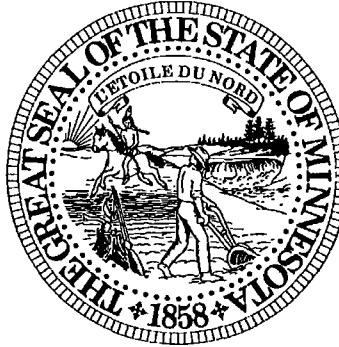


# **State of Minnesota**



## **Financial and Compliance Report**

**on**

## **Federally Assisted Programs**

**for the year ended**

**June 30, 1989**

**Prepared Through a Cooperative Agreement Between**

Department of Finance

Office of the Legislative Auditor

Office of the State Auditor

U.S. Department of Agriculture

Peter C. Hutchinson, Commissioner

James R. Nobles, Legislative Auditor

Arne H. Carlson, State Auditor

Jesse H. Morris, Regional Inspector  
General for Audit

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# SUMMARY

State of Minnesota  
Office of the Legislative Auditor  
Veterans Service Building • St. Paul, MN 55155  
612/296-4708

## FINANCIAL AND COMPLIANCE REPORT ON FEDERALLY ASSISTED PROGRAMS

FOR THE YEAR ENDED JUNE 30, 1989

Release Date: May 25, 1990

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The Office of the Legislative Auditor has released the *Financial and Compliance Report on Federally Assisted Programs* for the year ended June 30, 1989. Federal programs totalling \$2.1 billion were covered in the 1989 Statewide Single Audit. The Single Audit was conducted through a cooperative agreement between the Minnesota Department of Finance, the Office of the Legislative Auditor, the Office of the State Auditor, and the U.S. Department of Agriculture - Regional Office of Inspector General. The Single Audit Act of 1984 (Public Law 98-502) and the U.S. Office of Management and Budget's (OMB) Circular A-128 provide the requirements for audits of state and local governments. The Act and OMB circular require annual organizationwide financial and compliance audits for Minnesota and its subrecipients.

This report, which is divided into two sections, is basically technical in nature and is constructed to meet the needs of federal grantor programs administered by the state. The first section contains financial information on over 200 federal grant programs administered by the state. The second section discusses internal control and compliance aspects related to these grant programs.

We reviewed 46 major federal programs, representing 95% of the 1989 federal expenditures. For these major programs, we reviewed internal controls and tested for compliance with various federal legal provisions. We also selected and tested certain nonmajor federal programs. We identified 68 audit findings related to the state's administration of these programs. Most findings (51 of 68) related to the community colleges and state universities administration of student financial aid programs. The remaining 17 audit findings concerned federal programs administered by eight state agencies. These findings are presented in the compliance section of this report, and are discussed in more detail in the individual audit reports issued to the affected state agencies. The federal government is ultimately responsible for resolution of the audit findings.

Contact the Financial Audit Division for additional information.  
(612) 296-1730

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STATE OF MINNESOTA  
FINANCIAL AND COMPLIANCE REPORT  
ON FEDERALLY ASSISTED PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1989

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**State of Minnesota  
Department of Finance**

400 Centennial Building  
658 Cedar Street  
St. Paul, Minnesota 55155  
(612) 296-5900

March 12, 1990

The Honorable Rudy Perpich, Governor  
and  
Members of the Legislature

We are submitting the State of Minnesota Financial and Compliance Report for the single audit of federally assisted programs for the year ended June 30, 1989. This report meets the requirements of the Federal Single Audit Act of 1984 and the Federal Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments."

The single audit avoids inefficiency and duplication by including all federal funds received by a governmental unit in a single audit. Therefore, this report includes all federal assistance received by the state departments and agencies determined to be a part of the state's reporting entity. The criteria used in defining the state's reporting entity are those established by the Governmental Accounting Standards Board. All federal programs within this reporting entity were included under the state's single audit. Because of the high degree of autonomy of the University of Minnesota, it is not considered a part of the state's reporting entity and therefore we have not included federal assistance for the University.

For purposes of the single audit in Minnesota, the organization is the state rather than each state agency. With this approach the single audit can be combined with the annual financial audit. This is an efficient approach for Minnesota because state agencies are all subject to the same centralized controls (the statewide accounting, personnel/payroll and procurement systems).

**MANAGEMENT RESPONSIBILITIES** - The Department of Finance is responsible for the accuracy, fairness and completeness of the financial statements, including all disclosures, presented in this report. We believe these statements provide a fair representation of financial activity for federal programs for the year ended June 30, 1989.

**Accounting System** - The statewide accounting system (SWAS) used in preparing federal financial statements is the responsibility of the Department of Finance. The SWAS is maintained on a cash basis of accounting.

The Department of Finance is also responsible for designing and applying the state's system of internal accounting controls. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional, and that the accounting records from which the financial statements were prepared are reliable. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefit derived.



**REPORT** - This report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 1989, and includes financial information for federal programs, compiled by the Department of Finance. It is divided into three sections: Transmittal Letter; Financial Section, including the auditor's opinion, expenditure statements and notes to the statements; and the Compliance Section, including the auditor's reports on internal control and compliance, audit findings schedule and the status of prior audit recommendations.

The financial statements presented are not meant to replace recipient financial reporting currently required for each individual program of federal assistance. Instead these statements are meant to provide a consistent basis for reporting on the expenditures of federal assistance received by state agencies.

In addition to this financial and compliance report, the single audit for the State of Minnesota includes the department management letters issued by the Office of the Legislative Auditor; and the Report on Audits of Subrecipients issued by the Office of the State Auditor.

**FEDERAL FINANCIAL ASSISTANCE TO THE STATE OF MINNESOTA** - In fiscal year 1989 the State of Minnesota received approximately \$2.1 billion in federal assistance for its many programs. Included in this amount is \$20.5 million of noncash contributions in the form of food commodities provided for distribution to school districts and other organizations. Major programs include Family Support Assistance, Medical Assistance and Social Service Block Grants in the Department of Human Services; School Lunch and Educationally Deprived Children in the Department of Education; Highway Planning and Construction in the Departments of Transportation and Public Safety; Lower Income Housing Assistance in the Housing Finance Agency; and Low Income Energy Assistance and Unemployment Insurance in the Department of Jobs and Training.

**AUDITS** - The Minnesota Office of the Legislative Auditor (OLA) performs an annual statewide audit primarily for the purpose of expressing an audit opinion on the financial statements included in the state's Comprehensive Annual Financial Report prepared by the Department of Finance. Another purpose of the statewide audit is to provide information to the Governor, Legislature and heads of state agencies concerning financial and accounting issues involving the state and its agencies. In addition, the scope of the annual statewide audit process includes the federal requirements of the Single Audit Act and OMB Circular A-128.

The OLA has audited the financial statements for federal programs, and has issued their opinion on these statements. Also included are their reports on internal control and compliance with laws and regulations for federal programs. The OLA has relied upon the Report on Audits of Subrecipients, issued by the Office of the State Auditor.

All subrecipients receiving federal assistance from Minnesota state agencies have been required to have audits in accordance with OMB Circular A-128. State agencies are responsible for assuring that their subrecipients have audits and resolve audit recommendations resulting from these audits. Results of these audits are summarized in the Report on Audits of Subrecipients issued by the Office of the State Auditor.



**ORGANIZATION OF MINNESOTA'S SINGLE AUDIT** - Prior to Minnesota's first single audit, the Department of Finance, Office of the Legislative Auditor, Office of the State Auditor and the U.S. Department of Agriculture-Office of Inspector General reached an agreement for conducting audits of federal funds awarded directly to the state and expended either by the state or an authorized subrecipient. Broad issues were agreed upon as well as the specific responsibilities of each organization. Their primary responsibilities are:

- The Minnesota Department of Finance: serves as the lead state agency representing all Minnesota state agencies receiving federal funds; coordinates single audit requirements; and is responsible for the preparation of the annual financial statements and supplemental financial statements on all federal grants received by the state.
- The Minnesota Office of the Legislative Auditor: performs the statewide single audit; prepares the audit report on the annual financial report for the state; provides an audit opinion on the supplemental financial statements on federal grants; issues reports on internal control and compliance with laws and regulations; and issues departmental management letters.
- The Minnesota Office of the State Auditor: establishes guidelines and procedures for subrecipient audits and reviews resulting audit reports.
- The U.S. Department of Agriculture-Office of Inspector General: serves as the lead cognizant audit agency representing all federal agencies awarding federal assistance to the State of Minnesota and serves as liaison with the three organizations listed above and federal agencies.

**ACKNOWLEDGEMENTS** - Although the Department of Finance accepts final responsibility for this report we would like to acknowledge the significant assistance provided by staff in the many state agencies receiving the federal assistance. The financial schedules they prepared for each of their federal programs were used to compile these financial statements.

Individual state agencies also have other specific responsibilities for federal programs. State agencies are required to manage and maintain adequate accounting records for their federal programs. They are required by the relevant federal departments and agencies to prepare periodic financial reports. State Agencies are also responsible for assuring that organizations to which they subgrant federal funds have the required audits and promptly resolve federal program deficiencies reported as a result of those audits.

Sincerely,



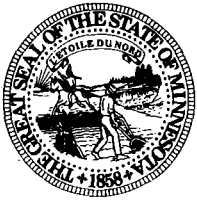
Peter C. Hutchinson  
Commissioner

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# FINANCIAL SECTION

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STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report on Supplementary  
Information Schedule of Federal Financial Assistance

Members of the Legislature

The Honorable Rudy Perpich, Governor

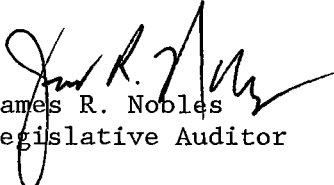
Peter C. Hutchinson, Commissioner of Finance


Jesse H. Morris, Regional Inspector General for Audit,  
United State Department of Agriculture

We have audited the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1989 and have issued our report thereon dated December 1, 1989. These general purpose financial statements are the responsibility of the state's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of federal expenditures is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: February 28, 1990  
REPORT SIGNED ON: May 14, 1990

STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
AGRICULTURE	FOOD DISTRIBUTION	10.550	EDUCATION	\$17,333,121	\$	\$17,333,121
		10.550	HUMAN SERVICES	2,778,332		2,778,332
		10.550	JOBS & TRAINING	3,180,307		3,180,307
			TOTAL PROGRAM 10.550	<u>23,291,760</u>	<u>0</u>	<u>23,291,760</u>
	FOOD STAMPS	10.551	HUMAN SERVICES	15,597,573	2,162,446	17,760,019
	NATIONAL SCHOOL LUNCH PROGRAM	10.555	EDUCATION	38,614,180	4,107,041	42,721,221
	SPECIAL FOOD/WOMEN/INFANTS & CHILDREN	10.557	HEALTH	31,526,813		31,526,813
	CHILD CARE FOOD PROGRAM	10.558	EDUCATION	31,619,785		31,619,785
DEFENSE	SCHOOLS & ROADS-GRANTS TO STATES	10.665	FINANCE	492,059		492,059
	BOUNDARY WATER CANOE AREA	10.669	NATURAL RESOURCES	2,382,693	570,000	2,952,693
	MILITARY AFFAIRS OPERATIONS	12.00X a	MILITARY AFFAIRS	9,153,298	830,380	9,983,678
EDUCATION	CIVIL RIGHTS TECHNICAL TRAINING	84.004	EDUCATION	353,127		353,127
	EDUCATIONALLY DEPRIVED CHILDREN	84.010	EDUCATION	46,324,647		46,324,647
	HANDICAPPED STATE GRANTS	84.027	EDUCATION	27,934,315		27,934,315
		84.027	HUMAN SERVICES	8,000		8,000
			TOTAL PROGRAM 84.027	<u>27,942,315</u>	<u>0</u>	<u>27,942,315</u>
	GUARANTEED STUDENT LOANS	84.032 b	HIGHER EDUCATION COORD BD	2,509,936		2,509,936

Footnotes: a A correct program number cannot be determined.  
b See note 3 on page 25.

STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	COLLEGE WORK-STUDY PROGRAM	84.033	COMMUNITY COLLEGE SYSTEM	\$1,686,866	\$435,089	\$2,121,955
		84.033	STATE UNIVERSITY SYSTEM	2,447,400	557,262	3,004,662
			TOTAL PROGRAM 84.033	<u>4,134,266</u>	<u>992,351</u>	<u>5,126,617</u>
	PERKINS LOANS	84.038 a	COMMUNITY COLLEGE SYSTEM	244,918	27,213	272,131
		84.038 a	STATE UNIVERSITY SYSTEM	327,159	36,350	363,509
			TOTAL PROGRAM 84.038	<u>572,077</u>	<u>63,563</u>	<u>635,640</u>
	VOCATIONAL EDUCATION-BASIC STATE GRANTS	84.048	HUMAN RIGHTS	7,918		7,918
		84.048	VOCATIONAL TECHNICAL EDUC	13,977,326		13,977,326
			TOTAL PROGRAM 84.048	<u>13,985,244</u>	<u>0</u>	<u>13,985,244</u>
	PELL GRANT PROGRAM	84.063	COMMUNITY COLLEGE SYSTEM	15,196,648		15,196,648
		84.063	HUMAN SERVICES	7,320		7,320
		84.063	STATE UNIVERSITY SYSTEM	25,778,578		25,778,578
			TOTAL PROGRAM 84.063	<u>40,982,546</u>	<u>0</u>	<u>40,982,546</u>
	REHABILITATION SERVICES BASIC SUPPORT	84.126	JOBS & TRAINING	34,284,907	7,597,081	41,881,988
	EDUCATIONAL IMPROVEMENT PARTNERSHIPS	84.151	EDUCATION	9,356,468		9,356,468
ENERGY	STATE ENERGY CONSERVATION	81.041	ADMINISTRATION	8,452,180		8,452,180
		81.041	FINANCE	1,309,337	1,389,480	2,698,817
		81.041	HOUSING FINANCE	1,202,730		1,202,730
		81.041	PUBLIC SERVICE	9,978		9,978
			TOTAL PROGRAM 84.041	<u>10,974,225</u>	<u>1,389,480</u>	<u>12,363,705</u>
	WEATHERIZATION ASSISTANCE-LOW INCOME	81.042	JOBS & TRAINING	11,396,467		11,396,467
HEALTH & HUMAN SERVICES	ACQUIRED IMMUNODEFICIENCY SYNDROME	13.118	EDUCATION	155,526		155,526
		13.118	HEALTH	1,919,072		1,919,072
			TOTAL PROGRAM 13.118	<u>2,074,598</u>	<u>0</u>	<u>2,074,598</u>

Footnote: a See note 4 on page 25.

STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	HOMELESS MENTAL HEALTH SERVICES BLOCK	13.150	HUMAN SERVICES	\$326,373	\$338,942	\$665,315
	AGING SUPPORT SERVICE & SENIOR CENTERS	13.633	HUMAN SERVICES	12,530,688	576,646	13,107,334
	CHILD WELFARE SERVICES-STATE GRANTS	13.645	HUMAN SERVICES	3,775,649	3,398,000	7,173,649
	FOSTER CARE - TITLE IV-E	13.658	HUMAN SERVICES	19,790,109	1,569,047	21,359,156
	SOCIAL SERVICES BLOCK GRANT	13.667	HUMAN SERVICES	46,908,799		46,908,799
	MEDICAL ASSISTANCE PROGRAM	13.714	HEALTH	70,895		70,895
		13.714	HUMAN SERVICES	715,753,663	639,390,214	1,355,143,877
			TOTAL PROGRAM 13.714	<u>715,824,558</u>	<u>639,390,214</u>	<u>1,355,214,772</u>
	STATES FAMILY SUPPORT PAYMENTS	13.780	HUMAN SERVICES	196,449,307	87,651,432	284,100,739
	CHILD SUPPORT ENFORCEMENT	13.783	HUMAN SERVICES	20,348,524	462,495	20,811,019
	REFUGEE & ENTRANT ASSISTANCE-STATE	13.787	HUMAN SERVICES	14,888,136		14,888,136
	LOW INCOME HOME ENERGY ASSISTANCE	13.789	JOBS & TRAINING	50,718,836		50,718,836
	COMMUNITY SERVICES BLOCK GRANT	13.792	JOBS & TRAINING	11,610,879		11,610,879
	SOCIAL SECURITY-DISABILITY INSURANCE	13.802	JOBS & TRAINING	9,739,120		9,739,120
	ALCOHOL/DRUG ABUSE/MENTAL HEALTH BLOCK	13.992	HUMAN SERVICES	8,859,530		8,859,530
HOUSING & URBAN DEVELOPMENT	MATERNAL & CHILD HEALTH SERVICES BLOCK	13.994 a	HEALTH	8,303,583	5,562,082	13,865,665
	LOWER-INCOME HOUSING ASSISTANCE PROGRAM	14.156	HOUSING FINANCE	59,603,927		59,603,927
	COMMUNITY DEVELOPMENT BLOCK-STATES	14.228	TRADE & ECONOMIC DEVELOP	16,963,235	242,465	17,205,700
	EMERGENCY SHELTER GRANTS PROGRAM	14.231	JOBS & TRAINING	308,450		308,450

Footnote: a See note 1A on page 23.



STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
INTERIOR	FISH RESTORATION	15.605	NATURAL RESOURCES	\$5,806,600	\$1,935,534	\$7,742,134
	WILDLIFE RESTORATION	15.611	NATURAL RESOURCES	3,965,557	1,321,852	5,287,409
LABOR	EMPLOYMENT SERVICE	17.207	JOBS & TRAINING	12,112,506		12,112,506
	UNEMPLOYMENT INSURANCE	17.225	JOBS & TRAINING	43,232,890		43,232,890
	DISLOCATED WORKERS EMPLOYMENT & TRAINING	17.246	JOBS & TRAINING	4,265,441		4,265,441
	JOB TRAINING PARTNERSHIP ACT	17.250	JOBS & TRAINING	33,231,660		33,231,660
TRANSPORTATION	AIRPORT IMPROVEMENT	20.106	TRANSPORTATION	13,354,762	350,542	13,705,304
	HIGHWAY PLANNING & CONSTRUCTION	20.205 a	TRANSPORTATION	302,028,964	55,607,122	357,636,086
TOTAL MAJOR PROGRAMS				<u>\$1,972,517,067</u>	<u>\$816,118,715</u>	<u>\$2,788,635,782</u>

Footnote: a See note 2 on page 25.

STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
AGRICULTURE	PLANT/ANIMAL DISEASE/PEST CONTROL	10.025	AGRICULTURE	\$6,074	\$14,212	\$20,286
		10.025	ANIMAL HEALTH BOARD	33,801	157,000	190,801
	COMMODITY LOANS AND PURCHASES	10.051	AGRICULTURE	150,896		150,896
	AGRICULTURAL CONSERVATION PROGRAM	10.063	NATURAL RESOURCES	66,113		66,113
	FORESTRY INCENTIVES PROGRAM	10.064	NATURAL RESOURCES	3,282		3,282
	CONSERVATION RESERVE PROGRAM	10.069	NATURAL RESOURCES	55,748		55,748
	FEDERAL-STATE MARKETING IMPROVEMENT	10.156	AGRICULTURE	84,751		84,751
	INSPECTION GRADING & STANDARDIZATION	10.162	AGRICULTURE	191,663		191,663
	MEAT & POULTRY INSPECTION	10.477	AGRICULTURE	125,263		125,263
	SCHOOL BREAKFAST PROGRAM	10.553	EDUCATION	2,164,343		2,164,343
	SPECIAL MILK PROGRAM-CHILDREN	10.556	EDUCATION	786,640		786,640
	CHILDREN SUMMER FOOD SERVICE PROGRAM	10.559	EDUCATION	523,199		523,199
	STATE ADMIN EXPENSES-CHILD NUTRITION	10.560	EDUCATION	1,038,825	158,065	1,196,890
	NUTRITION EDUCATION & TRAINING PROGRAM	10.564	EDUCATION	76,880		76,880
	COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565	HEALTH	47,754		47,754
	TEMPORARY EMERGENCY FOOD ASSISTANCE	10.568	JOBS & TRAINING	789,012		789,012
	COOPERATIVE FORESTRY ASSISTANCE	10.664	NATURAL RESOURCES	1,275,043	1,211,348	2,486,391
	ADDITIONAL LANDS-GRANTS TO MINNESOTA	10.668	FINANCE	716,149		716,149
COMMERCE	RESOURCE CONSERVATION & DEVELOPMENT	10.901	NATURAL RESOURCES	3,554		3,554
	WATERSHED PROTECTION & FLOOD PREVENTION	10.904	NATURAL RESOURCES	12,677	3,169	15,846
	ECONOMIC DEVELOPMENT TECHNICAL ASSISTANCE	11.303	STATE UNIVERSITY SYSTEM	42,763	14,254	57,017
		11.303	TRADE & ECONOMIC DEVELOP	5,210	1,555	6,765
	ECONOMIC DEVELOPMENT PLANNING	11.305	STATE PLANNING	25,000	8,500	33,500
	BASIC FUNDING OF TITLES I,II,III,IV,IX	11.308	TRADE & ECONOMIC DEVELOP	15,726		15,726
	WEATHER & RIVER FORECASTS & WARNING	11.404	PUBLIC SAFETY	27,807		27,807
	FISHERY PRODUCTS INSPECTION & CERT	11.413	AGRICULTURE	4,729		4,729
CONSTITUTION BICENTENNIAL COMMISSION	BICENTENNIAL EDUCATIONAL GRANT PROGRAM	90.001	STATE UNIVERSITY SYSTEM	45,895		45,895
DEFENSE	FLOOD PLAIN MANAGEMENT SERVICES	12.104	FINANCE	14,542		14,542
	FLOOD CONTROL PROJECTS	12.106	TRANSPORTATION	3,144,480		3,144,480

STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1989

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION	INTEREST SUBSIDY	84.00X a	STATE TREASURER	\$217,805	\$	\$217,805
	ADULT EDUCATION-STATE ADMINISTERED	84.002	EDUCATION	1,544,420	4,001,324	5,545,744
	BILINGUAL EDUCATION	84.003	COMMUNITY COLLEGE SYSTEM	217,404		217,404
		84.003	EDUCATION	51,166		51,166
	SUPPLEMENTAL EDUCATION OPPORTUNITY GRANTS	84.007	COMMUNITY COLLEGE SYSTEM	786,358		786,358
		84.007	STATE UNIVERSITY SYSTEM	1,855,723		1,855,723
	HANDICAPPED EDUCATION-STATE SCHOOLS	84.009	EDUCATION	325,518		325,518
	MIGRANT EDUCATION-BASIC STATE FORMULA	84.011	EDUCATION	1,079,430		1,079,430
	EDUCATIONALLY DEPRIVED CHILDREN - STATE	84.012	EDUCATION	484,099		484,099
	NEGLECTED & DELINQUENT CHILDREN	84.013	EDUCATION	327,758		327,758
	UNDERGRADUATE INTERNATIONAL STUDIES	84.016	COMMUNITY COLLEGE SYSTEM	58,817		58,817
		84.016	STATE UNIVERSITY SYSTEM	53,611		53,611
	FULBRIGHT HAYS TRAINING PROJECTS ABROAD	84.021	COMMUNITY COLLEGE SYSTEM	16,382		16,382
	HANDICAPPED EARLY CHILDHOOD EDUCATION	84.024	EDUCATION	6,500		6,500
		84.024	HEALTH	53,377		53,377
	DEAF BLIND CENTERS	84.025	EDUCATION	123,049		123,049
	SPECIAL EDUCATION PERSONNEL DEVELOPMENT	84.029	EDUCATION	136,087		136,087
		84.029	HEALTH	36,289		36,289
		84.029	STATE UNIVERSITY SYSTEM	162,796		162,796
	HIGHER EDUCATION-INSTITUTION AID	84.031	COMMUNITY COLLEGE SYSTEM	1,083,454	15,966	1,099,420
	LIBRARY SERVICES	84.034	EDUCATION	404,264	4,228,600	4,632,864
	INTERLIBRARY COOPERATION	84.035	EDUCATION	319,557		319,557
	STUDENT SUPPORT SERVICES	84.042	COMMUNITY COLLEGE SYSTEM	546,847		546,847
		84.042	STATE UNIVERSITY SYSTEM	390,577		390,577
	TALENT SEARCH	84.044	COMMUNITY COLLEGE SYSTEM	102,509		102,509
		84.044	STATE UNIVERSITY SYSTEM	77,448		77,448
	UPWARD BOUND	84.047	COMMUNITY COLLEGE SYSTEM	293,742		293,742
		84.047	STATE UNIVERSITY SYSTEM	438,969		438,969
	VOC ED-CONSUMER & HOMEMAKER EDUCATION	84.049	VOCATIONAL TECHNICAL EDUC	621,537		621,537
	VOCATIONAL EDUCATION-STATE COUNCILS	84.053	COUNCIL ON VOC TECH EDUC	131,484		131,484
	HIGHER EDUCATION-COOPERATIVE EDUCATION	84.055	COMMUNITY COLLEGE SYSTEM	57,919	3,653	61,572
		84.055	STATE UNIVERSITY SYSTEM	1,423		1,423
	VETERANS EDUCATION OUTREACH PROGRAM	84.064	COMMUNITY COLLEGE SYSTEM	3,422	3,422	6,844
		84.064	STATE UNIVERSITY SYSTEM	1,053		1,053
	EDUCATIONAL OPPORTUNITY CENTERS	84.066	COMMUNITY COLLEGE SYSTEM	166,283		166,283
	STATE STUDENT INCENTIVES GRANTS	84.069	HIGHER EDUCATION COORD BD	1,413,216	706,608	2,119,824
	INDOCHINA REFUGEES EMERGENCY ADULT EDUC	84.093	STATE UNIVERSITY SYSTEM	13,777		13,777

Footnote: a A correct program number cannot be determined.

STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	PATRICIA ROBERTS HARRIS FELLOWSHIPS	84.094	EDUCATION	\$936	\$	\$936
		84.094	STATE UNIVERSITY SYSTEM	77,321		77,321
	IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	STATE UNIVERSITY SYSTEM	95,621		95,621
	REHABILITATION SERVICES PROJECTS	84.128	JOBS & TRAINING	843,381	70,620	914,001
	REHABILITATION TRAINING	84.129	JOBS & TRAINING	107,665	13,775	121,440
		84.129	STATE UNIVERSITY SYSTEM	152,907		152,907
	CENTERS FOR INDEPENDENT LIVING	84.132	JOBS & TRAINING	1,001,853	615,015	1,616,868
	DISABILITY & REHABILITATION RESEARCH	84.133	JOBS & TRAINING	97,057		97,057
	TRANSITION PROGRAM FOR REFUGEE CHILDREN	84.146	EDUCATION	504,279		504,279
	BUSINESS & INTERNATIONAL EDUCATION	84.153	COMMUNITY COLLEGE SYSTEM	28,580	28,580	57,160
		84.153	STATE UNIVERSITY SYSTEM	18,061		18,061
	PUBLIC LIBRARY CONSTRUCTION	84.154	EDUCATION	508,805		508,805
	HANDICAPPED ARCHITECT BARRIERS REMOVAL	84.155	EDUCATION	48,864		48,864
	HANDICAPPED-SPECIAL SERVICES	84.159	EDUCATION	100,677		100,677
	EMERGENCY IMMIGRANT EDUCATION ASSISTANCE	84.162	EDUCATION	127,698		127,698
	STRENGTHENING TEACHER SKILLS STATE GRANTS	84.164	EDUCATION	887,948		887,948
		84.164	HIGHER EDUCATION COORD BD	538,244		538,244
	MATH/SCIENCE/COMPUTER/FOREIGN LANGUAGE	84.168	EDUCATION	115,632		115,632
	INDEPENDENT LIVING COMPREHENSIVE SERVICES	84.169	JOBS & TRAINING	319,673	55,934	375,607
	HANDICAPPED PRESCHOOL GRANTS	84.173	EDUCATION	2,211,209		2,211,209
	VOC ED-COMMUNITY BASED ORGANIZATIONS	84.174	VOCATIONAL TECHNICAL EDUC	112,584		112,584
	PAUL DOUGLAS TEACHER SCHOLARSHIPS	84.176	HIGHER EDUCATION COORD BD	306,649		306,649
	OLDER BLIND INDIVIDUALS INDEPEND LIVING	84.177	JOBS & TRAINING	243,892	24,867	268,759
	HANDICAPPED INFANTS & TODDLERS	84.181	EDUCATION	614,100		614,100
	DRUG PREVENTION	84.183	COMMUNITY COLLEGE SYSTEM	45,105		45,105
		84.183	STATE UNIVERSITY SYSTEM	99,064		99,064
	ROBERT C BYRD HONORS SCHOLARSHIPS	84.185	EDUCATION	148,677		148,677
	DRUG FREE SCHOOLS & COMMUNITIES - STATE	84.186	STATE PLANNING	2,571,607		2,571,607
	ADULT EDUCATION FOR THE HOMELESS	84.192	EDUCATION	14,964		14,964
	HOMELESS CHILDREN & YOUTH EDUCATION	84.196	EDUCATION	47,390		47,390
	SCHOOL COLLEGE & UNIVERSITY PARTNERSHIP	84.204	STATE UNIVERSITY SYSTEM	55,357		55,357
ENERGY	PEAT RESOURCE-RESEARCH & DEVELOPMENT	81.00X a	NATURAL RESOURCES	16,526		16,526
	ENERGY EXTENSION SERVICE	81.050	PUBLIC SERVICE	239,686	55,786	295,472
	INSTITUTIONAL BLDGS ENERGY CONSERVATION	81.052	PUBLIC SERVICE	37,880	72,500	110,380

Footnote: a A correct program number cannot be determined.

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
ENERGY (CONTINUED)	BIOFUELS & MUNICIPAL WASTE TECHNOLOGY	81.079	PUBLIC SERVICE	\$40,809	\$40,690	\$81,499
	CONSERVATION RESEARCH & DEVELOPMENT	81.086	PUBLIC SERVICE	6,929		6,929
ENVIRONMENTAL PROTECTION	AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	POLLUTION CONTROL	1,401,966	1,321,786	2,723,752
	WASTEWATER TREATMENT WORKS CONSTRUCTION	66.418	POLLUTION CONTROL	150,602		150,602
	WATER POLLUTION CONTROL-STATE/INTERSTATE	66.419	POLLUTION CONTROL	932,181	2,073,538	3,005,719
	WATER QUALITY CONTROL INFORMATION SYSTEM	66.423	ATTORNEY GENERAL	17,487		17,487
		66.423	POLLUTION CONTROL	16,304	3,792	20,096
		66.423	STATE UNIVERSITY SYSTEM	10,269		10,269
	CONSTRUCTION MANAGEMENT ASSISTANCE	66.438	POLLUTION CONTROL	2,079,314		2,079,314
	ABANDONED WELL PROJECT	66.443	HEALTH	17,949		17,949
	WATER QUALITY MANAGEMENT PLANNING	66.454	NATURAL RESOURCES	14,616		14,616
		66.454	POLLUTION CONTROL	872,197		872,197
	CAPITALIZATION GRANTS-STATE REVOLVING	66.458 a	TRADE & ECONOMIC DEVELOP	0	0	0
	PESTICIDES CONTROL RESEARCH	66.502	AGRICULTURE	28,144	213,611	241,755
	WASTEWATER POLLUTION CONTROL	66.505	NATURAL RESOURCES	24,987		24,987
		66.505	POLLUTION CONTROL	358,883	91,866	450,749
	SAFE DRINKING WATER RESEARCH & DEMO	66.506	HEALTH	647,735	1,044,299	1,692,034
	ENVIRONMENT PROTECTION SUPPORT GRANTS	66.600	POLLUTION CONTROL	252,837	9,192	262,029
	PESTICIDES ENFORCEMENT PROGRAM	66.700	AGRICULTURE	206,312	690,819	897,131
	TOXIC SUBSTANCES COMPLIANCE	66.701	POLLUTION CONTROL	53,365	13,562	66,927
	ASBESTOS INSPECTION & MGMT PLAN ASSIST	66.703	EDUCATION	235,074		235,074
	HAZARDOUS WASTE MGMT STATE PROGRAM	66.801	ATTORNEY GENERAL	80,338		80,338
		66.801	POLLUTION CONTROL	1,189,712	672,916	1,862,628
	HAZARDOUS SUBSTANCE RESPONSE TRUST FUND	66.802	POLLUTION CONTROL	3,846,318		3,846,318
	STATE UNDERGROUND STORAGE TANKS	66.804	POLLUTION CONTROL	135,735	5,939	141,674
	UNDERGROUND STORAGE TANK TRUST FUND	66.805	POLLUTION CONTROL	1,648,215	5,469	1,653,684
	INTRICATED TRAINING & TECHNICAL ASSIST	66.808	POLLUTION CONTROL	60,305	2,464	62,769
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	EMPLOYMENT DISCRIMINATION-STATE & LOCAL	30.002	HUMAN RIGHTS	208,000		208,000

Footnote: a See note 5 on page 25.

