

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

CLAY COUNTY
MOORHEAD, MINNESOTA

YEAR ENDED DECEMBER 31, 2015

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 150 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 700 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@osa.state.mn.us
www.auditor.state.mn.us

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

Year Ended December 31, 2015



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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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- 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? **None reported**

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal programs are:

Child Support Enforcement	CFDA No. 93.563
Medical Assistance Program	CFDA No. 93.778

The threshold for distinguishing between Types A and B programs was \$750,000.

Clay 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 ITEM NOT RESOLVED

Finding 1996-004

Segregation of Duties

Criteria: Management is responsible for establishing and maintaining internal control. Adequate segregation of duties is a key internal control in preventing and detecting errors or irregularities. To protect County assets, proper segregation of the record-keeping, custody, and authorization functions should be in place, and where management decides segregation of duties may not be cost effective, compensating controls should be in place.

Condition: Due to the limited number of personnel within several Clay County offices, segregation of accounting duties necessary to ensure adequate internal accounting control is not possible. The smaller fee offices generally have one staff person who is responsible for billing, collecting, recording, and depositing receipts as well as reconciling bank accounts.

Context: 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 internal control point of view.

Effect: Inadequate segregation of duties could adversely affect the County's ability to detect misstatements in a timely period by employees in the normal course of performing their assigned functions.

Cause: The County informed us that collecting fees for services at a department level provides a convenience for their customers. Fee services are provided in several locations, so having customers paying at a single point of collection, such as the Treasurer's Office, would be very inconvenient. The staffing available in several of these smaller offices limits the potential for complete segregation of duties.

Recommendation: We recommend Clay County's officials and management be mindful that limited staffing increases the risks in safeguarding the County's assets and the proper recording of its financial activity and, where possible, implement oversight procedures to ensure that internal control policies and procedures are being followed 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.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

PREVIOUSLY REPORTED ITEM RESOLVED

Eligibility Testing (CFDA No. 93.778) (2014-001)

During our previous audit of the Medical Assistance Program, we noted conflicting information between data entered into the MAXIS system and the documentation in the case files in 11 of the 40 case files tested.

Resolution

During the 2015 audit, information input into the MAXIS system was consistent with the information maintained in the case files with only a few minor exceptions which did not affect eligibility.

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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*

Independent Auditor's Report

Board of County Commissioners
Clay County
Moorhead, Minnesota

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, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Minnesota, as of and for the year ended December 31, 2015, 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 6, 2016.

Internal Control Over Financial Reporting

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

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.

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 the attention of those charged with governance.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 1996-004, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay 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 Counties*, 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 Clay County has no tax increment financing.

In connection with our audit, nothing came to our attention that caused us to believe that Clay County failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Counties*. 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.

Clay County's Response to Findings

Clay County's response to the internal control finding identified in our audit has been included in the Schedule of Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Counties* 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 6, 2016

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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 FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of County Commissioners
Clay County
Moorhead, Minnesota

Report on Compliance for Each Major Federal Program

We have audited Clay County's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *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, 2015. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clay 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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, Clay 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, 2015.

Report on Internal Control Over Compliance

Management of Clay 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 the Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, Minnesota, as of and for the year ended December 31, 2015, 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 6, 2016, 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 Clay County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA 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. Such 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

September 6, 2016

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through Minnesota Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	Not Provided	\$ 20,880	\$ -
National School Lunch Program	10.555	Not Provided	35,169	-
<i>(Total expenditures for Child Nutrition Cluster \$56,049)</i>				
Passed Through Minnesota Department of Health				
Special Supplemental Nutrition Program for Women, Infants, and Children				
<i>(Total Special Supplemental Nutrition Program for Women, Infants, and Children 10.557 \$265,349)</i>	10.557	Not Provided	50,588	-
Passed Through Partnership4Health Community Health Board				
Special Supplemental Nutrition Program for Women, Infants, and Children				
<i>(Total Special Supplemental Nutrition Program for Women, Infants, and Children 10.557 \$265,349)</i>	10.557	32573	214,761	-
Passed Through Minnesota Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
	10.561	16162MN101S2514	476,308	-
Total U.S. Department of Agriculture			\$ 797,706	\$ -
U.S. Department of Commerce				
Passed Through Headwaters Regional Development Commission				
Public Safety Interoperable Communications Grant Program	11.555	A-SECB-2014- NWRRB-00002	\$ 24,000	\$ -
Public Safety Interoperable Communications Grant Program	11.555	A-DECN-SHSP- 2014-NWRRB- 00004	7,826	-
Public Safety Interoperable Communications Grant Program	11.555	A-SLIGP-2013- NWRRB-HRDC- 00004	216	-
Total U.S. Department of Commerce			\$ 32,042	\$ -
U.S. Department of Housing and Urban Development				
Passed Through Minnesota Department of Employment and Economic Development				
Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	14.228	CDAP-11-0062- O-FY12	\$ 187,369	\$ 187,369

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice				
Direct				
Edward Byrne Memorial Formula Grant Program <i>(Total Edward Byrne Memorial Formula Grant Program 16.579 \$71,045)</i>	16.579	Not provided	\$ 32,545	\$ -
Passed Through City of Moorhead				
Edward Byrne Memorial Formula Grant Program <i>(Total Edward Byrne Memorial Formula Grant Program 16.579 \$71,045)</i>	16.579	A-VCET-2015- MOORHDPD- 00027	38,500	-
Passed Through Minnesota Department of Public Safety				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAG-2014- CLAYCO-0018	148,973	-
Total U.S. Department of Justice			\$ 220,018	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction	20.205	84109	\$ 720	\$ -
Highway Planning and Construction <i>(Total Highway Planning and Construction 20.205 \$299,283)</i>	20.205	05766	298,563	298,563
Passed Through City of Moorhead				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC15-2015- MOORHDPD- 00023	3,523	-
State and Community Highway Safety <i>(Total State and Community Highway Safety 20.600 \$3,723) (Total expenditures for Highway Safety Cluster \$16,318)</i>	20.600	A-ENFRC16-2016- MOORHDPD- 0015	200	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC15-2015- MOORHDPD- 00023	6,150	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated <i>(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$8,034)</i>	20.608	A-ENFRC16-2016- MOORHDPD- 0015	1,884	-

