

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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

**CLAY COUNTY**  
**MOORHEAD, MINNESOTA**

FOR THE YEAR ENDED DECEMBER 31, 2007

## **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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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

**For the Year Ended December 31, 2007**



**Management and Compliance Report**

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

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

96-4 Segregation of Duties

Due to the limited number of office personnel within Clay 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 Clay 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.

Segregation of duties is defined as an arrangement of responsibilities such that the work of one employee is checked by another. Ideally, no single individual should be able to: (1) authorize a transaction, (2) record the transaction in the books of account, and (3) ensure custody of the assets resulting from the transaction. The three elements of a transaction--authorization, recording, and custody--should be separated whenever possible.

We recommend that Clay County's management be aware of the lack of segregation of the accounting functions and implement oversight and monitoring procedures to ensure that internal control policies and procedures are being implemented by staff.

Client's Response:

*Clay County is aware of the lack of segregation of duties in some of the smaller departments and has implemented oversight procedures to ensure that internal control policies and procedures are being implemented by staff.*

06-1 Audit Adjustment

A control deficiency 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 misstatements of the financial statements on a timely basis. Statement on Auditing Standards (SAS) No. 112 states that one control deficiency that shall be regarded as



at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified errors in formulas used to calculate the December 31, 2007, accrued interest in a supporting investment schedule, causing a material adjustment to the Solid Waste Enterprise Fund. Accrued interest and interest revenue were reduced, resulting in a reduction of net assets in the amount of \$76,066.

Proposed audit adjustments are reviewed and approved by the appropriate staff and are reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the government's internal control.

We recommend the County establish internal procedures for reviewing lead schedules to ensure amounts are correctly reported in accordance with generally accepted accounting principles in the County's annual financial statements.

Client's Response:

*Clay County will establish internal procedures for reviewing lead schedules to ensure amounts are correctly reported.*

ITEM ARISING THIS YEAR

07-1 Untimely Deposit of Landfill Fees

The Solid Waste Department is not depositing landfill fees with the County Auditor/Treasurer on a timely basis. During 2007, 12 deposits were made ranging in amounts from \$22,097 to \$168,985. Only two of the deposits were under \$50,000.

Allowing a department to accumulate large amounts of collections before making deposits with the County Auditor/Treasurer increases the risks of errors and misappropriation of those collections. Additionally, the County could potentially earn more interest revenue if deposits were made timely.

We recommend the County monitor internal control procedures over the Solid Waste landfill fee collections to ensure that all collections are deposited on a timely basis.

Client's Response:

*The Solid Waste Department will make deposits of landfill fees with the County Auditor/Treasurer twice a month instead of monthly. In addition, any checks received for an amount of \$1,000 or more will be taken to the Auditor/Treasurer immediately upon receipt and account entry.*

**PREVIOUSLY REPORTED ITEM RESOLVED**

**Prior Period Adjustment (06-2)**

While preparing lead schedules for their 2006 financial statements, Clay County employees realized that a change in their capital asset policy in a previous year had been applied only to the general capital assets and not to the capital assets reported in the Equipment Replacement Internal Service Fund. A restatement in the amount of \$489,748 was made in 2006 to remove items below the capital asset policy.

**Resolution**

With the restatement made in 2006, the County adjusted the capital assets in the Equipment Replacement Internal Service Fund to the correct balance. Clay County has taken steps to ensure that any new assets for this fund meet the requirements of the capital asset policy before they are included as additions to the capital asset records.

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

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. **MINNESOTA LEGAL COMPLIANCE**

**PREVIOUSLY REPORTED ITEM NOT RESOLVED**

04-1 **Depository Pledge Agreement**

Several years ago, Wells Fargo Bank changed its procedures for the assignment and substitution of collateral pledged to secure deposits. The new procedures are described in the depository pledge agreement. This agreement provides that if the

aggregate market value of collateral held by the custodian (Federal Reserve Bank of Minneapolis) exceeds the required collateral value (Minn. Stat. § 118A.03, subd. 3), Wells Fargo may withdraw any excess collateral by providing the custodian with a withdrawal notice signed by authorized representatives of Wells Fargo and the County. Additionally, Wells Fargo may substitute eligible securities for any of the collateral held by the custodian at any time by providing the custodian with a substitution notice signed only by an authorized representative of Wells Fargo, provided that the market value of the collateral following such substitution would equal or exceed the required collateral value. Substitutions of securities not of like par value require the County Auditor/Treasurer's written confirmation.