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION	EMERGENCY MGMT INSTITUTE-FIELD STUDIES	83.403	PUBLIC SAFETY	\$244,251	\$	\$244,251
	STATE ASSISTANCE PROGRAM	83.501	PUBLIC SAFETY	90,236		90,236
	CIVIL DEFENSE-STATE & LOCAL EMERGENCY	83.503	PUBLIC SAFETY	1,563,818		1,563,818
	STATE DISASTER PREPAREDNESS GRANTS	83.505	PUBLIC SAFETY	42,208		42,208
	RADIOLOGICAL INSTRUMENTATION	83.508	PUBLIC SAFETY	121,278		121,278
	FACILITY SURVEY-ENGINEERING & DEVELOPMENT	83.509	PUBLIC SAFETY	41,382		41,382
	RADIOLOGICAL DEFENSE PLNG & DEVELOPMENT	83.511	PUBLIC SAFETY	40,991		40,991
	STATE & LOCAL WARNING COMMUNICATION	83.513	PUBLIC SAFETY	20,508		20,508
	POPULATION PROTECTION PLANNING	83.514	PUBLIC SAFETY	166,757		166,757
	DISASTER ASSISTANCE	83.516	PUBLIC SAFETY	2,432,368		2,432,368
HEALTH & HUMAN SERVICES	FOOD & DRUG ADMINISTRATION RESEARCH	13.103	AGRICULTURE	49,298		49,298
	MATERNAL & CHILD HEALTH PROGRAMS	13.110	HEALTH	322,911		322,911
	ENVIRONMENTAL HEALTH HAZARDS	13.112	HEALTH	204,517		204,517
	TUBERCULOSIS CONTROL PROGRAMS	13.116	HEALTH	62,226		62,226
	MENTAL HEALTH PLANNING & DEMONSTRATION	13.125	HUMAN SERVICES	107,978	10,200	118,178
	REFUGEE ASSISTANCE MENTAL HEALTH	13.128	HUMAN SERVICES	123,301		123,301
	INJURY CONTROL CENTERS	13.136	HEALTH	90,126		90,126
	ALCOHOL DRUG ABUSE BLOCK GRANT	13.141	STATE PLANNING	2,656,522		2,656,522
	AIDS DRUG REIMBURSEMENTS	13.146	HUMAN SERVICES	70,245		70,245
	MENTAL HEALTH SERVICE PLNG DEVELOPMENT	13.158	HUMAN SERVICES	88,237		88,237
	HEALTH SERVICES RESEARCH & DEVELPMENT	13.226	HEALTH	185,908		185,908
	MENTAL HEALTH RESEARCH GRANTS	13.242	HUMAN SERVICES	199,247		199,247
		13.242	STATE UNIVERSITY SYSTEM	66,053		66,053
	OCCUPATIONAL SAFETY & HEALTH RESEARCH	13.262	HEALTH	25,520		25,520
	CHILDHOOD IMMUNIZATION GRANTS	13.268	HEALTH	310,360		310,360
	CENTER FOR DISEASE CONTROL ASSISTANCE	13.283	HEALTH	115,817		115,817
	NURSING STUDENT LOANS	13.364	COMMUNITY COLLEGE SYSTEM	7,814		7,814
	ACADEMIC RESEARCH ENHANCEMENT AWARD	13.390	STATE UNIVERSITY SYSTEM	6,650		6,650
	CANCER CAUSE & PREVENTION RESEARCH	13.393	STATE UNIVERSITY SYSTEM	12,774		12,774
	CANCER CONTROL	13.399	HEALTH	185,195		185,195
	HEAD START ADMINISTRATION	13.600	STATE UNIVERSITY SYSTEM	58,561		58,561
	CHILD WELFARE RESEARCH & DEMONSTRATION	13.608	HUMAN SERVICES	124,574	14,842	139,416
	DEVELOPMENTAL DISABILITIES ADMINISTRATION	13.630	STATE PLANNING	848,989	41,200	890,189
	SOCIAL SERVICES RESEARCH & DEMONSTRATION	13.647	STATE PLANNING	94,415		94,415
	ADOPTION OPPORTUNITIES ADMINISTRATION	13.652	HUMAN SERVICES	5,500		5,500

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	SPECIAL AGING PROGRAMS-TITLE IV	13.668	HUMAN SERVICES	\$50,501	\$	\$50,501
	CHILD ABUSE DISCRETIONARY ACTIVITIES ADM	13.670	HUMAN SERVICES	296,222		296,222
	FAMILY VIOLENCE & PREVENTION SERVICES	13.671	CORRECTIONS	94,366		94,366
	CHILD ABUSE CHALLENGE GRANTS	13.672	PUBLIC SAFETY	7,354		7,354
	DEPENDENT CARE PLANNING & DEVELOPMENT	13.673	EDUCATION	125,793		125,793
		13.673	HUMAN SERVICES	37,846		37,846
	HEALTH CARE FINANCING RESEARCH	13.766	HUMAN SERVICES	9,773	250	10,023
	STATE MEDICAID FRAUD CONTROL UNITS	13.775	ATTORNEY GENERAL	353,762	117,756	471,518
	STATE HEALTH CARE PROVIDERS & SUPPLIES	13.777	HEALTH	1,452,908		1,452,908
		13.777	HUMAN SERVICES	1,768,154	752,392	2,520,546
		13.777	PUBLIC SAFETY	217,451	364,543	581,994
	ASSISTANCE PAYMENTS-RESEARCH	13.782	JOBS & TRAINING	411,993		411,993
	WORK INCENTIVE	13.790	JOBS & TRAINING	1,793,051	156,246	1,949,297
	COMMUNITY SERVICES BLOCK	13.792	COMMUNITY COLLEGE SYSTEM	33,448		33,448
	SUPPLEMENTAL SECURITY INCOME	13.807	HUMAN SERVICES	43,636		43,636
	BLOOD DISEASES & RESOURCES RESEARCH	13.839	STATE UNIVERSITY SYSTEM	21,475		21,475
	MICROBIOLOGY & INFECTIOUS DISEASES	13.856	HEALTH	284,918		284,918
		13.856	STATE UNIVERSITY SYSTEM	18,780		18,780
	CELLULAR & MOLECULAR DISEASE RESEARCH	13.863	STATE UNIVERSITY SYSTEM	72,000		72,000
	MEDICAL LIBRARY ASSISTANCE	13.879	STATE UNIVERSITY SYSTEM	8,798		8,798
	HEALTH PROFESSIONS INDIAN RECRUITMENT	13.970	STATE UNIVERSITY SYSTEM	42,167		42,167
	SEXUALLY TRANSMITTED DISEASES CONTROL	13.977	HEALTH	409,471		409,471
	HEALTH PROGRAMS FOR REFUGEES	13.987	HEALTH	118,231		118,231
	STATE DIABETES CONTROL PROGRAMS	13.988	HEALTH	182,745		182,745
	PREVENTIVE HEALTH & SERVICES BLOCK GRANT	13.991 a	HEALTH	2,319,797		2,319,797
HOUSING & URBAN DEVELOPMENT	MFG HOME CONSTRUCTION & SAFETY STANDARDS	14.171	ADMINISTRATION	21,192		21,192
	RENTAL HOUSING REHABILITATION	14.230	HOUSING FINANCE	376,297		376,297
	EQUAL OPPORTUNITY IN HOUSING	14.400	HUMAN RIGHTS	28,900		28,900
	SOLAR ENERGY & ENERGY CONSERVATION BANK	14.550	HOUSING FINANCE	6,920		6,920
INFORMATION	EDUCATIONAL EXCHANGE-GRADUATE STUDENTS	82.001	STATE UNIVERSITY SYSTEM	108,808		108,808

Footnote: a See note 1A on page 23.

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
INTERIOR	BIOLOGICAL DIVERSITY PROJECT	15.00X a	NATURAL RESOURCES	\$19,495	\$	\$19,495
	WILDLIFE HABITAT MANAGEMENT ASSISTANCE	15.219	NATURAL RESOURCES	41,599		41,599
	ANADROMOUS FISH CONSERVATION	15.600	NATURAL RESOURCES	77,601	77,601	155,202
	FISHERY RESEARCH INFORMATION	15.604	NATURAL RESOURCES	5,703		5,703
	RESOURCE CONTAMINANT ASSESSMENT	15.607	NATURAL RESOURCES	196,971	34,760	231,731
	WILDLIFE RESEARCH INFORMATION	15.610	NATURAL RESOURCES	66,629		66,629
	ENDANGERED SPECIES CONSERVATION	15.612	NATURAL RESOURCES	74,564	11,596	86,160
	GEOLOGICAL SURVEY-RESEARCH & DATA	15.808	STATE UNIVERSITY SYSTEM	10,784		10,784
	SURPLUS WILDLIFE DISPOSAL	15.900	NATURAL RESOURCES	7,100		7,100
	HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904	HISTORICAL SOCIETY	342,289	342,289	684,578
20 JUSTICE	OUTDOOR RECREATION-ACQUIS, DEVEL & PLNG	15.916	NATURAL RESOURCES	298,147	298,147	596,294
		15.916	TRADE & ECONOMIC DEVELOP	238,287		238,287
	MARIJUANA ERADICATION	16.00X a	PUBLIC SAFETY	16,731		16,731
	NARCOTIS & DANGEROUS DRUGS TRAINING	16.004	JUDICIAL	5,035	1,000	6,035
	UCR REDESIGN PROGRAM	16.010	PUBLIC SAFETY	25,080		25,080
	JUVENILE JUSTICE & DELINQUENCY PREVENTION	16.540	JOBS & TRAINING	1,028,213	17,811	1,046,024
	MISSING CHILDREN ASSISTENCE	16.543	PUBLIC SAFETY	6,269		6,269
	CRIMINAL JUSTICE STATISTICS DEVELOPMENT	16.550	STATE PLANNING	58,837		58,837
	MARIEL-CUBANS	16.572	CORRECTIONS	26,385		26,385
	CRIMINAL JUSTICE BLOCK GRANTS	16.573	STATE PLANNING	945,329		945,329
LABOR	CRIME VICTIM ASSISTANCE	16.575	CORRECTIONS	655,669		655,669
	CRIME VICTIM COMPENSATION	16.576	PUBLIC SAFETY	94,584		94,584
	NARCOTICS CONTROL ASSISTANCE	16.579	STATE PLANNING	1,498,504		1,498,504
	NATIONAL OCCUPATIONAL INFORMATION	17.00X a	JOBS & TRAINING	112,434		112,434
	LABOR FORCE STATISTICS	17.002	JOBS & TRAINING	1,063,342		1,063,342
	SENIOR COMMUNITY SERVICE EMPLOYMENT	17.235	JOBS & TRAINING	1,537,814	198,842	1,736,656
	WORKERS TRADE ADJUSTMENT ASSISTANCE	17.245	JOBS & TRAINING	421,545		421,545
	OCCUPATIONAL SAFETY & HEALTH	17.500	HEALTH		322,065	322,065
		17.500	LABOR & INDUSTRY	2,625,998	2,153,278	4,779,276
	MINE HEALTH & SAFETY GRANTS	17.600	NATURAL RESOURCES	3,846		3,846
		17.600	VOCATIONAL TECHNICAL EDUC	106,500		106,500

Footnote: a A correct program number cannot be determined.



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LABOR (CONTINUED)	DISABLED VETERANS OUTREACH PROGRAM	17.801	JOBS & TRAINING	\$1,280,280	\$	\$1,280,280
	VETERANS EMPLOYMENT PROGRAM	17.802	JOBS & TRAINING	122,533	123,690	246,223
	LOCAL VETERANS EMPLOYMENT REPRESENTATIVE	17.804	JOBS & TRAINING	1,350,242		1,350,242
NATIONAL ARCHIVES & RECORDS ADMINISTRATION	NATL HISTORICAL PUBLICATIONS & RECORDS	89.003	ADMINISTRATION	2,376		2,376
NATIONAL FOUNDATION ARTS & HUMANITIES	PROMOTION OF THE ARTS-STATE PROGRAMS	45.007	STATE ARTS BOARD	410,586	421,100	831,686
	PROMOTION OF THE ARTS-EXPANSION ARTS	45.010	STATE ARTS BOARD	105,395	106,500	211,895
	MUSEUM SERVICES INSTITUTE	45.301	ZOOLOGICAL GARDEN	30,266		30,266
NATIONAL SCIENCE	ENGINEERING GRANTS	47.041	STATE UNIVERSITY SYSTEM	12,532		12,532
	MATHEMATICAL & PHYSICAL SCIENCES	47.049	STATE UNIVERSITY SYSTEM	88,121		88,121
	ASTRONOMICAL ATMOSPHERIC EARTH & OCEAN	47.050	STATE UNIVERSITY SYSTEM	45,596		45,596
	BIOLOGICAL BEHAVIORAL & SOCIAL SCIENCES	47.051	STATE UNIVERSITY SYSTEM	97,562		97,562
	2 & 4 YR COLLEGE RESEARCH INSTRUMENTATION	47.055	STATE UNIVERSITY SYSTEM	179		179
	TEACHER PREPARATION & ENHANCEMENT	47.066	STATE UNIVERSITY SYSTEM	94,708		94,708
	UNDERGRADUATE SCIENCE/ENGINEERING/MATH	47.071	STATE UNIVERSITY SYSTEM	16,651	16,651	33,302
	YOUNG SCHOLARS	47.072	STATE UNIVERSITY SYSTEM	731		731
		47.072	ZOOLOGICAL GARDEN	5,555		5,555
PERSONNEL MANAGEMENT	STATE & LOCAL TRAINING ASSISTANCE	27.009	NATURAL RESOURCES	20,000		20,000
SMALL BUSINESS ADMINISTRATION	SMALL BUSINESS DEVELOPMENT CENTER	59.037	COMMUNITY COLLEGE SYSTEM	17,521	31,102	48,623
		59.037	STATE UNIVERSITY SYSTEM	315,021	315,021	630,042
		59.037	TRADE & ECONOMIC DEVELOP	230,905	9,960	240,865

