

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

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

CLAY COUNTY
MOORHEAD, MINNESOTA

FOR THE YEAR ENDED DECEMBER 31, 2008

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.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

For the Year Ended December 31, 2008



Management and Compliance Report

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

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, 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>		8
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		11
Schedule of Expenditures of Federal Awards	Schedule 2	14

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of Clay County.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of Clay 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*." One of the significant deficiencies is a material weakness.
- C. No instances of noncompliance material to the financial statements of Clay 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 Clay 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:
- | | |
|-------------------------------------|--------------|
| Child Support Enforcement IV-D | CFDA #93.563 |
| Foster Care Title IV-E | CFDA #93.658 |
| Social Service Block Grant Title XX | CFDA #93.667 |
| Medical Assistance Program | CFDA #93.778 |
- H. The threshold for distinguishing between Types A and B programs was \$300,000.
- I. Clay 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 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.

Without proper segregation of duties, errors or irregularities may not be detected timely.

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 Adjustments

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. One control deficiency that typically is considered significant 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 proposed numerous adjustments that resulted in significant changes to the County's financial statements.

- An adjustment was made to the Road and Bridge Special Revenue Fund to correct an entry error deferring unearned regular construction revenue in the amount of \$242,119. The unspent portion of the regular construction received was actually part of an advance on future allotments.
- An adjustment was made in the Social Services Special Revenue Fund to reclassify intergovernmental revenues to their proper accounts. The Minnesota Department of Human Services issued a new bulletin which clarified the classifications of certain revenue that flow through the state. The County properly followed the current bulletin for collections received in 2008; however, revenues in the reversal entry for prior year receivables were not reclassified. The entry was made to properly reflect intergovernmental revenues in the Schedule of Intergovernmental Revenue.
- Adjustments were made to the Courthouse Expansion Debt Service Fund to remove the escrow activity subsequent to the date the 2002 Lease Revenue Bonds were defeased. The adjustments resulted in reductions of interest revenue of \$48,556, interest expense of \$83,769, cash with escrow agent of \$3,674,335, and an increase in payments to refunded bond escrow agent of \$3,709,548.
- Adjustments were made to the Joint Highway Facility Debt Service Fund to remove the escrow activity subsequent to the date the 2001 Lease Revenue Bonds were defeased. The adjustments resulted in reductions of interest revenue of \$25,013, interest expense of \$45,894, cash with escrow agent of \$1,876,777, and an increase in payments to refunded bond escrow agent of \$1,897,658.

- Adjustments were made to the Solid Waste Enterprise Fund to reflect a change in estimate of the landfill capacity. The adjustments resulted in a reduction in accumulated depreciation in the amount of \$267,057 and a reduction in liability for closure and postclosure costs in the amount of \$763,841. A reclassification entry in the amount of \$520,607 was made to reflect the amount of net assets restricted for closure and postclosure costs.

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 procedures to ensure all transactions are properly reported in accordance with generally accepted accounting principles in the County's annual financial statements.

Client's Response:

Clay County will establish procedures to ensure all transactions are properly reported.

ITEMS ARISING THIS YEAR

08-1 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. Although the County may informally assess risks and adjust internal control procedures to address those risks, there are no formal procedures or documentation of those procedures in place.

At a minimum, the following significant internal control areas should be documented:

- cash and investment activities;
- capital assets (capitalization process and related depreciation);
- major funding sources (taxes, intergovernmental revenues, charges for services, and miscellaneous items);
- expenditure/expense processing;
- payroll; and
- inventories.

We recommend that County management document the significant internal controls in its accounting system, including an assessment of risk and the processes used to minimize the risks. 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:

Clay County will develop a plan for documentation as recommended.

08-2 Delays in Receipting Motor Vehicle Fees and Interest Revenue to the County General Ledger

During our audit, we noted instances in which County fees from the Motor Vehicle Department and interest revenue on investments with Wachovia Securities were not receipted into the County's general ledger timely.

County fees collected at the Motor Vehicle Department are deposited in a departmental bank account daily. Typically, each month the fees collected and deposited into the departmental bank account would be remitted to the County Auditor/Treasurer and receipted into the County general ledger. Motor vehicle fees collected for September 2007 through March 2008 were receipted into the County general ledger in April 2008.

Interest revenue from investments with Wachovia Securities earned in January 2008 through April 2008 was receipted into the County general ledger in May 2008. Interest revenue from investments with Wachovia Securities earned in May 2008 through September 2008 was receipted into the County general ledger in October 2008. Interest revenue earned in October 2008 through December 2008 was receipted in December 2008.

Internal control over receipting and revenue would be improved if all revenues were receipted to the County general ledger timely.

We recommend the County review its internal control procedures over collections and make any necessary changes to ensure that all collections are receipted into the County general ledger timely.

Client's Response:

Clay County is currently receipting motor vehicle fees into the County general ledger monthly and interest revenue is being receipted at least on a quarterly basis.

PREVIOUSLY REPORTED ITEM RESOLVED

Untimely Deposit of Landfill Fees (07-1)

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

Resolution

The Solid Waste Department is now depositing landfill fees with the County Auditor/Treasurer twice each month, resulting in a lower risk of errors or misappropriation of those collections.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

Depository Pledge Agreement (04-1)

The language in the depository pledge agreement with Wells Fargo Bank did not comply with the requirements of Minn. Stat. § 118A.03, subd. 5. This statute provides that the County Auditor/Treasurer receive notification of a substitution of collateral prior to the substitution. The County Auditor/Treasurer received only a monthly collateral pledge report from the Federal Reserve Bank of Minneapolis verifying the balance of collateral.

