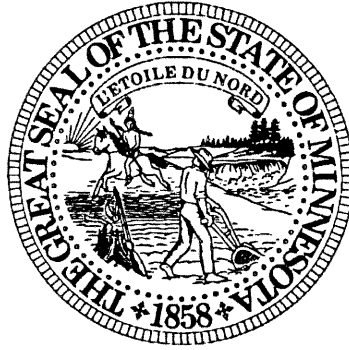


State of Minnesota



Financial and Compliance Report

on

Federally Assisted Programs

for the year ended

June 30, 1992

Prepared Through a Cooperative Agreement Between

Department of Finance

John Gunyou, Commissioner

Office of the Legislative Auditor

James R. Nobles, Legislative Auditor

Office of the State Auditor

Mark Dayton, State Auditor

U.S. Department of Agriculture

Jesse H. Morris, Regional Inspector
General for Audit

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SUMMARY

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

FINANCIAL AND COMPLIANCE REPORT ON FEDERALLY ASSISTED PROGRAMS

FOR THE YEAR ENDED JUNE 30, 1992

Public Release Date: June 30, 1993

The Office of the Legislative Auditor has released the *Financial and Compliance Report on Federally Assisted Programs* for the year ended June 30, 1992. Federal programs totaling \$2.6 billion were covered in the 1992 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 38 major federal programs, representing 93% of the 1992 federal expenditures. For these major programs, we reviewed internal controls and tested for compliance with various federal legal provisions. We also tested certain nonmajor federal program transactions. We identified 80 audit findings related to the state's administration of these programs. Many findings (47 of 80) related to the community colleges and state universities administration of student financial aid programs. The remaining 33 audit findings concerned federal programs administered by eleven 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.
296-1730

FINANCIAL AUDIT DIVISION

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State of Minnesota
Financial and Compliance Report
On Federally Assisted Programs
Fiscal Year Ended June 30, 1992

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State of Minnesota Department of Finance

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

April 30, 1993

The Honorable Arne H. Carlson, Governor

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, 1992. This report meets the requirements of the Federal Single Audit Act of 1984 and the U.S. Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments."

This single audit 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 the University of Minnesota is highly autonomous, it is not considered a part of the state's reporting entity, and is not included.

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. It is also responsible for the Statewide Accounting System (SWAS), which was used in preparing this report. We believe these statements provide a fair representation of financial activity for federal programs for the year ended June 30, 1992.

The Department of Finance is also responsible for designing and applying the statewide internal control structure. State agencies are responsible for additional internal controls used for the administration of their federal programs. These controls provide reasonable assurance that the state's assets are protected against loss, either intentional or unintentional; that resource use is consistent with laws, regulations and policies; that transactions are executed in accordance with management's authorization; 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 single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 1992, 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 Compliance Section, including the auditor's reports on internal control and compliance, and a summary of audit findings.

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 and audit reports 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 1992 the State of Minnesota received approximately \$2.6 billion in federal assistance for its many programs. Included in this amount is \$21.5 million of noncash contributions in the form of food commodities provided for distribution to school districts and other organizations. Major programs include States Family Support Payments, Medical Assistance, and Social Service Block Grants in the Department of Human Services; National School Lunch, Child and Adult Care Food, and Local Educational Agencies Chapter 1 Programs 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; Special Supplemental Food Program for Woman, Infants and Children in the Department of Health; Pell Grants in the Community College System and in the State University System; and Low Income Home Energy Assistance 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.

Responsibilities for 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 discussed below.

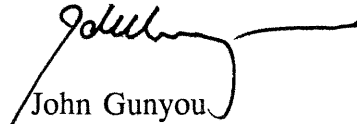
- The *Minnesota Department of Finance* serves as the lead state agency representing all Minnesota state agencies receiving federal funds; coordinates single audit requirements; and is responsible for the preparation of the annual financial statements and supplemental financial statements on all federal 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 and audit reports.
- 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.

In addition, state agencies have 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.

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.

Sincerely,



John Gunyou
Commissioner

FINANCIAL SECTION

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STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
CENTENNIAL 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 Arne H. Carlson, Governor


John Gunyou, Commissioner of Finance

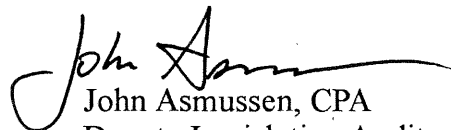
Jesse H. Morris, Regional Inspector General for Audit,
United State Department of Agriculture

We have audited the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1992 and have issued our report thereon dated December 1, 1992. 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

February 26, 1993

**STATE OF MINNESOTA
MAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992**

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
AGRICULTURE	FOOD DISTRIBUTION	10.550	EDUCATION	\$16,788,532	\$	\$16,788,532
		10.550	JOBS & TRAINING	3,368,235		3,368,235
			TOTAL PROGRAM 10.550	<u>20,156,767</u>	<u>0</u>	<u>20,156,767</u>
	FOOD STAMPS	10.551	HUMAN SERVICES	23,253,799	4,510,372	27,764,171
	NATIONAL SCHOOL LUNCH PROGRAM	10.555	EDUCATION	49,435,186	4,634,497	54,069,683
	SPECIAL FOOD/WOMEN/INFANTS & CHILDREN	10.557	HEALTH	44,517,814		44,517,814
	CHILD & ADULT CARE FOOD PROGRAM	10.558	EDUCATION	48,879,497		48,879,497
DEFENSE	MILITARY AFFAIRS OPERATIONS	12.00X a	MILITARY AFFAIRS	10,667,556	885,330	11,552,886
EDUCATION	CHAPTER 1—LOCAL EDUCATION AGENCIES	84.010	EDUCATION	62,939,100		62,939,100
	SPECIAL EDUCATION STATE GRANTS	84.027	EDUCATION	27,708,302	5,541,660	33,249,962
	GUARANTEED STUDENT LOANS	84.032 b	HIGHER EDUCATION COORD BD	705,185		705,185
	PERKINS LOAN PROGRAM	84.038 c	COMMUNITY COLLEGE SYSTEM	137,938		137,938
		84.038 c	STATE UNIVERSITY SYSTEM	245,699		245,699
			TOTAL PROGRAM 84.038	<u>383,637</u>	<u>0</u>	<u>383,637</u>
	VOCATIONAL EDUCATION—BASIC STATE GRANTS	84.048	TECHNICAL COLLEGE SYSTEM	14,227,137		14,227,137
	PELL GRANT PROGRAM	84.063	COMMUNITY COLLEGE SYSTEM	20,618,477		20,618,477
		84.063	STATE UNIVERSITY SYSTEM	28,895,094		28,895,094
			TOTAL PROGRAM 84.063	<u>49,513,571</u>	<u>0</u>	<u>49,513,571</u>

Footnotes: a. A correct program number cannot be determined.
b. See note 3.
c. See note 5.

STATE OF MINNESOTA
MAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	REHABILITATION SERVICES BASIC SUPPORT	84.126	JOBS & TRAINING	\$35,708,147	\$7,472,363	\$43,180,510
ENERGY	LOW INCOME WEATHERIZATION ASSISTANCE	81.042 a	JOBS & TRAINING	11,618,542		11,618,542
ENVIRONMENTAL PROTECTION	CAPITALIZATION GRANTS—STATE REVOLVING FD	66.458 b	TRADE & ECONOMIC DEVELOP	4,970,720	145,054	5,115,774
HEALTH & HUMAN SERVICES	STATES FAMILY SUPPORT PAYMENTS	93.020	EDUCATION	62,456		62,456
		93.020	HUMAN SERVICES	238,547,283	177,134,631	415,681,914
			TOTAL PROGRAM 93.020	<u>238,609,739</u>	<u>177,134,631</u>	<u>415,744,370</u>
	JOB OPPORTUNITIES & BASIS SKILLS TRAINING	93.021	HUMAN SERVICES	10,874,843	6,034,132	16,908,975
	CHILD SUPPORT ENFORCEMENT	93.023	HUMAN SERVICES	23,610,877	7,734,551	31,345,428
	REFUGEE & ENTRANT ASSISTANCE—STATE ADMIN	93.026	HUMAN SERVICES	9,125,674		9,125,674
	LOW—INCOME HOME ENERGY ASSISTANCE	93.028	JOBS & TRAINING	51,837,443		51,837,443
	COMMUNITY SERVICES BLOCK GRANT	93.031	JOBS & TRAINING	10,441,728		10,441,728
	FOSTER CARE — TITLE IV—E	93.658	HUMAN SERVICES	28,418,819	3,152,244	31,571,063
	SOCIAL SERVICES BLOCK GRANT	93.667	HUMAN SERVICES	48,642,360		48,642,360

Footnotes: a. See note 8.
b. See note 6.