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SMITHSONIAN INSTITUTION	MUSEUMS ASSISTANCE & ADVICE	60.007	ZOOLOGICAL GARDEN	\$23,821	\$	\$23,821
TRANSPORTATION	WEATHER OBSERVATION	20.00X a	TRANSPORTATION	15,605	19,863	35,468
	BOATING SAFETY FINANCIAL ASSISTANCE	20.005	NATURAL RESOURCES	1,313,352	1,313,352	2,626,704
	MOTOR CARRIER SAFETY	20.217	PUBLIC SAFETY	86,581		86,581
		20.217	TRANSPORTATION	0	76,943	76,943
	MOTOR CARRIER SAFETY ASSISTANCE PROGRAM	20.218	PUBLIC SAFETY	950,022	217,809	1,167,831
	RAILROAD SAFETY STATE PARTICIPATION	20.303	TRANSPORTATION	4,663	26,128	30,791
	LOCAL RAIL SERVICE ASSISTANCE	20.308	TRANSPORTATION	363,518	2,824,630	3,188,148
	UMTA CAPITAL IMPROVEMENT GRANTS	20.500	TRANSPORTATION	571,046	142,761	713,807
	UMTA TECHNICAL STUDIES GRANTS	20.505	TRANSPORTATION	139,292		139,292
	PUBLIC TRANSPORTATION NONURBANIZED AREAS	20.509	TRANSPORTATION	1,738,035	2,446,143	4,184,178
	UMTA TECHNICAL ASSISTANCE	20.512	TRANSPORTATION	28,766		28,766
	STATE & COMMUNITY HIGHWAY SAFETY	20.600	PEACE OFFICERS	27,049		27,049
		20.600	PUBLIC SAFETY	2,874,029	267,825	3,141,854
	GAS PIPELINE SAFETY	20.700	PUBLIC SAFETY	148,137	148,137	296,274
VETERANS ADMINISTRATION	STATE HOME FACILITIES CONSTRUCTION GRANTS	64.005	ADMINISTRATION	524,522		524,522
	VETERANS STATE DOMICILIARY CARE	64.014 b	VETERANS AFFAIRS	1,018,090	1,018,090	2,036,180
	VETERANS STATE NURSING HOME CARE	64.015 b	VETERANS AFFAIRS	2,073,843	2,073,843	4,147,686
	VETERANS EDUCATIONAL ASSISTANCE	64.111	EDUCATION	173,564		173,564
		64.111	LABOR & INDUSTRY	59,339		59,339
TOTAL NONMAJOR PROGRAMS				<u>\$101,452,974</u>	<u>\$34,169,062</u>	<u>\$135,622,036</u>

Footnotes: a A correct program number cannot be determined.

b Total operating expenditures under programs 64014 and 64015 for the period were \$16,349,645. The required 50% match for each program was met.

STATE OF MINNESOTA  
NOTES TO THE FEDERAL PROGRAMS FINANCIAL STATEMENTS  
JUNE 30, 1989

These notes provide disclosure relevant to the financial statements on the preceding pages.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The reporting policies for fiscal year 1989 conform to the Single Audit Act of 1984 and to the agreements reached with the U.S. Department of Agriculture-Office of Inspector General. Financial statements for federal programs are divided into two sections by type, those for major and those for nonmajor programs. Included with the major programs are certain nonmajor programs which were subject to audit coverage similar to that given the major programs. Major federal programs include programs which are material to the State of Minnesota and nonmajor federal programs are those classified as immaterial on a statewide basis. The financial statements for federal programs are presented on an accrual basis and include all federal expenditures and required match.

For purposes of financial reporting, federal programs are identified by the Catalog of Federal Domestic Assistance (CFDA) number from the June 1989 basic edition catalog. Certain CFDA numbers presented are no longer operating programs. They are the result of carryover of funds from previous years. In some cases categorical programs were consolidated into block grants and reported with the block grants. The statements are presented in numeric CFDA order within each federal agency.

B. Financial Reporting Entity of the State of Minnesota

This report includes federal programs for all the various state departments, agencies, institutions and organizational units which are controlled by or dependent upon the Minnesota Legislature and/or its constitutional officers and are therefore considered to be a part of the state's reporting entity. The state's reporting entity has been defined in accordance with the standards set by the Governmental Accounting Standards Board. The criteria used to determine the state's reporting entity were degrees of: financial interdependence, fiscal accountability, administrative control, and scope of public service. All governmental units not meeting those criteria, and therefore construed to be autonomous from the state, have been excluded from this report.

C. Basis of Accounting

Accrual basis accounting was used in this report for all federal programs for the State of Minnesota. All financial activity presented is for the state's fiscal year ended June 30, 1989. Most federal financial assistance is accounted for in the statewide accounting system with some state agencies maintaining additional manual records or separate cost accounting systems to provide additional detail. A few programs are accounted for on separate accounting systems. This report is designed to meet the reporting needs of

the single audit and supplements the state's Comprehensive Annual Financial Report.

The state's Comprehensive Annual Financial Report is presented in accordance with generally accepted accounting principles (GAAP) following accrual or modified accrual basis of accounting as appropriate for the state's fund structure. Most federal activity is accounted for in the Federal Fund (a special revenue fund), but several other special revenue funds (Trunk Highway, Natural Resources and Miscellaneous Special Revenue Funds) and enterprise funds (Housing Finance Agency Loan, State University Board Revenue, Higher Education Coordinating Board Student Loan, College and University Activities, and Minnesota Zoological Garden Funds) include federal activity. The statewide accounting system is the primary source for financial information. Federal activity as reported in these statements is not traceable to that reported in the state's Comprehensive Annual Financial Report. This is the result of the use of several funds to account for federal activity and some commingling of state and federal funds.

#### D. Classification of Statement Information

##### Expenditures

Except as explained in notes 3 and 4, expenditures are presented for all federal programs. Where match is required, expenditures include both federal funds and state match. Expenditures include all disbursements, transfers-out (subgrants to other state agencies) and accrued expenditures (net of expenditure refunds) for the period July 1, 1988 through June 30, 1989, under the terms of the federal program.

Subgrants are contributions by the state to other governmental and nongovernmental organizations, or to individuals, or are payments to a third party on behalf of individuals for whom services were provided.

Transfers-out represent subgrants from one state agency to one or more other state agencies.

##### Match

Match represents the state's required portion of participation in a federal program. Usually a minimum percentage for matching share is prescribed by federal program legislation. Matching share requirements may be cash or in-kind contributions. Match for reporting purposes includes only amounts processed by the state and does not include amounts paid by local governments. State match presented on the financial statements is based on the state's fiscal year. This match may be insufficient as of June 30, 1989. The final match for a federal program is calculated using the grant period rather than the state's fiscal year.

In-kind match represents the value of noncash contributions provided. In-kind contributions may consist of charges for real property, equipment, and the value of goods and services directly benefiting and specifically identifiable to the grant program.

## 2. MINNESOTA DEPARTMENT OF TRANSPORTATION

The Highway Planning and Construction Program (20.205), for the Minnesota Department of Transportation (MnDOT) operates under various federal reimbursement percentages depending on the specific grant and agreement involved. The state match required by each agreement was met in all cases.

## 3. MINNESOTA HIGHER EDUCATION COORDINATING BOARD

The Guaranteed Student Loans Program (84.032), for the Minnesota Higher Education Coordinating Board (MHECB) receives interest income subsidy entitlement grants based on the amount of outstanding guaranteed student loans. The amount of federal grants reported for this program is based on the subsidy provided for fiscal year 1989. Below is a summary of the MHECB loan activity during fiscal year 1989:

Loans Receivable July 1, 1988	\$110,447,735
Loan Repayments	(17,379,509)
Sold to Student Loan Marketing Association	(14,586,675)
New Loans Issued	<u>72,392</u>
Loans Receivable June 30, 1989	<u>\$ 78,553,943</u>

## 4. MINNESOTA COMMUNITY COLLEGES AND STATE UNIVERSITIES

The amounts reported on the financial statements for the Perkins Loans (84.038) and the Nursing Student Loans (NSL) Program (13.364), for the Community College System (CCS) and the State University System (SUS) are based on fiscal year 1989 federal contributions to the loan programs. Below is a summary of the loan activity for each program during fiscal year 1989:

	PERKINS		NSL	
	CCS	SUS	CCS	SUS
Loans Receivable July 1, 1988	\$5,274,460	\$25,873,309	\$415,644	\$147,396
Loan Repayments	(880,930)	(4,254,974)	(130,725)	(29,292)
Loan Cancellations	(90,919)	(158,177)	0	(93)
Writeoffs	0	(78,548)	0	0
New Loans Issued	<u>1,162,858</u>	<u>4,406,880</u>	<u>49,750</u>	<u>0</u>
Loans Receivable June 30, 1989	<u>\$5,465,469</u>	<u>\$25,788,490</u>	<u>\$334,669</u>	<u>\$118,011</u>

## 5. MINNESOTA TRADE AND ECONOMIC DEVELOPMENT

The Department of Trade and Economic Development (through the Public Facilities Authority) received \$2,167,048 in June 1989 under the Capitalization Grants for State Revolving Funds Program (66.458). This is the first of eight quarterly draws under this program. The funds will be used primarily as the backup guarantee for bonds which provide funding for loans to municipalities for wastewater treatment facilities.

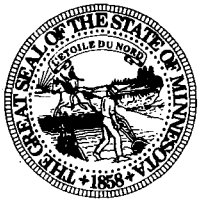
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# COMPLIANCE SECTION

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STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report on Internal Accounting and  
Administrative Controls at the Financial Statement  
Level and the Federal Financial Assistance Program Level

Members of the Legislature

The Honorable Rudy Perpich, Governor

Peter C. Hutchinson, Commissioner of Finance

Jesse H. Morris, Regional Inspector General for Audit,  
United States Department of Agriculture

We have audited the general purpose financial statements of the State of Minnesota for the year ended June 30, 1989, and have issued our report thereon dated December 1, 1989. As part of our audit, we made a study and evaluation of the system of internal accounting control and the applicable internal control systems, including internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted government auditing standards, as contained in Government Auditing Standards, issued by the Comptroller General of the United States, the Single Audit Act of 1984, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments."

For the purpose of this report, we have classified the significant internal accounting and administrative controls in the following categories:

Accounting Controls

Cash  
Investments  
Loans Receivable  
Consumable Inventories  
Fixed Assets  
Bonded Debt  
Revenue/Receivables  
Payroll/Personnel  
Administrative Expenditures  
Grant and Aid Payments  
Interfund Transfers

Members of the Legislature  
The Honorable Rudy Perpich, Governor  
Peter C. Hutchinson, Commissioner of Finance  
Jesse H. Morris, Regional Inspector General for Audit,  
United States Department of Agriculture  
Page 2

Controls Used in Administering Federal Programs

General Requirements-

- Political Activity
- Davis-Bacon Act
- Civil Rights
- Cash Management
- Indirect Costs
- Relocation Assistance and Real Property Acquisition
- Federal Financial Reports

Specific Requirements-

- Types of Services
- Eligibility
- Matching, Level of Effort
- Reporting
- Cost Allocation
- Monitoring Subrecipients
- Special Requirements, if any

Our study and evaluation included all of the control categories listed above.