Resolution

Although Wells Fargo Bank has not changed its procedures for substitution of collateral, deposits with Wells Fargo Bank are kept under the FDIC insurance coverage. The County deposits are not relying on the collateral for protection.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

Outstanding Checks (07-2)

The County Auditor/Treasurer had three checking accounts with checks that had 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; 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.

Resolution

The County Auditor/Treasurer has worked hard on following up on old outstanding checks, resolving the problem in two of the checking accounts. At the time of our review, there were seven remaining outstanding checks for the State Bank of Hawley account amounting to only \$1,330. The County Auditor/Treasurer stated that the County had recently sent out a second notice and expected the remaining outstanding checks would be cleared up soon.

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 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 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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2009. 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, 08-1, and 08-2 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, of the significant deficiencies described above, we consider item 06-1 to be 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.

Clay County's written responses to the significant deficiencies and the material weakness 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

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

November 30, 2009

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
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 each of its major federal programs for the year ended December 31, 2008. Clay 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.

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 each of its major federal programs for the year ended December 31, 2008.

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, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2009. 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 whole.

This report is intended solely for the information and use of the Board of County Commissioners, management and others within the County, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

November 30, 2009

This page was left blank intentionally.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through Minnesota Department of Education		
School Breakfast Program	10.553	\$ 14,268
National School Lunch Program	10.555	24,677
Passed Through Minnesota Department of Health		
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	184,452
Passed Through Minnesota Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	<u>255,911</u>
Total U.S. Department of Agriculture		<u>\$ 479,308</u>
U.S. Department of the Interior, Fish and Wildlife Service		
Direct		
Fish and Wildlife Management Assistance	15.608	<u>\$ 25,000</u>
U.S. Department of Justice		
Passed through Minnesota Department of Public Safety		
Juvenile Accountability Incentive Block Grant	16.523	\$ 12,676
Passed through Minnesota Department of Public Safety		
Byrne Formula Grant Program	16.579	11,000
Edward Byrne Memorial Justice Assistance	16.738	1,303
Passed through Minnesota Department of Public Safety and City of Moorhead		
Byrne Formula Grant Program	16.579	36,000
Direct		
Byrne Formula Grant Program	16.579	<u>47,391</u>
Total U.S. Department of Justice		<u>\$ 108,370</u>
U.S. Department of Labor		
Passed Through Minnesota Department of Labor and Industry		
Occupational Safety and Health	17.503	<u>\$ 4,095</u>

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	\$ 1,304,085
Public Transportation for Non-Urbanized Areas	20.509	134,473
Passed Through Minnesota Department of Public Safety and City of Moorhead		
Highway Safety Cluster		
State and Community Highway Safety	20.600	6,554
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	5,594
Total U.S. Department of Transportation		\$ 1,450,706
U.S. Department of Education		
Passed Through Minnesota Department of Education		
Special Education Preschool Grants	84.173	\$ 6,507
Passed Through Minnesota Department of Education		
Special Education Grants for Infants and Families with Disabilities	84.181	55,140
Total U.S. Department of Education		\$ 61,647
U.S. Department of Health and Human Services		
Passed Through Minnesota Department of Health		
Immunization Grants	93.268	\$ 2,400
Center for Disease Control and Prevention - Investigating and Technical	93.283	81,177
Temporary Assistance for Needy Families (TANF)	93.558	92,994
Prevention/Treatment of Substance Abuse	93.959	76,118
Maternal and Child Health Services Block Grant	93.994	72,271
Passed Through Minnesota Department of Human Services		
Projects for Assistance in Transition from Homelessness (PATH)	93.150	36,175
Promoting Safe and Stable Families	93.556	46,380
Temporary Assistance for Needy Families (TANF)	93.558	866,510
Child Support Enforcement (IV-D)	93.563	901,494
Child Care Cluster		
Child Care Mandatory and Matching Funds	93.596	9,877
Child Care Development Block Grant	93.575	50,431
Refugee and Entrant Assistance Grant	93.566	725
Foster Care Title IV-E	93.658	469,254
Social Services Block Grant Title XX	93.667	380,223
Chafee Foster Care Independent Living	93.674	10,229
Children's Health Insurance Program	93.767	629
Medical Assistance Program	93.778	1,003,522
Community Mental Health Services Block Grant	93.958	42,968
Block Grants for Prevention/Treatment of Substance Abuse	93.959	21,127
Total U.S. Department of Health and Human Services		\$ 4,164,504

**CLAY COUNTY
MOORHEAD, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Passed Through Minnesota Department of Public Safety		
Hazard Mitigation Grant	97.039	\$ 2,295
Emergency Management Performance Grants	97.042	23,831
Homeland Security Grant Program	97.067	<u>208,291</u>
Total U.S. Department of Homeland Security		\$ <u>234,417</u>
Total Federal Awards		\$ <u><u>6,528,047</u></u>

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 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. During 2008, \$154,795 of CFDA #97.067 was passed through to subrecipients.