STATE OF MINNESOTA
MAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	STATE HEALTH CARE PROVIDERS & SUPPLIES	93.777	HEALTH	\$3,249,565	\$	\$3,249,565
		93.777	HUMAN SERVICES	3,909,466	573,060	4,482,526
		93.777	PUBLIC SAFETY	370,156	388,360	758,516
			TOTAL PROGRAM 93.777	<u>7,529,187</u>	<u>961,420</u>	<u>8,490,607</u>
	MEDICAL ASSISTANCE PROGRAM	93.778	HEALTH	91,585		91,585
		93.778	HUMAN SERVICES	<u>1,045,403,932</u>	<u>927,906,612</u>	<u>1,973,310,544</u>
			TOTAL PROGRAM 93.778	<u>1,045,495,517</u>	<u>927,906,612</u>	<u>1,973,402,129</u>
	SOCIAL SECURITY-DISABILITY INSURANCE	93.802	JOBS & TRAINING	11,023,249		11,023,249
	ALCOHOL/DRUG ABUSE/MENTAL HEALTH BLOCK	93.992	HUMAN SERVICES	20,515,190		20,515,190
	MATERNAL & CHILD HEALTH SERVICES BLOCK	93.994	HEALTH	7,489,023	4,412,269	11,901,292
HOUSING & URBAN DEVELOPMENT	COMMUNITY DEVELOPMENT BLOCK-STATES	14.228	TRADE & ECONOMIC DEVELOP	18,111,700	316,917	18,428,617
	LOWER INCOME HOUSING ASST-SECTION 8	14.856	HOUSING FINANCE	62,808,968		62,808,968
INTERIOR	FISH RESTORATION	15.605	NATURAL RESOURCES	7,581,265	2,540,272	10,121,537
JUSTICE	DRUG CONTROL & SYSTEM IMPROVEMENT	16.579	HUMAN SERVICES		229,418	229,418
		16.579	PUBLIC SAFETY	<u>7,052,325</u>	<u>203,021</u>	<u>7,255,346</u>
			TOTAL PROGRAM 16.579	<u>7,052,325</u>	<u>432,439</u>	<u>7,484,764</u>
LABOR	EMPLOYMENT SERVICE	17.207	JOBS & TRAINING	12,919,755		12,919,755
	UNEMPLOYMENT INSURANCE	17.225	JOBS & TRAINING	37,816,458		37,816,458

STATE OF MINNESOTA
MAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
LABOR (CONTINUED)	DISLOCATED WORKERS	17.246	JOBS & TRAINING	\$6,349,054	\$	\$6,349,054
	JOB TRAINING PARTNERSHIP ACT	17.250	JOBS & TRAINING	27,115,581		27,115,581
TRANSPORTATION	AIRPORT IMPROVEMENT	20.106	TRANSPORTATION	18,729,498	1,065,840	19,795,338
	HIGHWAY PLANNING & CONSTRUCTION	20.205	PUBLIC SAFETY	438,424		438,424
		20.205 a	TRANSPORTATION	251,709,749	104,754,774	356,464,523
			TOTAL PROGRAM 20.205	<u>252,148,173</u>	<u>104,754,774</u>	<u>356,902,947</u>
TOTAL MAJOR PROGRAMS				<u>\$2,368,931,386</u>	<u>\$1,259,635,377</u>	<u>\$3,628,566,763</u>

Footnote: a. See note 2

STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
ACTION	RETIRED SENIOR VOLUNTEER PROGRAM	72.002	HUMAN SERVICES	\$7,448.00	\$	\$7,448
AGRICULTURE	TRAILS & WATERWAYS CHALLENGE GRANT	10.XXX a	NATURAL RESOURCES	9,128		9,128
	PLANT/ANIMAL DISEASE/CARE/PEST CONTROL	10.025	AGRICULTURE	11,732	16,963	28,695
		10.025	ANIMAL HEALTH BOARD	270,165		270,165
	COMMODITY LOANS AND PURCHASES	10.051	AGRICULTURE	132,765		132,765
	CONSERVATION RESERVE PROGRAM	10.069	NATURAL RESOURCES	10,762		10,762
	FEDERAL-STATE MARKETING IMPROVEMENT	10.156	AGRICULTURE	90,319		90,319
	INSPECTION GRADING & STANDARDIZATION	10.162	AGRICULTURE	220,602		220,602
	MEAT & POULTRY INSPECTION	10.477	AGRICULTURE	87,591		87,591
	COOPERATIVE EXTENSION SERVICE	10.500	STATE UNIVERSITY SYSTEM	54,923		54,923
	SCHOOL BREAKFAST PROGRAM	10.553	EDUCATION	5,879,056		5,879,056
	SPECIAL MILK PROGRAM FOR CHILDREN	10.556	EDUCATION	782,558		782,558
	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	EDUCATION	1,895,735		1,895,735
	STATE ADMIN EXPENSES FOR CHILD NUTRITION	10.560	EDUCATION	1,619,118	163,000	1,782,118
	NUTRITION EDUCATION & TRAINING PROGRAM	10.564	EDUCATION	101,153		101,153
	COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565	HEALTH	230,934		230,934
	TEMPORARY EMERGENCY FOOD ASSISTANCE	10.568	JOBS & TRAINING	744,627	73,043	817,670
	NUTRITION PROGRAM FOR THE ELDERLY	10.570	HUMAN SERVICES	2,771,348		2,771,348
	COOPERATIVE FORESTRY ASSISTANCE	10.664	NATURAL RESOURCES	975,465	480,000	1,455,465
	SCHOOLS AND ROADS-GRANTS TO STATES	10.665	FINANCE	807,336		807,336
	ADDITIONAL LANDS-GRANTS TO MINNESOTA	10.668	FINANCE	1,254,702		1,254,702
	BOUNDARY WATER CANOE AREA	10.669	NATURAL RESOURCES	632,581	130,000	762,581
	MULTIRESOURCE FOREST MANAGEMENT PROJECT	10.6XX a	NATURAL RESOURCES	14,809		14,809
	RESOURCE CONSERVATION & DEVELOPMENT	10.901	NATURAL RESOURCES	38,083	9,000	47,083
	WATERSHED PROTECTION & FLOOD PREVENTION	10.904	NATURAL RESOURCES	8,045	2,000	10,045
COMMERCE	TRADE DEVELOPMENT	11.110	TRADE & ECONOMIC DEVELOP	12,006		12,006
	ECONOMIC DEVELOPMENT-TECHNICAL ASSIST	11.303	STATE UNIVERSITY SYSTEM	100,200	37,159	137,359
	WEATHER & RIVER FORECASTS & WARNING	11.404	PUBLIC SAFETY	44,769		44,769
	INTERJURISDICTIONAL FISHERIES ACT OF 1986	11.407	NATURAL RESOURCES	12,517	4,172	16,689
	FISHERY PRODUCTS INSPECTION/CERTIFICATION	11.413	AGRICULTURE	66,017		66,017
	MEASUREMENT & ENGINEERING RESEARCH & STDS	11.609	STATE UNIVERSITY SYSTEM	95,774		95,774

Footnotes: a. A correct program number cannot be determined.

STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
CONSTITUTION BICENTENNIAL COMMISSION	BICENTENNIAL EDUCATIONAL GRANT PROGRAM	90.001	STATE UNIVERSITY SYSTEM	\$1,997	\$619	\$2,616
DEFENSE	FLOOD PLAIN MANAGEMENT SERVICES	12.104	FINANCE	14,073		14,073
	FLOOD CONTROL PROJECTS	12.106	TRANSPORTATION	46,413		46,413
	REIMBURSEMENT OF TECHNICAL SERVICES	12.113	POLLUTION CONTROL	200,508		200,508
EDUCATION	NATIONAL LIBRARY CONFERENCE	84.00X a	EDUCATION	9,292		9,292
	INTEREST SUBSIDY	84.00X a	STATE TREASURER	186,744		186,744
	ADULT EDUCATION—STATE ADMINISTERED	84.002	EDUCATION	2,558,173	5,281,238	7,839,411
	BILINGUAL EDUCATION	84.003	COMMUNITY COLLEGE SYSTEM	251,745		251,745
		84.003	EDUCATION	70,543		70,543
	DESEGREGATION ASSIST/CIVIL RIGHTS TRAIN	84.004	EDUCATION	349,570		349,570
	SUPPLEMENTAL ED OPPORTUNITY GRANTS	84.007	COMMUNITY COLLEGE SYSTEM	910,823	26,732	937,555
		84.007	STATE UNIVERSITY SYSTEM	2,037,825	323,792	2,361,617
	HANDICAPPED EDUCATION—STATE SCHOOLS	84.009	EDUCATION	202,587		202,587
	MIGRANT EDUCATION—BASIC STATE FORMULA	84.011	EDUCATION	1,386,535		1,386,535
	EDUCATIONALLY DEPRIVED CHILDREN—STATE ADM	84.012	EDUCATION	620,188		620,188
	CHAPTER 1 NEGLECTED & DELINQUENT CHILDREN	84.013	EDUCATION	280,443		280,443
	UNDERGRADUATE INTERNATIONAL STUDIES	84.016	COMMUNITY COLLEGE SYSTEM	36,410		36,410
		84.016	STATE UNIVERSITY SYSTEM	45,439	22,720	68,159
	FULBRIGHT HAYS TRAINING PROJECTS ABROAD	84.021	STATE UNIVERSITY SYSTEM	59,285		59,285
	DISABLED—INNOVATION & DEVELOPMENT	84.023	STATE UNIVERSITY SYSTEM	9,566		9,566
	SERVICES FOR CHILDREN WITH DEAF—BLINDNESS	84.025	EDUCATION	171,280		171,280
	PERSONNEL DEVELOPMENT & PARENT TRAINING	84.029	EDUCATION	67,765		67,765
		84.029	STATE UNIVERSITY SYSTEM	163,863		163,863
	HIGHER EDUCATION—INSTITUTION AID	84.031	COMMUNITY COLLEGE SYSTEM	461,399		461,399
		84.031	STATE UNIVERSITY SYSTEM	170,783		170,783
	COLLEGE WORK—STUDY PROGRAM	84.033	COMMUNITY COLLEGE SYSTEM	1,787,652	769,839	2,557,491
		84.033	STATE UNIVERSITY SYSTEM	2,312,983	919,483	3,232,466
	PUBLIC LIBRARY SERVICES	84.034	EDUCATION	154,670	6,118,000	6,272,670
	INTERLIBRARY COOP & RESOURCE SHARING	84.035	EDUCATION	340,597		340,597
	STUDENT SUPPORT SERVICES	84.042	COMMUNITY COLLEGE SYSTEM	1,542,548		1,542,548
		84.042	STATE UNIVERSITY SYSTEM	644,352	44,388	688,740