The County Auditor/Treasurer does not receive notification of the substitution prior to substitution as required by Minn. Stat. § 118A.03, subd. 5. The County Auditor/Treasurer receives only a monthly collateral pledge report from the Federal Reserve Bank of Minneapolis verifying the balance of collateral.

The County Auditor/Treasurer has shifted County investments out of Wells Fargo, but the County still maintains several checking and savings accounts there.

We recommend that the County Auditor/Treasurer work with Wells Fargo to make the necessary changes to the pledge agreement to require notification and approval of the substitution of collateral prior to the substitution.

Client's Response:

*Clay County is currently in the process of moving funds out of the Wells Fargo accounts into another bank.*

B. MANAGEMENT PRACTICES

ITEM ARISING THIS YEAR

07-2 Outstanding Checks

The County Auditor/Treasurer has three checking accounts with checks that have been outstanding for several years. At December 31, 2007, the Wells Fargo general checking account had 68 outstanding checks written between 2002 and 2006 totaling \$19,667, including a \$10,000 check that has been outstanding since 2004. At

December 31, 2007, the Wells Fargo refunding account had 23 outstanding checks written between 2002 and 2006 totaling \$2,636, and the State Bank of Hawley had 29 outstanding checks written between 1999 and 2006 totaling \$2,763.

The County has no written policy addressing outstanding checks; however, the County Auditor/Treasurer is aware of the Minnesota Unclaimed Property Laws which require that uncashed vendor or refund checks be reported to the state after three years.

The lack of a policy or guidance provided to the individual responsible for preparing the bank reconciliations resulted in the large number of old outstanding checks being accumulated on the bank reconciliations. A policy should provide:

- a reasonable time period that a check should be outstanding before follow-up is required;
- the type of follow-up required;
- a time period and procedures for obtaining approval to write off outstanding checks; and
- guidance on tracking unclaimed property for compliance with the Minnesota Unclaimed Property Laws.

We recommend the County establish and monitor the necessary policies or procedures to ensure outstanding checks are followed up on, written off if necessary, and reported in accordance with the Minnesota Unclaimed Property Laws timely.

Client's Response:

*Clay County is currently working on following up on outstanding checks and will review the outstanding checks on an annual basis.*

C. OTHER ITEM FOR CONSIDERATION

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. This standard, similar to what GASB Statement 27 did for government

employee pension benefits and plans, provides the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB can include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage.

If retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered OPEB. In fact, local governments may be required to continue medical insurance coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new GASB statement, accounting for OPEB is now similar to the accounting used by governments for pension plans.

This year the legislature enacted a new law, Minn. Stat. § 471.6175, intended to help local governments address their OPEB liability in at least three important ways:

- it allows governments to create both irrevocable and revocable OPEB trusts;
- it authorizes the use of a different list of permissible investments for both irrevocable and revocable OPEB trusts; and
- it also permits governments to invest OPEB trust assets with the State Board of Investment, bank trust departments, and certain insurance companies.

Some of the issues that the Clay County Board will need to address in order to comply with the statement are:

- determine if employees are provided OPEB;
- if OPEB are being provided, the Clay County Board will have to determine whether it will advance fund the benefits or pay for them on a pay-as-you-go basis;
- if OPEB are being provided, and the Clay County Board determines that the establishment of a trust is desirable in order to fund the OPEB, the Clay County Board will have to comply with the new legislation enacted authorizing the creation of an OPEB trust and establishing an applicable investment standard;

*Schedule 1*  
*(Continued)*

- if an OPEB trust will be established, the Clay County Board will have to decide whether to establish an irrevocable or a revocable trust, and report that trust appropriately in the financial statements; and
- in order to determine annual costs and liabilities that need to be recognized, the Clay County Board will have to decide whether to hire an actuary.

GASB Statement 45 will be applicable to Clay County for the year ended December 31, 2008.



REBECCA OTTO  
STATE AUDITOR

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

Board of County Commissioners  
Clay County

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 28, 2008. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clay 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 96-4, 06-1, and 07-1 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Clay County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay 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 six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, Clay County complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as item 04-1.