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through City of Moorhead (Continued)				
Highway Safety Cluster				
National Priority Safety Programs	20.616	A-ENFRC15-2015- MOORHDPD- 00023	9,106	-
National Priority Safety Programs	20.616	A-ENFRC16-2016- MOORHDPD- 0015	3,489	-
<i>(Total National Priority Safety Programs 20.616 \$12,595)</i>				
<i>(Total expenditures for Highway Safety Cluster \$16,318)</i>				
Total U.S. Department of Transportation			\$ 323,635	\$ 298,563
U.S. Department of Education				
Passed Through Minnesota Department of Health				
Special Education - Grants for Infants and Families	84.181	Not Provided	\$ 483	\$ -
<i>(Total Special Education - Grants for Infants and Families 84.181 \$2,492)</i>				
Passed Through Partnership4Health Community Health Board				
Special Education - Grants for Infants and Families	84.181	Not Provided	2,009	-
<i>(Total Special Education - Grants for Infants and Families 84.181 \$2,492)</i>				
Total U.S. Department of Education			\$ 2,492	\$ -
U.S. Department of Health and Human Services				
Passed Through National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	MRCSG101005- 04-00	\$ 2,858	\$ -
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	90858	23,324	-
<i>(Total Public Health Emergency Preparedness 93.069 \$84,779)</i>				
Temporary Assistance for Needy Families	93.558	1601MNTANF	44,860	-
<i>(Total Temporary Assistance for Needy Families 93.558 \$954,418)</i>				

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (Continued)				
Passed Through Partnership4Health Community Health Board				
Public Health Emergency Preparedness <i>(Total Public Health Emergency Preparedness 93.069 \$84,779)</i>	93.069	90858	61,455	-
Universal Newborn Hearing Screening	93.251	Not Provided	762	-
Immunization Cooperative Agreements	93.268	58583	2,900	-
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	Not Provided	839	-
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	87929	51,780	-
PPHF National Public Health Improvement Initiative	93.507	Not Provided	1,902	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$954,418)</i>	93.558	1601MNTANF	58,035	-
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease, and Stroke (PPHF)	93.757	89214	70,840	-
Maternal and Child Health Services Block Grant to the States	93.994	Not Provided	77,568	-
Passed Through Minnesota Department of Human Services				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	M016024-15	23,359	-
Promoting Safe and Stable Families	93.556	G-1601MNFPS	14,075	-
Temporary Assistance for Needy Families <i>(Total Temporary Assistance for Needy Families 93.558 \$954,418)</i>	93.558	1601MNTANF	851,523	-
Child Support Enforcement	93.563	1604MNCSES	80,992	-
Child Support Enforcement <i>(Total Child Support Enforcement 93.563 \$1,048,539)</i>	93.563	1604MNCEST	967,547	-
Refugee and Entrance Assistance - State-Administered Programs	93.566	1601MNRCA	761	-
Child Care and Development Block Grant	93.575	G1601MNCCDF	34,327	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-1601MNCWSS	9,277	-
Foster Care - Title IV-E	93.658	1601MNFOST	643,863	-
Social Services Block Grant	93.667	16-01MNSOSR	408,102	-
Chafee Foster Care Independence Program	93.674	G-1601MNCILP	9,782	-
Children's Health Insurance Program	93.767	1605MN5021	101	-
Medical Assistance Program	93.778	05-1605MN5ADM	1,731,904	-
Medical Assistance Program <i>(Total Medical Assistance Program 93.778 \$1,759,989)</i>	93.778	05-1605MN5MAP	28,085	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010027-15	56,210	-
Total U.S. Department of Health and Human Services			\$ 5,257,031	\$ -

**CLAY COUNTY
MOORHEAD, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Pass-Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Social Security Administration				
Passed Through Minnesota Department of Employment and Economic Development				
Social Security - Disability Insurance	96.001	Not Provided	<u>\$ 35</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	F-EMPG-2014- CLAYCO-0750	\$ 33,072	\$ -
Emergency Management Performance Grants	97.042	F-EMPG-2015- CLAYCO-1138	23,510	-
Emergency Management Performance Grants	97.042	F-EMPG-2015- CLAYCO-1272	<u>7,513</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 64,095</u>	<u>\$ -</u>
Total Federal Awards			<u>\$ 6,884,423</u>	<u>\$ 485,932</u>

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**CLAY COUNTY
MOORHEAD, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by Clay 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 Clay County under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Clay County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Clay 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, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Clay County has elected to not use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CLAY COUNTY
MOORHEAD, MINNESOTA**

4. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 6,727,597
Grants received more than 60 days after year-end, deferred in 2015	
Highway Planning and Construction (CFDA No. 20.205)	37,766
Federal award passed through the Joint Powers Collaborative for the Local Collaborative Time Study	202,707
Deferred in 2014, recognized as revenue in 2015	
Temporary Assistance for Needy Families (CFDA No. 93.558)	(2,523)
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)	(81,124)
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 6,884,423</u>