Footnotes: a. A correct program number cannot be determined.

STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	TALENT SEARCH	84.044	COMMUNITY COLLEGE SYSTEM	\$168,392		\$168,392
		84.044	STATE UNIVERSITY SYSTEM	120,145	32,440	152,585
	CONTINUING EDUCATION OUTREACH—STATE ADM	84.046	STATE UNIVERSITY SYSTEM	14,505		14,505
	UPWARD BOUND	84.047	COMMUNITY COLLEGE SYSTEM	578,036		578,036
		84.047	STATE UNIVERSITY SYSTEM	481,610	48,811	530,421
	VOC ED—CONSUMER & HOMEMAKER EDUCATION	84.049	TECHNICAL COLLEGE SYSTEM	580,931		580,931
	VOCATIONAL EDUCATION—STATE COUNCILS	84.053	COUNCIL VO TECH	143,333		143,333
	HIGHER EDUCATION—COOPERATIVE EDUCATION	84.055	COMMUNITY COLLEGE SYSTEM	63,961	55,146	119,107
	VETERANS EDUCATION OUTREACH PROGRAM	84.064	COMMUNITY COLLEGE SYSTEM	7,060	14,333	21,393
	EDUCATIONAL OPPORTUNITY CENTERS	84.066	COMMUNITY COLLEGE SYSTEM	222,412		222,412
	STATE STUDENT INCENTIVES GRANTS	84.069	HIGHER EDUCATION COORD BD	1,277,335	638,668	1,916,003
	DISABLED PERSONS POSTSECONDARY ED	84.078	COMMUNITY COLLEGE SYSTEM	94,701		94,701
	PATRICIA ROBERTS HARRIS FELLOWSHIPS	84.094	STATE UNIVERSITY SYSTEM	21,918		21,918
	IMPROVEMENT OF POSTSECONDARY ED	84.116	STATE UNIVERSITY SYSTEM	52,316		52,316
	REHABILITATION SERVICES PROJECTS	84.128	JOBS & TRAINING	792,857	63,495	856,352
	REHABILITATION TRAINING	84.129	JOBS & TRAINING	114,026	11,403	125,429
		84.129	STATE UNIVERSITY SYSTEM	80,903	52,319	133,222
	CENTERS FOR INDEPENDENT LIVING	84.132	JOBS & TRAINING	560,195	184,743	744,938
	DISABILITY & REHABILITATION RESEARCH	84.133	STATE UNIVERSITY SYSTEM	39,977		39,977
	EDUCATIONAL IMPROVEMENT PARTNERSHIPS	84.151	EDUCATION	6,435,889		6,435,889
	BUSINESS & INTERNATIONAL EDUCATION	84.153	COMMUNITY COLLEGE SYSTEM	4,785	4,784	9,569
	PUBLIC LIBRARY CONSTRUCTION/TECHNOLOGY	84.154	EDUCATION	581,959		581,959
	TRANSITIONAL SERVICES FOR DISABLED YOUTH	84.158	EDUCATION	105,063		105,063
	DISABLED—SPECIAL STUDIES & EVALUATION	84.159	EDUCATION	107,403		107,403
	EMERGENCY IMMIGRANT EDUCATION	84.162	EDUCATION	120,622		120,622
	EISENHOWER MATH & SCIENCE ED—STATE	84.164	EDUCATION	1,732,349		1,732,349
		84.164	HIGHER EDUCATION COORD BD	373,984		373,984
	LIBRARY LITERACY	84.167	EDUCATION	7,155		7,155
	INDEPENDENT LIVING COMPREHENSIVE SVCS	84.169	JOBS & TRAINING	244,077	25,534	269,611
	SPECIAL EDUCATION—PRESCHOOL GRANTS	84.173	EDUCATION	6,616,574		6,616,574
	VOC ED—COMMUNITY BASED ORGANIZATIONS	84.174	TECHNICAL COLLEGE SYSTEM	93,396		93,396
	DOUGLAS TEACHER SCHOLARSHIPS	84.176	HIGHER EDUCATION COORD BD	282,236		282,236
	OLDER BLIND INDIVIDUALS INDEPEND LIVING	84.177	JOBS & TRAINING	52,723	(7,964)	44,759
	INFANTS & TODDLERS WITH DISABILITIES	84.181	ADMINISTRATION	18,422		18,422
		84.181	EDUCATION	1,379,577		1,379,577
	DRUG PREVENTION	84.183	COMMUNITY COLLEGE SYSTEM	17,718		17,718
		84.183	STATE UNIVERSITY SYSTEM	47,494		47,494
	ROBERT C BYRD HONORS SCHOLARSHIPS	84.185	EDUCATION	154,496		154,496
	DRUG FREE SCHOOLS & COMMUNITIES—STATE	84.186	EDUCATION	6,803,736		6,803,736
	ADULT EDUCATION FOR THE HOMELESS	84.192	EDUCATION	235,855		235,855
	DISLOCATED WORKERS TRAINING	84.193	TECHNICAL COLLEGE SYSTEM	224,284		224,284

STATE OF MINNESOTA
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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	HOMELESS CHILDREN & YOUTH ED STATE/LOCAL	84.196	EDUCATION	\$79,667	\$	\$79,667
	COLLEGE LIBRARY TECHNOLOGY	84.197	STATE UNIVERSITY SYSTEM	16,893		16,893
	SCHOOL COLLEGE & UNIVERSITY PARTNERSHIPS	84.204	STATE UNIVERSITY SYSTEM	93,026	46,514	139,540
	DRUG FREE SCHOOLS & COMMUNITIES	84.207	COMMUNITY COLLEGE SYSTEM	68,887		68,887
	PRIVATE SCHOOL-CAPITAL EXPENSES	84.216	EDUCATION	1,014,677		1,014,677
	STATE PROGRAM IMPROVEMENT GRANTS	84.218	EDUCATION	97,111		97,111
	STUDENT LITERACY CORPS	84.219	COMMUNITY COLLEGE SYSTEM	29,753		29,753
	ENGLISH LITERACY PROGRAM	84.223	EDUCATION	23,722		23,722
	TECHNOLOGY RELATED DISABILITIES-STATE	84.224	ADMINISTRATION	626,699		626,699
		84.224	EDUCATION	1,688		1,688
		84.224	STRATEGIC/LONG RANGE PLNG	94,571		94,571
	TECH-PREP EDUCATION	84.243	TECHNICAL COLLEGE SYSTEM	677,607		677,607
ENERGY	STATE ENERGY CONSERVATION	81.041 b	ADMINISTRATION	721,521		721,521
		81.041 b	AGRICULTURE	60,000		60,000
		81.041 b	HOUSING FINANCE	18,470		18,470
		81.041 b	PUBLIC SERVICE	2,049,870	17,320	2,067,190
	BASIS ENERGY SCIENCES-UNIV & SCIENCE ED	81.049	STATE UNIVERSITY SYSTEM	16,599		16,599
	ENERGY EXTENSION SERVICE	81.050	PUBLIC SERVICE	243,524	47,000	290,524
	INSTITUTIONAL BLDGS ENERGY CONSERVATION	81.052	PUBLIC SERVICE	79,050	49,690	128,740
	REGIONAL BIOMASS PROGRAMS	81.079	PUBLIC SERVICE	25,273	32,138	57,411
	STATE HEATING OIL GRANTS	81.090	PUBLIC SERVICE	5,835	5,835	11,670
	NATIONAL ENERGY CONFERENCE	81.5XX a	PUBLIC SERVICE	56,040	11,300	67,340
ENVIRONMENTAL PROTECTION	GREAT LAKES EROSION CONTROL	66.00X a	POLLUTION CONTROL	100,000		100,000
	MINERALS STATE MINE WASTE	66.00X a	NATURAL RESOURCES	55,084		55,084
	PUBLIC INFORMATION	66.00X a	PUBLIC SAFETY	58,143	19,381	77,524
	STATE PLANNING & COMMUNITY RIGHT TO KNOW	66.00X a	PUBLIC SAFETY	19,539		19,539
	AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	POLLUTION CONTROL	2,042,914	2,812,637	4,855,551
	STATE INDOOR RADON GRANTS	66.032	HEALTH	229,157		229,157
	WASTEWATER TREATMENT WORKS CONSTRUCTION	66.418	POLLUTION CONTROL	176,590		176,590
	WATER POLLUTION CONTROL-STATE/INTERSTATE	66.419	AGRICULTURE	54,886		54,886
		66.419	HEALTH	131,418		131,418
		66.419	POLLUTION CONTROL	1,241,112	2,669,385	3,910,497