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

Clay County's written responses to the significant deficiencies, legal compliance finding, and management practices finding 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 Clay 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

August 28, 2008

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

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REBECCA OTTO  
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# STATE OF MINNESOTA

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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  
Clay County

#### Compliance

We have audited the compliance of Clay 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 its major federal program for the year ended December 31, 2007. Clay County's major federal program is 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 its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 Clay 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, Clay County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

## Internal Control Over Compliance

The management of Clay 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, 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 control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Clay County's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, each major fund, and the remaining fund information of Clay County as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 28, 2008. Our audit was performed for the purpose of forming opinions on 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 Clay 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

August 28, 2008

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**CLAY COUNTY  
MOORHEAD, MINNESOTA**

Schedule 8

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>		
Passed Through Minnesota Department of Education		
School Breakfast Program	10.553	\$ 15,744
National School Lunch Program	10.555	26,860
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	171,925
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	<u>11,404</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>\$ 225,933</u></b>
<b>U.S. Department of the Interior, Fish and Wildlife Service</b>		
Direct		
Fish and Wildlife Management Assistance	15.608	<b><u>\$ 25,000</u></b>
<b>U.S. Department of Justice</b>		
Passed through Minnesota Department of Public Safety		
Juvenile Accountability Incentive Block Grant	16.523	\$ 13,625
Byrne Formula Grant Program	16.579	60,205
Passed through Minnesota Department of Public Safety and City of Moorhead		
Byrne Formula Grant Program	16.579	35,556
Direct		
Byrne Formula Grant Program	16.579	<u>44,190</u>
<b>Total U.S. Department of Justice</b>		<b><u>\$ 153,576</u></b>
<b>U.S. Department of Transportation</b>		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 66,283
Public Transportation for Non-Urbanized Areas	20.509	156,216
Passed Through Minnesota Department of Public Safety		
Highway Planning and Construction	20.205	<u>4,682</u>
<b>Total U.S. Department of Transportation</b>		<b><u>\$ 227,181</u></b>
<b>U.S. Department of Education</b>		
Passed Through Minnesota Department of Education		
Special Education Preschool Grants	84.173	\$ 3,875
Special Education Grants for Infants and Families with Disabilities	84.181	<u>57,390</u>
<b>Total U.S. Department of Education</b>		<b><u>\$ 61,265</u></b>

**CLAY COUNTY  
MOORHEAD, MINNESOTA**

*Schedule 8*  
*(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Passed Through Minnesota Department of Health		
Immunization Grants	93.268	\$ 2,700
Center for Disease Control and Prevention	93.283	77,120
Temporary Assistance for Needy Families (TANF)	93.558	71,740
Prevention/Treatment of Substance Abuse	93.959	85,156
Maternal and Child Health Services Block Grant	93.994	72,270
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	37,346
Promoting Safe and Stable Families	93.556	10,260
Temporary Assistance for Needy Families (TANF)	93.558	832,027
Family Support Payments	93.560	1,037
State Court Improvement Project	93.586	55
Child Care Mandatory and Matching Funds	93.596	43,572
Child Welfare Services - State Grants	93.645	7,933
Foster Care Title IV-E	93.658	307,911
Social Services Block Grant Title XX	93.667	383,657
Chafee Foster Care Independent Living	93.674	11,332
Community Mental Health Block Grant	93.958	45,241
Prevention/Treatment of Substance Abuse	93.959	48,561
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 2,037,918</b>
<b>U.S. Department of Homeland Security</b>		
Passed Through Minnesota Department of Natural Resources		
Boating Safety Financial Assistance	97.012	\$ 12,431
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	16,748
Homeland Security Grant Program	97.067	77,005
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 106,184</b>
<b>Total Federal Awards</b>		<b>\$ 2,837,057</b>

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by Clay County. The County's reporting entity is defined in Note 1 to the basic financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the County. Governmental funds use the modified accrual basis of accounting. Due to timing differences in revenue recognition under the modified accrual basis, expenditures on this schedule do not match the federal revenues reported in the financial statements.
3. Pass-through grant numbers were not assigned by the pass-through agencies.
4. Clay County did not pass any federal awards to subrecipients in 2007.