The management of the State of Minnesota is responsible for establishing and maintaining internal control systems including those used in administering federal financial assistance programs. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control systems are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and with respect to federal financial assistance programs, resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; transactions are executed in accordance with management's authorization; and reliable data are obtained, recorded, and maintained properly to permit the preparation of financial statements in accordance with generally accepted accounting principles and the preparation of federal reports in accordance with federal requirements.

Because of inherent limitations in any system of internal accounting and administrative controls, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Members of the Legislature  
The Honorable Rudy Perpich, Governor  
Peter C. Hutchinson, Commissioner of Finance  
Jesse H. Morris, Regional Inspector General for Audit,  
United States Department of Agriculture  
Page 3

With respect to our audit of the general purpose financial statements of the State of Minnesota, the purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the entity's financial statements.

During the year ended June 30, 1989, the State of Minnesota expended 95 percent of its total federal financial assistance under major federal financial assistance programs. With respect to the internal control systems used in administering the major federal financial assistance programs as identified on pages 10 to 13 of this report, our study and evaluation included considering the types of errors and irregularities that could occur, determining the internal control procedures that should prevent or detect such errors and irregularities, determining whether necessary procedures are prescribed and are being followed satisfactorily, and evaluating any weaknesses.

With respect to the internal control systems used in administering certain of the nonmajor federal financial assistance programs identified on pages 14 to 22 of this report, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Our study and evaluation of the internal control systems used solely on administering the nonmajor federal financial assistance programs of the State of Minnesota did not extend beyond this preliminary review stage. Because of the large number of nonmajor programs and the decentralized administration of these programs, we perform preliminary reviews of these programs on a cyclical basis.

Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control of the State of Minnesota and the applicable internal control systems used in administering federal financial assistance programs of the State of Minnesota. Accordingly, we do not express an opinion on the system of internal accounting control of the State of Minnesota or on the internal control systems used in administering the federal financial assistance programs of the State of Minnesota. Further, we do not express an opinion on the internal control systems used in administering the major federal financial assistance programs of the State of Minnesota.


Also, our audit, made in accordance with the standards mentioned above, would not necessarily disclose material weaknesses in the internal control systems used solely in administering nonmajor federal financial assistance programs.

Members of the Legislature  
The Honorable Rudy Perpich, Governor  
Peter C. Hutchinson, Commissioner of Finance  
Jesse H. Morris, Regional Inspector General for Audit,  
United States Department of Agriculture  
Page 4

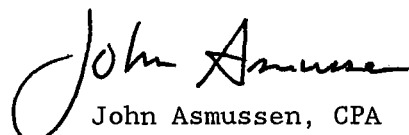
However, our study and evaluation and our audit disclosed certain conditions that we believe result in more than a relatively low risk that errors or irregularities in amounts that would be material to the general purpose financial statements or to a federal financial assistance program may occur and not be detected within a timely manner. These conditions are described in individual management letters and audit reports to the applicable state agencies. Those conditions relating to administering federal financial assistance programs of the State of Minnesota are included in the Schedule of Findings Associated With Specific Federal Programs on pages 40 to 50 of this report.

These conditions were considered in determining the nature, timing, and extent of the audit tests to be applied in 1) our examination of the 1989 general purpose financial statements, and 2) our examination and review of the state's compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures for each major federal financial assistance program and non-major federal financial assistance programs. This report does not affect our reports on the general purpose financial statements dated December 1, 1989, and on the state's compliance with laws and regulations dated February 28, 1990.

This report is intended for the use of the Legislative Audit Commission and management of affected state and federal agencies. This restriction is not intended to limit the distribution of this report, which was released as a public document on May 25, 1990.

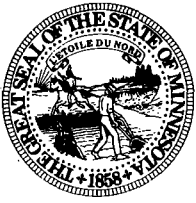


James R. Nobles  
Legislative Auditor



John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: February 28, 1990  
REPORT SIGNED ON: May 14, 1990



STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Independent Auditor's Report on Compliance  
at the Financial Statement Level

Members of the Legislature

The Honorable Rudy Perpich, Governor

Peter C. Hutchinson, Commissioner of Finance

Jesse H. Morris, Regional Inspector General for Audit  
United States Department of Agriculture

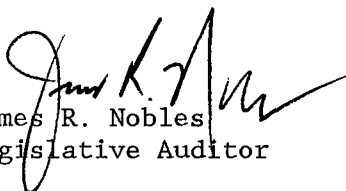
We have audited the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1989, and have issued our report thereon dated December 1, 1989.

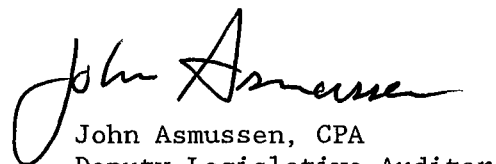
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the State of Minnesota, is the responsibility of the state's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the state's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested,, the State of Minnesota complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the State had not complied, in all material respects, with those provisions.

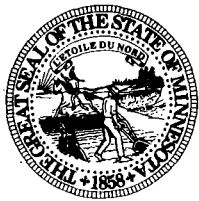
This report is intended for the information of the Legislative Audit Commission and the management of affected state and federal agencies. This restriction is not intended to limit the distribution of this report, which was released as a public document on May 25, 1990.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: February 28, 1990  
REPORT SIGNED ON: May 14, 1990

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STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Independent Auditor's Report on Compliance With Specific Requirements  
Applicable to Major and Nonmajor Federal  
Financial Assistance Programs

Members of the Legislature

The Honorable Rudy Perpich, Governor

Peter C. Hutchinson, Commissioner of Finance

Jesse H. Morris, Regional Inspector General for Audit  
United States Department of Agriculture

We have audited the State of Minnesota's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; subrecipient monitoring; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs identified on pages 10 to 13 of this report, for the year ended June 30, 1989. The management of the State of Minnesota is responsible for the state's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the State of Minnesota's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the Schedule of Findings Associated With Specific Federal Programs on pages 40 to 50 of this report. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

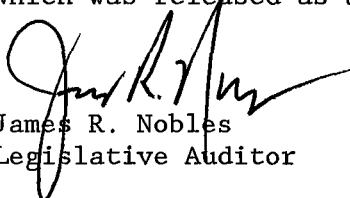
In our opinion, the State of Minnesota complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; subrecipient monitoring; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, for the year ended June 30, 1989.

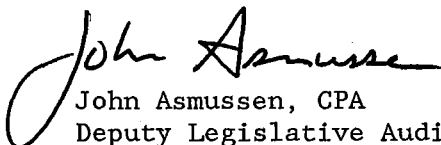
Members of the Legislature  
The Honorable Rudy Perpich, Governor  
Peter C. Hutchinson, Commissioner of Finance  
Jesse H. Morris, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 2

In connection with our audit of the 1989 general purpose financial statements of the State of Minnesota, and with our study and evaluation of the state's internal control systems used to administer federal financial assistance programs, as required by OMB Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1989. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed and eligibility that are applicable to those transactions. With respect to the internal control systems used in administering certain of the nonmajor federal financial assistance programs identified on pages 14 to 22 of this report, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because of the large number of nonmajor programs and the decentralized administration of these programs, we perform preliminary reviews of these programs on a cyclical basis. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the state's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the state had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance which are described in the Schedule of Findings Associated With Specific Federal Programs on pages 40 to 50 of this report.

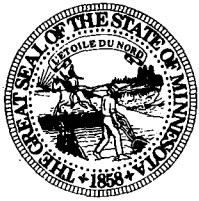
This report is intended for the information of the Legislative Audit Commission and the management of affected state and federal agencies. This restriction is not intended to limit the distribution of this report, which was released as a public document on May 25, 1990.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: February 28, 1990  
REPORT SIGNED ON: May 14, 1990





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Independent Auditor's Report on General Compliance Requirements  
Applicable to Major and Nonmajor Federal Financial Assistance Programs

Members of the Legislature

The Honorable Rudy Perpich, Governor

Peter C. Hutchinson, Commissioner of Finance

Jesse H. Morris, Regional Inspector General for Audit  
United States Department of Agriculture

We have applied procedures to test the State of Minnesota's compliance with the following requirements applicable to each of its major federal financial assistance programs, which are identified on pages 10-13 of this report, for the year ended June 30, 1989:

- Political Activity,
- Davis-Bacon Act,
- Civil Rights,
- Cash Management,
- Indirect Costs,
- Relocation Assistance and Real Property Management, and
- Federal Financial Reports.

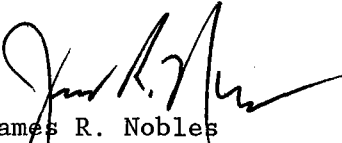
Our procedures in reviewing the general compliance requirements for major federal financial assistance programs identified on pages 10 to 13 of this report were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. With respect to the internal control systems used in administering certain of the nonmajor federal programs identified on pages 14 to 22 of this report, our study and evaluation was limited to a preliminary review of the systems to obtain an understanding of the control environment and the flow of transactions through the accounting system. Because of the large number of nonmajor programs, we perform preliminary reviews of these programs on a cyclical basis. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the State of Minnesota's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State of Minnesota had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial

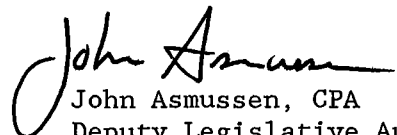
Members of the Legislature  
The Honorable Rudy Perpich, Governor  
Peter C. Hutchinson, Commissioner of Finance  
Jesse H. Morris, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 2

instances of noncompliance with those requirements, which are described in the Schedule of Findings Associated With Specific Federal Programs on pages 40 to 50 of this report.

This report is intended for the information of the Legislative Audit Commission, and the management of affected state and federal agencies. This restriction is not intended to limit the distribution of this report, which was released as a public document on May 25, 1990.



James R. Nobles  
Legislative Auditor



John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: February 28, 1990  
REPORT SIGNED ON: May 14, 1990

OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT

SCHEDULE OF AUDIT FINDINGS  
ASSOCIATED WITH SPECIFIC FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1989

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THE ATTACHED SCHEDULE SUPPLEMENTS THE PRECEDING REPORTS ON  
INTERNAL CONTROL AND COMPLIANCE. IT IS INTENDED PRIMARILY TO  
REFERENCE OUR AUDIT REPORTS WHICH HAVE BEEN ISSUED TO INDIVIDUAL  
STATE AGENCIES. COPIES OF THE INDIVIDUAL REPORTS ARE AVAILABLE  
BY CONTACTING OUR OFFICE.

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The organization and terminology used in the schedule are dis-  
cussed in the attached explanations section on pages 51 to 54.