Footnotes: a. A correct program number cannot be determined.
b. See note 8.

STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
ENVIRONMENTAL PROTECTION (CONTINUED)	STATE/LOCAL MANPOWER DEVELOPMENT	66.420	POLLUTION CONTROL	\$18,677	\$	\$18,677
	WATER QUALITY CONTROL INFORMATION SYSTEM	66.423	POLLUTION CONTROL	41,625	59,094	100,719
		66.423	STATE UNIVERSITY SYSTEM	20,283	1,014	21,297
	LAKE RESTORATION COOPERATIVE AGREEMENT	66.435	POLLUTION CONTROL	20,332		20,332
	CONSTRUCTION MANAGEMENT ASSISTANCE	66.438	POLLUTION CONTROL	468,902		468,902
	WATER QUALITY MANAGEMENT PLANNING	66.454	POLLUTION CONTROL	379,836		379,836
	NONPOINT SOURCE RESERVATION	66.459	AGRICULTURE	14,306		14,306
		66.459	POLLUTION CONTROL	1,470,482	305,241	1,775,723
	NONPOINT SOURCE IMPLEMENTATION	66.460	POLLUTION CONTROL	48,000		48,000
	GREAT LAKES MONITORING	66.500	POLLUTION CONTROL	704	876	1,580
	PESTICIDES CONTROL RESEARCH	66.502	AGRICULTURE	119,847	319,311	439,158
	WASTEWATER POLLUTION CONTROL-RESEARCH	66.505	NATURAL RESOURCES	8,183		8,183
		66.505	POLLUTION CONTROL	748,851	85,134	833,985
	SAFE DRINKING WATER RESEARCH & DEMO	66.506	HEALTH	1,623,273	1,082,182	2,705,455
	ENVIRONMENT PROTECTION SUPPORT GRANTS	66.600	POLLUTION CONTROL	251,222	12,377	263,599
	CONSOLIDATED PESTICIDES COMPLIANCE	66.700	AGRICULTURE	436,153	1,448,197	1,884,350
	TOXIC SUBSTANCES COMPLIANCE MONITORING	66.701	POLLUTION CONTROL	72,828	35,513	108,341
	COMPLIANCE/ENFORCEMENT TOXIC RELEASE	66.705	PUBLIC SAFETY	15,894		15,894
	TOXIC RELEASE INVENTORY	66.750	PUBLIC SAFETY	52,716	19,498	72,214
	HAZARDOUS WASTE MGMT STATE PROGRAM	66.801	ATTORNEY GENERAL	76,435		76,435
		66.801	POLLUTION CONTROL	1,432,060	736,136	2,168,196
	HAZARDOUS SUBSTANCE RESPONSE TRUST FUND	66.802	POLLUTION CONTROL	6,529,059	310,133	6,839,192
	STATE UNDERGROUND STORAGE TANKS	66.804	POLLUTION CONTROL	224,879	64,535	289,414
	UNDERGROUND STORAGE TANK TRUST FUND	66.805	POLLUTION CONTROL	2,678,313	199,756	2,878,069
	SOLID WASTE MANAGEMENT ASSISTANCE	66.808	POLLUTION CONTROL	35,867		35,867
	POLLUTION PREVENTION GRANTS	66.900	POLLUTION CONTROL	81,072	22,804	103,876
		66.900	WASTE MANAGEMENT	75,023	12,313	87,336
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	EMPLOYMENT DISCRIMINATION-STATE & LOCAL	30.002	HUMAN RIGHTS	343,125		343,125
FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION	STATE ASSISTANCE PROGRAM	83.501	PUBLIC SAFETY	88,597		88,597
	CIVIL DEFENSE-STATE & LOCAL EMERGENCY	83.503	PUBLIC SAFETY	1,375,338	386,610	1,761,948
	STATE DISASTER PREPAREDNESS GRANTS	83.505	PUBLIC SAFETY	48,509	48,509	97,018
	RADIOLOGICAL INSTRUMENTATION	83.508	PUBLIC SAFETY	91,174		91,174
	RADIOLOGICAL DEFENSE PLNG & DEVELOPMENT	83.511	PUBLIC SAFETY	18,181		18,181
	STATE & LOCAL WARNING COMMUNICATION	83.513	PUBLIC SAFETY	152,332		152,332

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION (CONTINUED)	POPULATION PROTECTION PLANNING	83.514	PUBLIC SAFETY	\$101,678		\$101,678
	DISASTER ASSISTANCE	83.516	PUBLIC SAFETY	5,175,472	9,899	5,185,371
	EMERGENCY MGMT INSTITUTE—FIELD TRAINING	83.528	PUBLIC SAFETY	333,757	83,439	417,196
HEALTH & HUMAN SERVICES	CHILD CARE ASSISTANCE	93.037	HUMAN SERVICES	4,541,806		4,541,806
	FOOD & DRUG ADMINISTRATION RESEARCH	93.103	AGRICULTURE	48,406		48,406
	MATERNAL & CHILD HEALTH FED CONSOLIDATED	93.110	HEALTH	155,199		155,199
	ENVIRONMENTAL HEALTH HAZARDS	93.112	HEALTH	227,385		227,385
	ENVIRONMENTAL EXPOSURES HEALTH RISKS	93.115	HEALTH	118,968		118,968
	TUBERCULOSIS CONTROL PROGRAMS	93.116	HEALTH	100,875		100,875
	ACQUIRED IMMUNODEFICIENCY SYNDROME	93.118	EDUCATION	270,955		270,955
		93.118	HEALTH	2,456,290		2,456,290
	MENTAL HEALTH PLANNING & DEMONSTRATION	93.125	HUMAN SERVICES	221,345		221,345
	PRIMARY CARE SERVICES	93.130	HEALTH	41,034		41,034
	INJURY PREVENTION & CONTROL RESEARCH	93.136	HEALTH	285,644		285,644
	TEMPORARY AIDS DRUG REIMBURSEMENTS	93.146	HUMAN SERVICES	170,618		170,618
	ASSIST IN TRANSITION FROM HOMELESSNESS	93.150	HUMAN SERVICES	400,855	355,828	756,683
	TOXIC SUBSTANCES & DISEASE REGISTRY	93.161	HEALTH	12,223		12,223
	COMMUNITY YOUTH ACTIVITY BLOCK GRANTS	93.171	HUMAN SERVICES	92,091		92,091
	UNIFORM ALCOHOL & DRUG ABUSE DATA—STATE	93.179	HUMAN SERVICES	148,557		148,557
	HEALTH SERVICES RESEARCH & DEVELOPMENT	93.226	HEALTH	17,355		17,355
	MENTAL HEALTH RESEARCH GRANTS	93.242	HUMAN SERVICES	143,821		143,821
		93.242	STATE UNIVERSITY SYSTEM	116,460		116,460
	MENTAL HEALTH CLINIC OR SERVICE TRAINING	93.244	HUMAN SERVICES	68,760		68,760
	CHILDHOOD IMMUNIZATION GRANTS	93.268	HEALTH	541,659		541,659
	CENTER FOR DISEASE CONTROL ASSISTANCE	93.283	HEALTH	1,414,696		1,414,696
	PROFESSIONAL NURSE TRAINEESHIPS	93.358	STATE UNIVERSITY SYSTEM	18,294		18,294
	ACADEMIC RESEARCH ENHANCEMENT AWARD	93.390	STATE UNIVERSITY SYSTEM	30,805		30,805
	CANCER CAUSE & PREVENTION RESEARCH	93.393	STATE UNIVERSITY SYSTEM	31,998		31,998
	CANCER CONTROL	93.399	HEALTH	537,731		537,731
	OLDER INDVLS ABUSE/NEGLECT/EXPLOITATION	93.552	HUMAN SERVICES	48,409		48,409
	OLDER INDVLS LONG—TERM CARE OMBUDSMAN	93.553	HUMAN SERVICES	41,512		41,512
	HEAD START ADMINISTRATION	93.600	STATE UNIVERSITY SYSTEM	73,815		73,815
	CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIPS	93.614	STATE UNIVERSITY SYSTEM	24,258		24,258
	RUNAWAY & HOMELESS YOUTH	93.623	HUMAN SERVICES	36,530		36,530
	DEVELOPMENTAL DISABILITIES—BASIC SUPPORT	93.630	ADMINISTRATION	800,586		800,586
		93.630	STRATEGIC/LONG RANGE PLNG	114,635		114,635
	DISABILITIES—NATIONAL SIGNIFICANCE	93.631	ADMINISTRATION	61,155		61,155

