cost of new staff.

Finding 2006-002

Audit Adjustments

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

Condition: During our audit, we proposed a material audit adjustment which was reviewed and approved by the appropriate staff and is reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the County's internal control. The following material misstatement detected as a result of audit procedures was corrected by management:

- Cash and pooled investments and due to other governments were decreased by \$285,222 in the Taxes and Penalties Agency Fund.

Context: The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

Effect: The design of the internal controls over recording transactions and year-end accruals limits the ability of the County to provide accurate accrual-basis financial information.

Cause: The County has limited staff and experience in preparing financial statements which, in turn, does not allow proper review of the financial statements prepared by its independent contractor.

Recommendation: We recommend the County review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

Client's Response:

Benton County reviews the financial statements compiled by its independent contractor. Limited staffing and a lack of experience preparing accrual-based financial statements require the County to utilize outside assistance for this compilation. The County will continue to review the compilation and will strive to detect and correct material misstatements, with the goal of reducing audit adjustments.

Finding 2008-001

Cash Handling Procedures - Jail Department

Criteria: Procedures should be in place to deposit collections on a timely basis. Having large amounts of undeposited cash increases the risk of misplacement or misappropriation of the cash.

Condition: During previous audits, it was noted the Jail Department handled over \$200,000 in cash transactions for 2008 which were not deposited into a bank account. Instead, these inmate collections are stored in envelopes in the office safe. During the 2013 audit, we noted that the County implemented a new booking system which converted their previous process to an automated system. This system, however, was not fully implemented at the end of 2013.

Context: Inmates are allowed to purchase items while incarcerated; however, the money they use is held by the County. When a purchase is made, the amount of the purchase is deducted from the inmate's available funds.

Effect: Not depositing cash on a regular basis provides a greater opportunity for fraudulent activity occurring and not being detected in a timely manner.

Cause: Past practice.

Recommendation: We understand that the County was in the process of implementing its new booking software at the end of 2013, which will automate the inmate accounts. We recommend that, once implementation is complete, the County continue its reconciliation process.

Client's Response:

As of June 1, 2014, a new E-Z card and kiosk booking software was implemented. This new software automates the inmates' accounts. The inmates deposit their money into the kiosk upon arrival, and when the money is returned, it is in the form of a debit card or check. Cash is removed from the kiosk weekly, reconciled to the kiosk receipt, and then deposited into a checking account designated only for inmate funds.

ITEM ARISING THIS YEAR

Finding 2013-001

Accounting Policies and Procedures

Criteria: Management is responsible for establishing and implementing internal controls over the accounting cycles and the system used for financial reporting.

Condition: The County has not documented written procedures covering the following processes:

- the Administration Department's receipting, payroll, and journal entry processes;
- the Public Works/Highway Department's electronic payroll system process; and
- departmental usage of credit cards.

Context: Written policies and procedures over significant financial operations help in providing consistency over time and guidance to new officials and staff.

Effect: The County's practices may not be followed as intended by management and employees may not understand the purpose of internal controls.

Cause: The County has developed many policies and procedures relating to other transaction cycles but has not completed documentation for the processes listed above.

Recommendation: We recommend the County formalize, including obtaining County Board approval, the documentation of its policies and procedures relating to receipting, disbursing, payroll, journal entries, and credit card usage, and include these in its accounting procedures manual.

Client's Response:

Benton County currently has fiscal policies that have been approved by the County Board. The current fiscal policies will be reviewed and updated in the future to include policies regarding receipting, payroll, departmental usage of credit cards, and journal entries.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2012-001

Eligibility Testing

Program: U.S. Department of Health and Human Services' Medical Assistance Program (CFDA No. 93.778)

Pass-Through Agency: Minnesota Department of Human Services

Criteria: OMB Circular A-133 § .300(b) states that the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs. These controls should include a review process for case files to ensure the intake function related to eligibility requirements is met.

Condition: The state maintains the computer system, MAXIS, which is used by the County to support the eligibility determination process. During 2013, the County was able to locate all case files requested for testing. However, the County is still not documenting its monthly random case file reviews.

Out of 40 cases tested for 2013, we noted the following:

- For two case files, MAXIS indicated that citizenship was verified with a birth certificate. However, a birth certificate was not in the case files, and citizenship was not verified in MAXIS through the Social Security Administration.
- For one case file, the recipient failed to notify the County of a new job within ten days, which would have resulted in the recipient becoming ineligible in the following month. As a result, the recipient remained eligible in MAXIS until the next six-month review.
- For one case file, the parent's income was not reported in MAXIS.
- For one case file, other insurance was indicated in the file but not in MAXIS.

Questioned Costs: Not applicable. The County administers the program, but benefits to participants in this program are paid by the State of Minnesota.

Context: The State of Minnesota contracts with the County Human Services Department to perform the “intake function” (meeting with the social services client to determine income and categorical eligibility), while the state maintains MAXIS, which supports the eligibility determination process and actually pays the benefits to the participants.