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OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS ASSOCIATED WITH SPECIFIC FEDERAL PROGRAMS  
YEAR ENDED JUNE 30, 1989

U.S. DEPARTMENT OF AGRICULTURE

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
10.550	FOOD DISTRIBUTION PROGRAM	EDUCATION	90-18	3	X	X	CONTROLS OVER FOOD PROCESSORS NEED IMPROVEMENT.	P
10.551	FOOD STAMPS	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$12,087
10.669	BOUNDARY WATER CANOE AREA	NATURAL RESOURCES	90-16	5		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P

OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
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U.S. DEPARTMENT OF EDUCATION

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
84.003	OJIBWE BILINGUAL LANGUAGE SPECIALIST	ARROWHEAD C.C. REGION	89-41	4	X		CONTRACT FOR EVALUATING GRANT NOT CONTROLLED.	P
84.003	OJIBWE BILINGUAL LANGUAGE SPECIALIST	ARROWHEAD C.C. REGION	89-41	5	X		CONTROLS OVER FEDERAL STIPENDS NEED IMPROVEMENT.	P
84.007	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.016	UNDERGRADUATE INTERNATIONAL STUDIES	BEMIDJI STATE UNIV.	89-57	1		X	FEDERAL GRANTS CHARGED FOR UNEMPLOYMENT CLAIMS.	NQ
84.016	UNDERGRADUATE INTERNATIONAL STUDIES	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.016	UNDERGRADUATE INTERNATIONAL STUDIES	HIBBING C.C.	89-44	3		X	EXCESSIVE CASH BALANCES.	NQ
84.029	TITLE III - RURAL MINORITY	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.029	TITLE III - RURAL MINORITY	BEMIDJI STATE UNIV.	89-57	1		X	FEDERAL GRANTS CHARGED FOR UNEMPLOYMENT CLAIMS.	NQ
84.031	HIGHER EDUCATION - INSTITUTIONAL AID	ARROWHEAD C.C. REGION	89-41	4	X		CONTRACT FOR EVALUATING GRANT NOT CONTROLLED.	P
84.032	HIGHER EDUCATION ACT INSURED LOANS	MESABI C.C.	89-45	6	X		LACK OF SEPARATION OF DUTIES.	P
84.032	HIGHER EDUCATION ACT INSURED LOANS	MINNEAPOLIS C.C.	90-25	6		X	ACADEMIC PROGRESS NOT PROPERLY MONITORED.	NQ
84.032	HIGHER EDUCATION ACT INSURED LOANS	ROCHESTER C.C.	90-25	8		X	ACADEMIC PROGRESS POLICY INADEQUATE.	NQ
84.032	HIGHER EDUCATION ACT INSURED LOANS	VERMILION C.C.	89-69	5	X		FINANCIAL AID CALCULATIONS INCORRECT.	NQ
84.032	HIGHER EDUCATION ACT INSURED LOANS	WORTHINGTON C.C.	90-25	9		X	IMPROPER BUDGETS USED FOR INDEPENDENT STUDENTS.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	ARROWHEAD C.C. REGION	89-41	3		X	FEDERAL DRAWDOWNS NOT BASED ON NEED.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	CAMBRIDGE C.C. CENTER	89-63	10	X		INADEQUATE INTERNAL CONTROLS OVER WORK STUDY.	P
84.033	COLLEGE WORK-STUDY PROGRAM	C.C. SYSTEM OFFICE	90-25	2		X	EXCESSIVE CASH BALANCES.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	HIBBING C.C.	89-44	3		X	EXCESSIVE CASH BALANCES.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	ITASCA C.C.	89-50	5	X	X	INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P

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84.033	COLLEGE WORK-STUDY PROGRAM	MESABI C.C.	89-45	1	X		INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P
84.033	COLLEGE WORK-STUDY PROGRAM	MINNEAPOLIS C.C.	89-4y	4	X		INADEQUATE SEPARATION OF DUTIES.	P
84.033	COLLEGE WORK-STUDY PROGRAM	MINNEAPOLIS C.C.	89-49	2		X	EXCESSIVE CASH BALANCES.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	MINNEAPOLIS C.C.	90-25	6		X	ACADEMIC PROGRESS NOT PROPERLY MONITORED.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	MINNEAPOLIS C.C.	89-49	1		X	UNAUTHORIZED USE OF INTEREST EARNED ON ACCOUNT.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	MOORHEAD STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.033	COLLEGE WORK-STUDY PROGRAM	RAINY RIVER C.C.	89-64	4	X		INADEQUATE CONTROL OVER TIMESHEETS.	P
84.033	COLLEGE WORK-STUDY PROGRAM	ROCHESTER C.C.	90-25	8		X	ACADEMIC PROGRESS POLICY INADEQUATE.	NQ
84.033	COLLEGE WORK-STUDY PROGRAM	VERMILION C.C.	89-69	10	X		STUDENT TIMESHEETS CONTAIN ERRORS.	P
84.033	COLLEGE WORK-STUDY PROGRAM	WILLMAR C.C.	90-25	4		X	FUNDS DISBURSED TO INELIGIBLE STUDENTS.	\$664
84.033	COLLEGE WORK-STUDY PROGRAM	WINONA STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.033	COLLEGE WORK-STUDY PROGRAM	WORTHINGTON C.C.	90-25	9		X	IMPROPER BUDGETS USED FOR INDEPENDENT STUDENTS.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	ARROWHEAD C.C. REGION	89-41	3		X	FEDERAL DRAWDOWNS NOT BASED ON NEED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	BEMIDJI STATE UNIV.	90-28	2		X	LATE CHARGES ON DELINQUENT LOANS NOT ASSESSED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	C.C. SYSTEM OFFICE	90-25	3		X	LATE CHARGES NOT ASSESSED ON CERTAIN LOANS.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	HIBBING C.C.	89-44	4		X	STATE MATCH NOT DEPOSITED IN A TIMELY MANNER.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	ITASCA C.C.	89-50	6	X	X	INADEQUATE CONTROLS OVER PERKINS LOAN INFORMATION.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	ITASCA C.C.	89-50	5	X	X	INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	ITASCA C.C.	89-50	7		X	STATE MATCH NOT DEPOSITED IN A TIMELY MANNER.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	MANKATO STATE UNIV.	90-28	2		X	LATE CHARGES ON DELINQUENT LOANS NOT ASSESSED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	MESABI C.C.	89-45	5		X	STATE MATCH NOT DEPOSITED IN A TIMELY MANNER.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	MESABI C.C.	89-45	4	X		INADEQUATE RECONCILIATION OF RECORDS.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	MESABI C.C.	89-45	1	X		INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	METRO STATE UNIV.	90-28	1		X	NO REPAYMENT OF NONINSTITUTIONAL AID UPON WITHDRAWAL.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	MINNEAPOLIS C.C.	89-49	1		X	UNAUTHORIZED USE OF INTEREST EARNED ON ACCOUNT.	NQ

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84.038	PERKINS LOAN PROGRAM (NDSL)	MINNEAPOLIS C.C.	90-25	6		X	ACADEMIC PROGRESS NOT PROPERLY MONITORED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	MOORHEAD STATE UNIV.	90-28	2		X	LATE CHARGES ON DELINQUENT LOANS NOT ASSESSED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	MOORHEAD STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	RAINY RIVER C.C.	89-64	5		X	STATE MATCH NOT DEPOSITED IN A TIMELY MANNER.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	RAINY RIVER C.C.	89-64	5		X	COLLECTIONS NOT DEPOSITED IN INTEREST BEARING ACCOUNT.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	ROCHESTER C.C.	90-25	8		X	ACADEMIC PROGRESS POLICY INADEQUATE.	\$300
84.038	PERKINS LOAN PROGRAM (NDSL)	ST. CLOUD STATE UNIV.	90-28	1		X	NO REPAYMENT OF NONINSTITUTIONAL AID UPON WITHDRAWAL.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	VERMILION C.C.	89-69	8	X		INADEQUATE RECONCILIATION OF RECORDS.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	VERMILION C.C.	89-69	9		X	COLLECTIONS NOT DEPOSITED IN INTEREST BEARING ACCOUNT.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	VERMILION C.C.	89-69	5	X		FINANCIAL AID CALCULATIONS INCORRECT.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	VERMILION C.C.	89-69	4	X		CASH MANAGEMENT REQUIRES IMPROVEMENT.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	WINONA STATE UNIV.	90-28	2		X	LATE CHARGES ON DELINQUENT LOANS NOT ASSESSED.	NQ
84.038	PERKINS LOAN PROGRAM (NDSL)	WINONA STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.038	PERKINS LOAN PROGRAM (NDSL)	WORTHINGTON C.C.	90-25	9		X	IMPROPER BUDGETS USED FOR INDEPENDENT STUDENTS.	NQ
84.042	STUDENT SUPPORT SERVICES	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.047	UPWARD BOUND	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.063	PELL GRANT PROGRAM	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	Q
84.063	PELL GRANT PROGRAM	HIBBING C.C.	89-44	6		X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	89-44	5		X	IMPROPER WITHDRAWAL DATE USED FOR COMPUTING REFUNDS.	NQ
84.063	PELL GRANT PROGRAM	ITASCA C.C.	89-50	5	X	X	INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P
84.063	PELL GRANT PROGRAM	ITASCA C.C.	89-50	9		X	IMPROPER WITHDRAWAL DATE USED FOR COMPUTING REFUNDS.	NQ
84.063	PELL GRANT PROGRAM	ITASCA C.C.	89-50	8		X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	MESABI C.C.	89-45	1	X		INADEQUATE FEDERAL AID ACCOUNTING RECORDS.	P

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84.063	PELL GRANT PROGRAM	MESABI C.C.	89-45	3		X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	MESABI C.C.	89-45	2	X	X	FINANCIAL AID REFUND PROCESS NEEDS IMPROVEMENT.	P
84.063	PELL GRANT PROGRAM	METRO STATE UNIV.	90-28	1		X	NO REPAYMENT OF NONINSTITUTIONAL AID UPON WITHDRAWAL.	NQ
84.063	PELL GRANT PROGRAM	MINNEAPOLIS C.C.	89-49	1		X	UNAUTHORIZED USE OF INTEREST EARNED ON ACCOUNT.	NQ
84.063	PELL GRANT PROGRAM	MINNEAPOLIS C.C.	89-49	2		X	EXCESSIVE CASH BALANCES.	NQ
84.063	PELL GRANT PROGRAM	MINNEAPOLIS C.C.	90-25	6		X	ACADEMIC PROGRESS NOT PROPERLY MONITORED.	\$905
84.063	PELL GRANT PROGRAM	MINNEAPOLIS C.C.	90-25	7		X	GRANT MADE TO INELIGIBLE STUDENT.	\$355
84.063	PELL GRANT PROGRAM	MOORHEAD STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.063	PELL GRANT PROGRAM	RAINY RIVER C.C.	89-64	6		X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	RAINY RIVER C.C.	89-64	7		X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	ROCHESTER C.C.	90-25	8		X	ACADEMIC PROGRESS POLICY INADEQUATE.	NQ
84.063	PELL GRANT PROGRAM	ST. CLOUD STATE UNIV.	90-28	1		X	NO REPAYMENT OF NONINSTITUTIONAL AID UPON WITHDRAWAL.	NQ
84.063	PELL GRANT PROGRAM	VERMILION C.C.	89-69	7		X	FEES BEING DEDUCTED FROM FINANCIAL AID.	NQ
84.063	PELL GRANT PROGRAM	VERMILION C.C.	89-69	4	X		CASH MANAGEMENT REQUIRES IMPROVEMENT.	NQ
84.063	PELL GRANT PROGRAM	VERMILION C.C.	89-69	5	X		FINANCIAL AID CALCULATIONS INCORRECT.	NQ
84.063	PELL GRANT PROGRAM	VERMILION C.C.	89-69	6	X	X	NONINSTITUTIONAL OVERPAYMENTS NOT COLLECTED.	NQ
84.063	PELL GRANT PROGRAM	WILLMAR C.C.	90-25	5		X	OVERPAYMENT TO A STUDENT.	\$367
84.063	PELL GRANT PROGRAM	WINONA STATE UNIV.	90-28	3		X	ACADEMIC PROGRESS POLICIES NOT BEING FOLLOWED.	P
84.063	PELL GRANT PROGRAM	WORTHINGTON C.C.	90-25	9		X	IMPROPER BUDGETS USED FOR INDEPENDENT STUDENTS.	NQ
84.064	VETERANS EDUCATION OUTREACH PROGRAM	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.168	STRENGTHENING INSTITUTIONS	HIBBING C.C.	89-44	3		X	EXCESSIVE CASH BALANCES.	NQ
84.183	DRUG PREVENTION PROGRAM	BEMIDJI STATE UNIV.	89-57	2	X	X	CASH ON FEDERAL REPORTS NOT ACCURATE.	NQ
84.183	DRUG PREVENTION PROGRAM	BEMIDJI STATE UNIV.	89-57	1		X	FEDERAL GRANTS CHARGED FOR UNEMPLOYMENT CLAIMS.	NQ