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	DISABILITIES-NATIONAL SIGNIFICANCE	93.631	STRATEGIC/LONG RANGE PLNG	\$5	\$	\$5
	AGING SUPPORT SERVICES & SENIOR CENTERS	93.633	HUMAN SERVICES	6,375,709	614,516	6,990,225
		93.633	STATE UNIVERSITY SYSTEM	6,636		6,636
	AGING-TITLE III PART C-NUTRITION SERVICES	93.635	HUMAN SERVICES	6,236,525	2,190,000	8,426,525
	FRAIL OLDER INDIVIDUALS IN-HOME SERVICES	93.641	HUMAN SERVICES	131,069		131,069
	CHILDRENS JUSTICE GRANTS TO STATES	93.643	HUMAN SERVICES	165,242		165,242
	CHILD WELFARE SERVICES-STATE GRANTS	93.645	HUMAN SERVICES	4,537,418		4,537,418
	ADOPTION OPPORTUNITIES ADMINISTRATION	93.652	HUMAN SERVICES	78,536		78,536
	TEMPORARY CHILD CARE & CRISIS NURSERIES	93.656	HUMAN SERVICES	270,811		270,811
	SPECIAL AGING PROGRAMS-TITLE IV	93.668	HUMAN SERVICES	211,286	122,180	333,466
	CHILD ABUSE & NEGLECT DISCRETIONARY	93.670	HUMAN SERVICES	207,598		207,598
	FAMILY VIOLENCE & PREVENTION SERVICES	93.671	CORRECTIONS	139,250		139,250
	CHILD ABUSE CHALLENGE GRANTS	93.672	HUMAN SERVICES	30,779		30,779
		93.672	PUBLIC SAFETY	2,692		2,692
	DEPENDENT CARE PLANNING & DEVELOPMENT	93.673	EDUCATION	252,232		252,232
	STATE MEDICAID FRAUD CONTROL UNITS	93.775	ATTORNEY GENERAL	527,451	173,867	701,318
	SUPPLEMENTAL SECURITY INCOME	93.807	HUMAN SERVICES	216,663		216,663
	SSA RESEARCH & DEMONSTRATION	93.812	JOBS & TRAINING	585,553		585,553
	HEALTH CAREERS OPPORTUNITY PROGRAM	93.822	COMMUNITY COLLEGE SYSTEM	109,584		109,584
	BLOOD DISEASES & RESOURCES RESEARCH	93.839	STATE UNIVERSITY SYSTEM	40,493		40,493
	MICROBIOLOGY & INFECTIOUS DISEASES	93.856	HEALTH	437,619		437,619
	ANTERIOR SEGMENT DISEASES RESEARCH	93.868	STATE UNIVERSITY SYSTEM	28,631		28,631
	MEDICAL LIBRARY ASSISTANCE	93.879	STATE UNIVERSITY SYSTEM	15,941		15,941
	CRITICAL POPULATIONS DRUG ABUSE	93.902	HUMAN SERVICES	266,661		266,661
	RURAL HEALTH OPERATION OFFICES-STATE	93.913	HEALTH	20,144		20,144
	HIV CARE FORMULA GRANTS	93.917	HEALTH	119,947		119,947
	HEALTH PROFESSIONS INDIAN RECRUITMENT	93.970	STATE UNIVERSITY SYSTEM	54,661		54,661
	SEXUALLY TRANSMITTED DISEASES CONTROL	93.977	HEALTH	535,668		535,668
	HEALTH PROGRAMS FOR REFUGEES	93.987	HEALTH	128,102		128,102
	STATE DIABETES CONTROL PROGRAMS	93.988	HEALTH	270,763		270,763
	PREVENTIVE HEALTH & SERVICES BLOCK GRANT	93.991	HEALTH	2,450,753		2,450,753
HOUSING & URBAN DEVELOPMENT	LOWER INCOME RENTAL & COOPERATIVE HOUSING	14.103	HOUSING FINANCE	569,687		569,687
	MANUFACTURED HOME CONSTRUCTION & SAFETY	14.171	ADMINISTRATION	30,537		30,537
	RENTAL HOUSING REHABILITATION	14.230	HOUSING FINANCE	348,816		348,816
	EMERGENCY SHELTER GRANTS PROGRAM	14.231	JOBS & TRAINING	450,873	951,074	1,401,947
	COMMUNITY DEVELOPMENT WORK-STUDY PRGM	14.234	STATE UNIVERSITY SYSTEM	77,706		77,706
	SUPPORTIVE HOUSING DEMONSTRATION	14.235	HOUSING FINANCE	67,389		67,389
	EQUAL OPPORTUNITY IN HOUSING	14.400	HUMAN RIGHTS	22,320		22,320

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
INTERIOR	FOREST, MINES, MISSISSIPPI, WILDLIFE	15.00X a	NATURAL RESOURCES	\$482,026	\$	\$482,026
	FISH & WILDLIFE COORDINATION ACT	15.00X a	WATER & SOIL RESOURCES	1,200		1,200
	WILDLIFE HABITAT MANAGEMENT ASSISTANCE	15.219	NATURAL RESOURCES	10,086		10,086
	PARKS - LAKE VERMILION	15.2XX a	NATURAL RESOURCES	3,102		3,102
	MINERALS PREDICTING ACID MINE DRAINAGE	15.3XX a	NATURAL RESOURCES	2,635		2,635
	ANADROMOUS FISH CONSERVATION	15.600	NATURAL RESOURCES	9,987	9,987	19,974
	ENVIRONMENTAL CONTAMINANT	15.607	NATURAL RESOURCES	38,528	6,799	45,327
	WILDLIFE RESEARCH INFORMATION	15.610	NATURAL RESOURCES	107,822		107,822
	WILDLIFE RESTORATION	15.611	NATURAL RESOURCES	4,737,866	1,579,289	6,317,155
	ENDANGERED SPECIES CONSERVATION	15.612	NATURAL RESOURCES	58,755	9,223	67,978
	WILDLIFE - LAKES	15.6XX a	NATURAL RESOURCES	635,711	635,711	1,271,422
	HISTORIC PRESERVATION FUND GRANTS-IN-AID	15.904	HISTORICAL SOCIETY	287,991	287,991	575,982
	OUTDOOR RECREATION-ACQUIS, DEVEL & PLNG	15.916	NATURAL RESOURCES	49,000	49,000	98,000
		15.916	TRADE & ECONOMIC DEVELOP	358,864		358,864
JUSTICE	MARIJUANA ERADICATION	16.00X a	PUBLIC SAFETY	106,135		106,135
	NARCOTICS & DANGEROUS DRUGS TRAINING	16.004	PUBLIC DEFENSE BOARD	109,055		109,055
	UNIFORM CRIME REPORTS	16.305	PUBLIC SAFETY	65,100		65,100
	JUVENILE JUSTICE & DELINQUENCY PREVENTION	16.540	JOBS & TRAINING	799,099	55,000	854,099
	MISSING CHILDREN ASSISTANCE	16.543	PUBLIC SAFETY	1,333		1,333
	CRIMINAL JUSTICE STATISTICS DEVELOPMENT	16.550	PUBLIC SAFETY	134,500		134,500
		16.550	STRATEGIC/LONG RANGE PLNG	44,300		44,300
	MARIEL-CUBANS	16.572	CORRECTIONS	53,706		53,706
	CRIME VICTIM ASSISTANCE	16.575	CORRECTIONS	1,221,739		1,221,739
	CRIME VICTIM COMPENSATION	16.576	PUBLIC SAFETY	592,833		592,833
	CRIME VICTIM ASSISTANCE/DISCRETIONARY	16.582	CORRECTIONS	42,371		42,371
LABOR	NATIONAL OCCUPATIONAL INFORMATION	17.00X a	JOBS & TRAINING	115,950		115,950
	LABOR FORCE STATISTICS	17.002	JOBS & TRAINING	1,273,288		1,273,288
	SENIOR COMMUNITY SERVICE EMPLOYMENT	17.235	JOBS & TRAINING	1,822,993	369,559	2,192,552
	TRADE ADJUSTMENT ASSISTANCE-WORKERS	17.245	JOBS & TRAINING	659,830		659,830
	OCCUPATIONAL SAFETY & HEALTH	17.500	HEALTH	556,647	369,624	926,271
		17.500	LABOR & INDUSTRY	2,958,543	2,430,459	5,389,002
	MINE HEALTH & SAFETY GRANTS	17.600	TECHNICAL COLLEGE SYSTEM	138,079		138,079

Footnotes: a. A correct program number cannot be determined.

**STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992**

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
LABOR (CONTINUED)	DISABLED VETERANS OUTREACH PROGRAM	17.801	JOBS & TRAINING	\$1,440,602	\$	\$1,440,602
	VETERANS EMPLOYMENT PROGRAM	17.802	JOBS & TRAINING	117,753	181,327	299,080
	LOCAL VETERANS EMPLOYMENT REPRESENTIVE	17.804	JOBS & TRAINING	1,580,151		1,580,151
LIBRARY OF CONGRESS	IMPROVING ELEMENTARY TEACHERS	42.051	STATE UNIVERSITY SYSTEM	1,525		1,525
NATIONAL AERONAUTICS & SPACE ADMINISTRATION	PROJECT JOVE	43.00X a	STATE UNIVERSITY SYSTEM	29,558	9,754	39,312
NATIONAL FOUNDATION ARTS & HUMANITIES	PROMOTION OF THE ARTS--STATE/REGIONAL	45.007	STATE ARTS BOARD	660,925	607,000	1,267,925
	PROMOTION OF THE ARTS--EXPANSION ARTS	45.010	STATE ARTS BOARD	192,293	140,350	332,643
	MUSEUM SERVICES INSTITUTE	45.301	STATE UNIVERSITY SYSTEM	938		938
		45.301	ZOOLOGICAL GARDENS	12,500		12,500
NATIONAL SCIENCE FOUNDATION	ENGINEERING GRANTS	47.041	STATE UNIVERSITY SYSTEM	88,350	2,530	90,880
	MATHEMATICAL & PHYSICAL SCIENCES	47.049	STATE UNIVERSITY SYSTEM	7,137		7,137
	ASTRONOMICAL ATMOSPHERIC EARTH & OCEAN	47.050	STATE UNIVERSITY SYSTEM	123,187		123,187
	SCIENCE & TECHNOLOGY CENTERS	47.073	STATE UNIVERSITY SYSTEM	74,484	37,242	111,726
	SOCIAL, BEHAVIORAL & ECONOMIC SCIENCES	47.075	STATE UNIVERSITY SYSTEM	33,252	35	33,287
	EDUCATION & HUMAN RESOURCES	47.076	COMMUNITY COLLEGE SYSTEM	79,283		79,283
		47.076	STATE UNIVERSITY SYSTEM	67,501	16,152	83,653
		47.076	ZOOLOGICAL GARDENS	31,439		31,439
SMALL BUSINESS ADMINISTRATION	PROCUREMENT ASSISTANCE TO SMALL BUSINESS	59.009	NATURAL RESOURCES	227,649		227,649
	SMALL BUSINESS DEVELOPMENT CENTER	59.037	COMMUNITY COLLEGE SYSTEM	19,245	30,768	50,013
		59.037	STATE UNIVERSITY SYSTEM	720,311	182,285	902,596
		59.037	TRADE & ECONOMIC DEVELOP	1,603,472	152,384	1,755,856

Footnotes: a. A correct program number cannot be determined.

STATE OF MINNESOTA
NONMAJOR FEDERAL PORGRAMS
STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30, 1992

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
TRANSPORTATION	WEATHER OBSERVATION	20.00X a	TRANSPORTATION	\$7,812	\$2,065	\$9,877
	BOATING SAFETY FINANCIAL ASSISTANCE	20.005	NATURAL RESOURCES	1,223,181	1,223,181	2,446,362
	AVIATION EDUCATION	20.100	TRANSPORTATION	3,150,000		3,150,000
	MOTOR CARRIER SAFETY	20.217	PUBLIC SAFETY	247,006		247,006
	MOTOR CARRIER SAFETY ASSISTANCE PROGRAM	20.218	PUBLIC SAFETY	1,295,814	180,044	1,475,858
		20.218	TRANSPORTATION		124,506	124,506
	LOCAL RAIL FREIGHT ASSISTANCE	20.308	TRANSPORTATION	296,067	127,375	423,442
	FEDERAL TRANSIT CAPITAL IMPROVEMENT	20.500	TRANSPORTATION	397,159	115,615	512,774
	FEDERAL TRANSIT TECHNICAL STUDIES GRANTS	20.505	TRANSPORTATION	262,143		262,143
	PUBLIC TRANSPORTATION NONURBANIZED AREAS	20.509	TRANSPORTATION	1,763,025	3,363,912	5,126,937
	STATE & COMMUNITY HIGHWAY SAFETY	20.600	PUBLIC SAFETY	2,398,303	664,544	3,062,847
		20.600	STATE UNIVERSITY SYSTEM	12,621		12,621
	PIPELINE SAFETY	20.700	PUBLIC SAFETY	167,154	167,154	334,308
VETERANS ADMINISTRATION	STATE HOME FACILITIES CONSTRUCTION GRANTS	64.005	ADMINISTRATION	821,921		821,921
	VETERANS STATE DOMICILIARY CARE	64.014 b	VETERANS AFFAIRS	832,084	832,084	1,664,168
	VETERANS STATE NURSING HOME CARE	64.015 b	VETERANS AFFAIRS	2,748,950	2,748,950	5,497,900
	VETERANS EDUCATIONAL ASSISTANCE	64.111	EDUCATION	260,771		260,771
		64.111	LABOR & INDUSTRY	12,779		12,779
TOTAL NONMAJOR PROGRAMS				<u>\$181,938,939</u>	<u>\$47,618,995</u>	<u>\$229,557,934</u>

Footnotes: a. A correct program number cannot be determined.

b. Total operating expenditures under programs 64.014 and 64.015 for the period were \$20,844,527. The required 50% match for each program was met.

STATE OF MINNESOTA
NOTES TO THE FEDERAL PROGRAMS FINANCIAL STATEMENTS
JUNE 30, 1992

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The reporting policies for fiscal year 1992 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 federal programs. The section for major programs includes programs that are material to the State of Minnesota. The section for nonmajor programs includes programs 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 1992 basic edition catalog. Certain CFDA numbers presented are no longer operating programs. They are the result of carryover of funds from previous years. The statements are presented in numeric CFDA order within each federal agency.

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. These are programs considered to be part of the state's reporting entity, which 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.

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, 1992. Most federal financial assistance is accounted for in the statewide accounting system; however, some state agencies maintain 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) and follows the accrual or modified accrual basis of accounting, as appropriate for the 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 and Higher Education Coordinating Board Student Loan Funds, and College

and University Activities) 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 because several funds are used to account for federal activity and because of some commingling of state and federal funds.

Classification of Statement Information

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, 1991 through June 30, 1992, 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 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, 1992. 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. HIGHWAY PLANNING AND CONSTRUCTION PROGRAM

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. GUARANTEED STUDENT LOANS PROGRAM

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 1992. Below is a summary of the MHECB guaranteed student loan activity during fiscal year 1992:

Loans Receivable July 1, 1991	\$ 45,810,843
Loan Repayments	(12,090,390)
New Loans Issued	<u>0</u>
Loans Receivable June 30, 1992	<u>\$ 33,720,453</u>

4. OTHER GUARANTEED STUDENT LOANS

Loans are also made by financial institutions for students attending institutions of higher education. Students attending the Minnesota Community College System were issued \$13,531,543 and students attending the State University System were awarded \$41,030,248 of new guaranteed student loans during fiscal year 1992.