Effect: The improper input of information into MAXIS and lack of a formal review process increases the risk that a client will receive benefits when they are not eligible.

Cause: Program personnel entering case information into MAXIS did not ensure all required information was input into MAXIS correctly and in the time frame allowed for eligibility determination.

Recommendation: We recommend the County implement additional procedures to provide reasonable assurance that all necessary documentation to support eligibility determinations is properly input into MAXIS and issues are followed up in a timely manner. In addition, we recommend a formal review process be documented and that documentation be maintained on which case files were reviewed and the results of the review.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action Plan:

Janel Sczublewski and Lisa Holker- Financial Assistance Supervisors

Corrective Action Planned:

1. *Quarterly review of Medical Assistance policy at staff meetings.*
2. *Monthly case reviews on Medical Assistance cases done by 2 supervisors and 1 lead worker:*
3.
 - a. *Case specific error findings will be reviewed and corrected with individual worker.*
 - b. *General error findings will be covered with all staff at monthly staff meetings.*
 - c. *Case reviews are scanned into our Edocs system and become a part of the file.*
 - d. *Case reviews are retrievable by date range for review by management or auditor.*

Anticipated Completion Date:

All items listed above were implemented in August 2014 and will continue monthly/quarterly.

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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
Benton County

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton 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.

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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and other items that we consider to be significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2006-002 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 1996-004, 2008-001, and 2013-001 to be significant deficiencies.

Compliance and Other Matters

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

Minnesota Legal Compliance

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested in connection with the audit of the County's financial statements: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because Benton County does not use tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Benton County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the County's noncompliance with the above referenced provisions.

Benton County's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

September 26, 2014

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Independent Auditor's Report

Board of County Commissioners
Benton County

Report on Compliance for Each Major Federal Program

We have audited Benton County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2013. Benton County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Benton County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton 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, Benton County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2012-001. Our opinion on each major federal program is not modified with respect to this matter.

Benton County's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Benton County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Benton County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-001, that we consider to be a significant deficiency.

Benton County's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. Benton County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton County as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated September 26, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements as a whole.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 26, 2014

/s/Greg Hierlinger

GREG HIERLINGER, CPA,
DEPUTY STATE AUDITOR

**BENTON COUNTY
FOLEY, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 192,881
Passed Through Minnesota Department of Human Services State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>266,410</u>
Total U.S. Department of Agriculture		<u>\$ 459,291</u>
U.S. Department of Justice		
Direct		
State Criminal Alien Assistance Program	16.606	\$ 2,390
Bulletproof Vest Partnership Program	16.607	<u>2,100</u>
Total U.S. Department of Justice		<u>\$ 4,490</u>
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	<u>\$ 1,909,748</u>
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	\$ 30,619
Immunization Cooperative Agreements	93.268	2,250
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$482,553)	93.558	43,821
Maternal and Child Health Services Block Grant to the States	93.994	37,344
Passed Through Minnesota Department of Human Services		
Promoting Safe and Stable Families	93.556	10,250
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families 93.558 \$482,553)	93.558	438,732
Child Support Enforcement	93.563	755,442
Refugee and Entrant Assistance - State-Administered Programs	93.566	682
Child Care and Development Block Grant	93.575	28,249
Stephanie Tubbs Jones Child Welfare Services Program	93.645	3,917
Foster Care - Title IV-E	93.658	143,774
Social Services Block Grant	93.667	178,821
Chafee Foster Care Independence Program	93.674	1,962
Children's Health Insurance Program	93.767	117
Medical Assistance Program	93.778	<u>1,020,310</u>
Total U.S. Department of Health and Human Services		<u>\$ 2,696,290</u>

**BENTON COUNTY
FOLEY, MINNESOTA**

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

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Natural Resources Boating Safety Financial Assistance	97.012	\$ 3,142
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	92,767
Emergency Management Performance Grants	97.042	48,907
Homeland Security Grant Program	97.067	<u>130,202</u>
Total U.S. Department of Homeland Security		\$ <u>275,018</u>
Total Federal Awards		\$ <u><u>5,344,837</u></u>

**BENTON COUNTY
FOLEY, MINNESOTA**

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

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Benton County. 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 Benton County under programs of the federal government for the year ended December 31, 2013. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Benton County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Benton 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.

**BENTON COUNTY
FOLEY, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 4,831,174
Grants received more than 60 days after year-end, deferred in 2013	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	53,088
Temporary Assistance for Needy Families	138,269
Child Care and Development Block Grant	1,245
Child Support Enforcement	79,263
Medical Assistance Program	159,002
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	61,800
Emergency Management Performance Grants	25,276
Homeland Security Grant Program	1,522
Grants received more than 60 days after year-end, deferred in 2012	
Temporary Assistance for Needy Families	(1,664)
Child Care and Development Block Grant	(2,724)
Foster Care - Title IV-E	<u>(1,414)</u>
Expenditures Per Schedule of Federal Awards	<u>\$ 5,344,837</u>

5. Subrecipients

During 2013, the County did not pass any federal money to subrecipients.