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U.S. DEPARTMENT OF EDUCATION

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
84.183	DRUG PREVENTION PROGRAM	HIBBING C.C.	89-44	3		X	EXCESSIVE CASH BALANCES.	NQ

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
13.116	TUBERCULOSIS CONTROL PROGRAMS	HEALTH	90-9	2	X		INADEQUATE DOCUMENTATION FOR PAYROLL COSTS.	NQ
13.125	MENTAL HEALTH PLANNING & DEMO.	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$905
13.242	MENTAL HEALTH RESEARCH GRANTS	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P
13.600	HEAD START TRAINING	BEMIDJI STATE UNIV.	89-57	1		X	FEDERAL GRANTS CHARGED FOR UNEMPLOYMENT CLAIMS.	NQ
13.633	AGING SUPPORT SERVICE & SEN. CIT.	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P
13.635	SPECIAL PROGRAMS FOR THE AGING	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P
13.645	CHILD WELFARE SERVICES-STATE GRANTS	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$2,869
13.658	FOSTER CARE - TITLE IV-E	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$4,180
13.667	SOCIAL SERVICES BLOCK GRANT	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P
13.668	SPECIAL AGING PROGRAMS-TITLE IV	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	P
13.714	MEDICAL ASSISTANCE PROGRAM	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$16,091
13.780	STATES FAMILY SUPPORT PAYMENTS	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$13,248
13.783	CHILD SUPPORT ENFORCEMENT	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$7,673

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
13.787	REFUGEE & ENTRANT ASSISTANCE-STATE	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$58
13.987	HEALTH PROGRAMS FOR REFUGEES	HEALTH	90-9	2	X		INADEQUATE DOCUMENTATION FOR PAYROLL COSTS.	NQ
13.992	ALCOHOL/DRUG/MENTAL HEALTH BLOCK	HUMAN SERVICES	90-15	2		X	SUBRECIPIENT MONITORING PROCESS IS INCOMPLETE.	\$528

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	INCORRECT CALCULATION OF TENANT'S RENT.	\$55
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	INADEQUATE VERIFICATION OF TENANT'S INCOME.	NQ
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	INCORRECT TENANT'S ASSISTANCE PAYMENT.	\$91
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	UNRESOLVED ADJUSTMENT COMPUTATIONS AND ANALYSIS.	P
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	TENANTS' FILES NOT PROPERLY REVIEWED IN NINE CASES.	P
14.156	LOWER-INCOME HOUSING ASSISTANCE	HOUSING FINANCE AGENCY	CPA			X	TENANT'S ANNUAL INCOME EXCLUDED FROM CALCULATION.	\$180
14.171	HOME CONSTRUCTION AND SAFETY	ADMINISTRATION	90-23	12		X	FINANCIAL STATUS REPORT NOT SUBMITTED.	P

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U.S. DEPARTMENT OF LABOR

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
17.225	UNEMPLOYMENT INSURANCE	JOBS AND TRAINING	90-13	2	X		UNTIMELY RECONCILIATIONS OF UI CONTRIBUTIONS.	NQ
17.225	UNEMPLOYMENT INSURANCE	JOBS AND TRAINING	90-13	1		X	UNTIMELY TRANSFERS TO THE UNEMPLOYMENT TRUST FUND.	NQ

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U.S. DEPARTMENT OF TRANSPORTATION

CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT. NO.	FIND. NO.	INTERNAL CONTROL	COMPLIANCE GENERAL SPECIFIC	PROBLEM	FINANCIAL IMPACT
20.205	HIGHWAY RESEARCH, PLANNING & CONST.	TRANSPORTATION	90-19	2		X	CONTRACTS FINALIZED BEFORE CERTIFICATIONS COMPLETED.	P
20.205	HIGHWAY RESEARCH, PLANNING & CONST.	TRANSPORTATION	90-19	IA1	X		NEED TO MONITOR CONTRACTOR'S PAYROLLS.	P
20.205	HIGHWAY RESEARCH, PLANNING & CONST.	TRANSPORTATION	90-19	IA2		X	NEED TO CHECK PAYROLLS FOR PROPER WAGE RATES.	P
20.205	HIGHWAY RESEARCH, PLANNING & CONST.	TRANSPORTATION	90-19	1	X		INSUFFICIENT FUNDS ENCUMBERED FOR CONTRACTORS.	P

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EXPLANATION OF THE SCHEDULE

I. *PURPOSE/ORGANIZATION*

This schedule is presented to accommodate the federal inspectors general, program staff and other federal officials in following up on Statewide Single Audit findings associated with specific major and nonmajor federal programs. This schedule is intended primarily to be a reference to the audit reports which we have issued to each affected state agency. The audit reports contain a detailed discussion of each finding, as well as the state agency's formal response to the findings. Since the schedule is primarily intended as a referencing tool, we limited the discussion on individual findings.

All audit report findings associated with specific major and nonmajor federal programs are included in this schedule. We classified findings separately related to internal control and compliance. Compliance findings relate to either the specific program requirements and/or the general requirements. Most of these requirements are outlined in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments.

Because the schedule is not intended to replace the audit reports and their respective state agency responses, users of this report are encouraged to utilize the schedule in conjunction with those documents.

II. *SCHEDULE FORMAT*

A. Identification of Federal Programs -- "CFDA NO." and "PROGRAM NAME"

The internal control and compliance findings are summarized in the schedule by federal grantor agency and program. The federal agency responsible for administration of the program is identified on the schedule in the upper left corner of each page. The federal program is identified by its Catalog of Federal Domestic Assistance number (CFDA No.) and name in the first two columns. The federal programs are listed in numerical sequence for each federal agency.

B. Reference to Audit Report -- "STATE AGENCY AND REPORT NUMBERS"  
and "FINDING NUMBERS"

The third through fifth columns provide the reference to our fiscal year 1989 audit reports which contain discussion of the respective audit finding. The name of the state agency and audit report number are shown in the third and fourth columns. The finding number, as identified in the audit report, is shown in the fifth column.

Findings are classified as internal control, specific program or general compliance issues in the sixth through eighth columns. For the purpose of referencing the internal control and compliance reports, we classified the findings in these categories.

Management letters and audit reports are issued to state agencies during the Statewide Financial and Compliance Audit (Statewide Single Audit). Management letters are issued for limited scope audits related to specific Statewide Single Audit programs and finance-related activities. Audit reports are issued for full scope departmental audits including all programs and activities of the state agency. Audit reports are also issued to state agencies during our interim audit period.

For the purpose of referencing to the "Schedule of Audit Findings Associated with Specific Programs," the term audit reports will be used for both management letters and departmental audit reports. The state agency is allowed the opportunity to respond to the management letters and audit reports. When their written response is received, it becomes an integral attachment to the letter or report. All reports were issued by the Office of the Legislative Auditor, except the Housing Finance Agency Single Audit which was issued by a CPA firm.

Column 4 refers to the number assigned to the audit report on the date of issuance. The first two digits identify the calendar year of issuance. The last two digits specify the numerical order of issuance. Column 5 refers to the 1989 finding number in the respective audit report which contains the discussion of the problem area. Findings are numbered sequentially in the audit report and discussion comments and recommendations follow. In addition to audit report and finding numbers, appearing in columns 5 and 6, occasionally the notations "IA," and "CPA" are used. "IA" signifies that the finding was contained in a state agency's internal auditor's report and that we have reviewed and relied upon the work of the internal auditor. Such reliance occurred in the Department of Transportation, and we have included the internal auditor's report as an attachment to our audit report. "CPA" denotes the audit report was completed by the certified public accounting firm for the Housing Finance Agency Single Audit.



C. Finding Summary -- "PROBLEM"

Column 9 contains a brief discussion of the specific problem cited in state agencies. This discussion should be interpreted cautiously because of its brevity. Again, we encourage users of this report to refer to the audit report comments for any items which may interest them.

D. Finding Quantification -- "FINANCIAL IMPACT"

The tenth column indicates the financial impact of the finding for 1989. We have utilized three standard references in this column:

P Indicates a procedural finding which normally relates to a weakness in internal control or a nonfinancial instance of noncompliance. The area is generally not subject to quantification and it is unlikely that a measurable financial impact accrues to the finding. However, leaving the finding unresolved subjects the state agency to a higher than normal risk of errors, irregularities, or inefficiencies.

NO Indicates that there is the likelihood of some financial benefits or losses, but the amount was not readily quantifiable. We either did not believe that quantifying the problem would enhance the finding, or records were not available to determine the financial impact. This indication is used primarily for findings related to cash management and student financial aid calculations.

\$ Signifies that a finding results in a quantified amount, [Amount] which indicates the potential dollar impact resulting from noncompliance or inconsistency with the requirements set forth in contracts, awards, loan agreements, statutes, or regulations governing the allocation, allowance, or reasonableness of costs charged to specific programs. Examples of quantifiable amounts include: (1) no supporting documentation existed for an amount charged to a federal program or for required nonfederal match, (2) costs charged to the federal program were not allowed by the program guidelines, (3) costs were not approved in advance by the federal grantor agency, if required, (4) costs charged to the federal program were unreasonable compared to either federal or state guidelines, and (5) the appropriate disposition of unexpended funds in federal accounts has not been determined.

For an item to be cited as a quantified amount, it must be readily quantifiable. This necessity requires that a problem be either isolated to particular transactions or so prevalent that an entire set of transactions is affected. Most audits do not normally provide any absolute assurances or the capacity to quantify all problem areas. Rather, an audit will normally disclose that because of internal control weaknesses, a particular area is vulnerable to a higher than normal risk of errors or problems. Quantifying a problem is not to be misinterpreted as an indication of absolute liability on behalf of the state.

For example, the absence of supporting documentation does not necessarily indicate that an expenditure was for unauthorized purposes. However, certain quantified amounts may result in the state's having to repay some part of its federal grant monies to the federal government. The determination of any potential liability is subject to the audit resolution process of the responsible federal grantor agency and negotiations with the affected state agency.

Concerns which are not amenable to quantification may be misconstrued as lesser problems, although this conclusion often may be erroneous. For example, the absence of documentation of student costs related to the student work-study and loan programs may subject a federal grant to overcharges or undercharges. The potential effect of this problem is simply not readily quantifiable. However, the absence of supporting documentation for a particular expenditure may be readily quantifiable. The extent of such a problem is often isolated and not indicative of a prevalent problem area. Accordingly, report readers are urged to avoid judging the severity of any cited problems based solely on whether or not an item was identified as a quantified amount.

### *III. SUBGRANTEES*

Subgrantee single audits and related findings are shown in the State Auditor's Report on Federally Assisted Programs of Subrecipients of the State of Minnesota for the Year Ended June 30, 1989.

### *IV. CONCLUSIONS*

This was the seventh year for Minnesota's Statewide Single Audit. The statewide approach to conducting the Single Audit of Minnesota enabled us to observe various internal control and compliance concerns related to the state's administration of federal financial assistance programs. These issues are to be resolved between the federal officials and state agencies.

If anyone has any questions or comments on the Minnesota Statewide Single Audit, please direct them to this office.

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