5. PERKINS AND NURSING STUDENT LOANS PROGRAMS

The amounts reported on the financial statements for the Perkins Loans (84.038) and the Nursing Student Loans (NSL) Program (93.364), for the Community College System (CCS) and the State University System (SUS) are the administrative and collection costs. Below is a summary of the loan activity for each program during fiscal year 1992:

	PERKINS		NSL	
	CCS	SUS	CCS	SUS
Loans Receivable July 1, 1991	\$6,191,354	\$26,629,637	\$401,404	\$ 66,345
Loan Repayments	(964,215)	(3,727,216)	(112,753)	(15,682)
Loan Cancellations	(336,095)	(253,815)	0	(4,070)
Writeoffs	0	(9,721)	0	0
New Loans Issued	<u>1,219,907</u>	<u>4,418,224</u>	<u>83,056</u>	<u>0</u>
Loans Receivable June 30, 1992	<u>\$6,110,951</u>	<u>\$27,057,109</u>	<u>\$371,707</u>	<u>\$ 46,593</u>

6. CAPITALIZATION GRANTS FOR STATE REVOLVING FUNDS PROGRAM

The Department of Trade and Economic Development received \$35,712,270 through the Public Facilities Authority (PFA) for the fiscal year ended June 1992 under the Capitalization Grants for State Revolving Funds Program (66.458). The funds will be used primarily as the backup guarantee for bonds which provide funding for loans to municipalities for wastewater treatment facilities. Below is a summary of the PFA loan activity during fiscal year 1992:

Loans Receivable July 1, 1991	\$135,051,681
Loan Repayments	(1,162,909)
New Loans Issued	<u>52,701,909</u>
Loans Receivable June 30, 1992	<u>\$186,590,681</u>

7. FOOD STAMPS PROGRAM

The amount reported on the financial statement for the Food Stamps Program (10.551) is for the state and county administrative costs and emergency cash payments to individuals for food. The state Department of Human Services issues food coupons to all county recipients except those in Ramsey County. Ramsey County is conducting a pilot project using electronic benefits transfer and works directly with the federal government and a private contractor to administer the program. For fiscal year 1992

the state issued food coupons to recipients totalling \$201,537,008. Inventory of food stamps on hand at June 30, 1992, is valued at \$42,063,116. Ramsey County reported \$23,178,527 for food purchases under the electronic system.

8. OIL OVERCHARGE FUNDING

Grants made from oil overcharge funds are included in this report as federal expenditures for the State Energy Conservation (81.041) and the Weatherization Assistance (81.042) programs. Loans are also administered from these funds by the departments of Finance and Public Service. A summary of the loan activity for fiscal year 1992 is shown below. Amounts for loans from the Department of Finance include state match.

	<u>Finance</u>	<u>Public Service</u>
Loans Receivable July 1, 1991	\$4,799,121	\$10,376
Loan Repayments	(979,124)	(7,985)
New Loans Issued	<u>1,211,050</u>	<u>45,671</u>
Loans Receivable June 30, 1992	<u>\$5,031,047</u>	<u>\$48,062</u>

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COMPLIANCE SECTION

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STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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

JAMES R. NOBLES, LEGISLATIVE AUDITOR

**Independent Auditor's Report on the Internal Control Structure
at the Financial Statement Level and the
Federal Financial Assistance Program Level**

Members of the Legislature

The Honorable Arne H. Carlson, Governor

John Gunyou, 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, 1992, and have issued our report thereon dated December 1, 1992. We have also audited the State of Minnesota's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated February 26, 1993.

We conducted our audits 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 (OMB) 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 the general purpose financial statements are free of material misstatement and about whether the State of Minnesota complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1992, we considered the state's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the state's general purpose financial statements and on its compliance with requirements applicable to major federal financial assistance programs and not to provide assurance on the internal control structure.

The management of the State of Minnesota is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting

principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Applications

- Cash
- Investments
- Loans receivable
- Consumable inventories
- Fixed assets
- Bonded debt
- Revenue/receivables
- Payroll/personnel
- Administrative expenditures
- Grant and aid payments
- Interfund transfers

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Specific Requirements

- Types of services
- Eligibility
- Matching, level of effort, or earmarking
- Reporting
- Cost allocation
- Monitoring subrecipients
- Special requirements, if any

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation and we assessed control risk.

During the year ended June 30, 1992 the State of Minnesota expended 93 percent of its total federal financial assistance under major federal financial assistance programs. Because of the large number of nonmajor programs, as identified on pages 14 to 23 of this report, we perform some procedures to obtain an understanding of the internal control structure policies and procedures relevant to nonmajor programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant. These policies and procedures exist to prevent or detect material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the state's major federal financial assistance programs. These programs are identified on pages 10 to 13 of this report for the year ended June 30, 1992. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

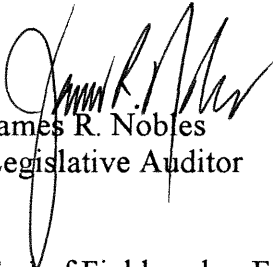
We noted certain matters involving the internal control structure and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the state's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements or to administer federal financial assistance programs in accordance with applicable laws and regulations. These reportable conditions are described in the 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 Audit Findings for Federal Programs on pages 44 to 54 of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

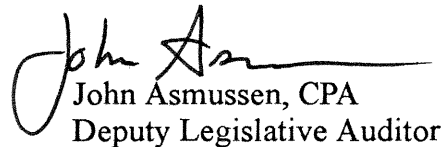
Members of the Legislature
The Honorable Arne H. Carlson, Governor
John Gunyou, Commissioner of Finance
Jesse H. Morris, Regional Inspector General for Audit
United States Department of Agriculture
Page 4

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe none of the reportable conditions described above is a material weakness in relation to the State of Minnesota's general purpose financial statements. However, we noted certain matters involving the internal control structure and its operation that we consider to be material weaknesses related to the administration of federal financial assistance programs, as shown on the Schedule of Audit Findings for Federal Programs. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the State of Minnesota's compliance with requirements applicable to its major federal financial assistance programs for the year ended June 30, 1992, and this report does not affect our report thereon dated February 26, 1993.

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 on June 30, 1993.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 26, 1993

Report Signed On: June 22, 1993



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

CENTENNIAL 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 Arne H. Carlson, Governor

John Gunyou, Commissioner of Finance

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

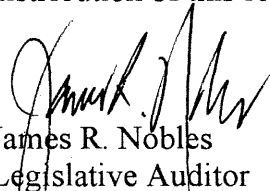
We have audited the general purpose financial statements of the State of Minnesota as of and for the year ended June 30, 1992, and have issued our report thereon dated December 1, 1992.

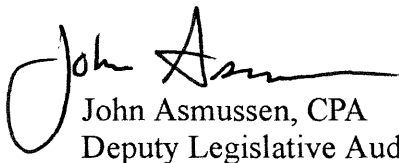
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial 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 June 30, 1993.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 26, 1993

Report Signed On: June 22, 1993

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STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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

Members of the Legislature

The Honorable Arne H. Carlson, Governor

John Gunyou, 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, 1992. 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 tests of compliance disclosed the material instances of noncompliance shown in the Schedule of Audit Findings for Federal Programs on pages 44 to 54 of this report. Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial activities being audited.

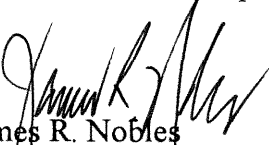
The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule

Members of the Legislature
The Honorable Arne H. Carlson, Governor
John Gunyou, Commissioner of Finance
Jesse H. Morris, Regional Inspector General for Audit
United States Department of Agriculture
Page 2

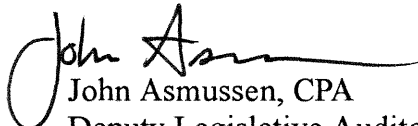
of Audit Findings for Federal Programs. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for those instances of material noncompliance as discussed in paragraph three, the State of Minnesota complied, in all material respects, with the requirements governing types of services allowed of 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, 1992.

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 June 30, 1993.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 26, 1993

Report Signed On: June 22, 1993



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

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

Members of the Legislature

The Honorable Arne H. Carlson, Governor

John Gunyou, 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 to 13 of this report, for the year ended June 30, 1992:

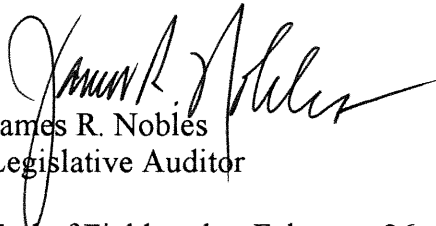
- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports
- Allowable costs/cost principles
- Drug-free workplace
- Administrative requirements

Our procedures 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. 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.

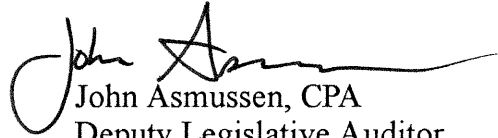
With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State of Minnesota had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the Schedule of Audit Findings for Federal Programs on pages 44 to 54 of this report.

Members of the Legislature
The Honorable Arne H. Carlson, Governor
John Gunyou, Commissioner of Finance
Jesse H. Morris, Regional Inspector General for Audit
United States Department of Agriculture
Page 2

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 June 30, 1993.



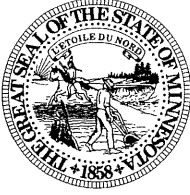
James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 26, 1993

Report signed On: June 22, 1993



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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

JAMES R. NOBLES, LEGISLATIVE AUDITOR

**Independent Auditor's Report on Compliance With
Requirements Applicable to Nonmajor Federal
Financial Assistance Program Transactions**

Members of the Legislature

The Honorable Arne H. Carlson, Governor

John Gunyou, Commissioner of Finance

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

In connection with our audit of the 1992 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 Office of Management and Budget 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, 1992.

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 requirements that are applicable to those transactions. 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 these requirements. Accordingly, we do not express an opinion.

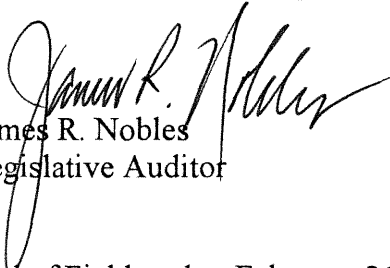
The results of our tests of compliance disclosed the material instances of noncompliance shown in the Schedule of Audit Findings for Federal Programs on pages 44 to 54 of this report. Material instances of noncompliance are failures to follow requirements or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial activities being audited.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Audit Findings for Federal Programs.

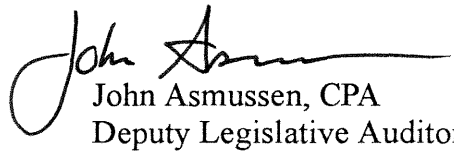
Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, the State of Minnesota complied, in all material respects, with the provisions in the second paragraph of this report, and with respect to the items not tested, nothing came to our attention that caused us to believe that the State of Minnesota had not complied, in all material respects, with those provisions.

Members of the Legislature
The Honorable Arne H. Carlson, Governor
John Gunyou, Commissioner of Finance
Jesse H. Morris, Regional Inspector General for Audit
Page 2

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 on June 30, 1993.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

End of Fieldwork: February 26, 1993

Report Signed On: June 22, 1993

**Office of the Legislative Auditor
Statewide Single Audit**

**Schedule of Audit Findings
for Federal Programs
Fiscal Year Ended June 30, 1992**

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.

The organization and terminology used in the schedule are discussed in the attached explanations section on pages 55 to 59.

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

<i>U.S. DEPARTMENT OF AGRICULTURE</i>										
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM		FIN IMPACT
10.025	DISEASE/PEST CONTROL/ANIMAL CARE	ANIMAL HEALTH BOARD	92-41	1			I	BOARD DID NOT TRANSFER INDIRECT COSTS TO GENERAL FUND		\$52,890
10.025	DISEASE/PEST CONTROL/ANIMAL CARE	ANIMAL HEALTH BOARD	92-41	2			I	BOARD HAS NOT COMPLIED WITH GRANT REPORT REQUIREMENTS		NQ
10.550	FOOD DISTRIBUTION	EDUCATION	93-34	9	RC			IMPROVED COMPUTER SECURITY NEEDED		P
10.550	FOOD DISTRIBUTION	EDUCATION	93-34	11			I	INADEQUATE RESOLUTION OF SUBRECIPIENT SINGLE AUDITS		P
10.555	NATIONAL SCHOOL LUNCH PROGRAM	EDUCATION	93-34	11			I	INADEQUATE RESOLUTION OF SUBRECIPIENT SINGLE AUDITS		P
10.558	CHILD/ADULT CARE FOOD PROGRAM	EDUCATION	93-34	11			I	INADEQUATE RESOLUTION OF SUBRECIPIENT SINGLE AUDITS		P
10.558	CHILD/ADULT CARE FOOD PROGRAM	EDUCATION	93-34	9	RC			IMPROVED COMPUTER SECURITY NEEDED		P
10.577	WOMEN/INFANTS/CHILDREN SUPP.FOOD	HEALTH	93-14	2			I	SUBRECIPIENT MONITORING SYSTEM NEEDS IMPROVEMENT		P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992

U.S. DEPARTMENT OF DEFENSE									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
12.000	MILITARY AFFAIRS OPERATIONS	MILITARY AFFAIRS	93-20	1	RC			REIMBURSEMENT CONTROLS NEED IMPROVEMENT	NQ

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

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U.S. DEPARTMENT OF EDUCATION									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
84.007	SUPPLEMENTAL EDUC OPP GRANTS	ARROWHEAD C.C. REG.	92-44	1	MW	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	BEMIDJI STATE UNIV.	92-63	3	RC			FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	C.C. SYSTEM	93-35	1			M	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	1	MW	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	7			I	REPAYMENT OF NONINSTITUTIONAL FINANCIAL AID	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	8			I	IMPROPER WITHDRAWAL DATE USED FOR REFUND CALCULATION	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	9	RC			INADEQUATE CONTROLS OVER FIN. AID ADJUSTMENTS	P
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	10	RC			FINANCIAL AID RECONCILIATION PROCESS NEEDS IMPROVEMENT	P
84.007	SUPPLEMENTAL EDUC OPP GRANTS	HIBBING C.C.	92-79	11			I	CONFLICTING INFORMATION NOT RESOLVED	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	ITASCA C.C.	92-72	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	MESABI C.C.	93-35	19			I	ADMINISTRATIVE COST ALLOWANCE INCORRECTLY CALCULATED	\$1,800
84.007	SUPPLEMENTAL EDUC OPP GRANTS	MESABI C.C.	92-78	4	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	MESABI C.C.	92-78	9			I	CONSORTIUM AGREEMENTS NOT PREPARED	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	MESABI C.C.	92-78	3	RC			INADEQUATE FEDERAL FINANCIAL AID RECORDS	P
84.007	SUPPLEMENTAL EDUC OPP GRANTS	ROCHESTER C.C.	93-35	5	RC		I	ACADEMIC PROGRESS NOT MONITORED DURING SUMMER SESSIONS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	VERMILION C.C.	92-47	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	WORTHINGTON C.C.	93-35	10			I	FINANCIAL AID TRANSCRIPTS NOT OBTAINED	NQ
84.007	SUPPLEMENTAL EDUC OPP GRANTS	WORTHINGTON C.C.	93-35	8	RC		I	STUDENT ELIGIBILITY NOT VERIFIED FOR JOINT PROGRAM	NQ
84.010	EDUCATIONALLY DEPRIVED CHILDREN	EDUCATION	93-34	8	RC			IMPROPER MONITORING AND ALLOCATION OF CARRYOVER FUNDS	NQ
84.010	EDUCATIONALLY DEPRIVED CHILDREN	EDUCATION	93-34	11			I	INADEQUATE RESOLUTION OF SUBRECIPIENT SINGLE AUDITS	P
84.010	EDUCATIONALLY DEPRIVED CHILDREN	EDUCATION	93-34	7	RC			IMPROPER MONITORING OF BUDGETS AND EXPENDITURES	NQ
84.010	EDUCATIONALLY DEPRIVED CHILDREN	EDUCATION	93-34	6	RC			INCORRECT CALCULATIONS OF SOME ENTITLEMENTS	NQ
84.027	HANDICAPPED STATE GRANTS	EDUCATION	93-34	11			I	INADEQUATE RESOLUTION OF SUBRECIPIENT SINGLE AUDITS	P
84.027	HANDICAPPED STATE GRANTS	EDUCATION	93-34	3	RC			IMPROPER MONITORING OF CARRYOVER FUNDS	P
84.027	HANDICAPPED STATE GRANTS	EDUCATION	93-34	4			I	DID NOT DISTRIBUTE ENTITLEMENTS TO NEW DISTRICTS	(\$54,524)
84.027	HANDICAPPED STATE GRANTS	EDUCATION	93-34	2			I	INADEQUATE TIME DISTRIBUTION RECORDS FOR EMPLOYEES	NQ
84.027	HANDICAPPED STATE GRANTS	EDUCATION	93-34	5	RC			OUTDATED COMPUTER SYSTEMS MANUAL	P
84.032	GUARANTEED STUDENT LOANS	ANOKA RAMSEY C.C.	93-35	16			I	INAPPROPRIATE ADJUSTMENT MADE TO COST OF ATTENDANCE	\$2,994
84.032	GUARANTEED STUDENT LOANS	BEMIDJI STATE UNIV.	93-36	1			I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.032	GUARANTEED STUDENT LOANS	C.C. SYSTEM	93-35	1			M	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	92-79	7			I	REPAYMENT OF NONINSTITUTIONAL FINANCIAL AID	NQ
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	92-79	8			I	IMPROPER WITHDRAWAL DATE USED FOR REFUND CALCULATION	NQ
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	92-79	9	RC			INADEQUATE CONTROLS OVER FIN. AID ADJUSTMENTS	P
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	92-79	11			I	CONFLICTING INFORMATION NOT RESOLVED	NQ

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

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U.S. DEPARTMENT OF EDUCATION									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	93-35	11			I	ACADEMIC PROGRESS POLICY NOT ENFORCED	\$9,500
84.032	GUARANTEED STUDENT LOANS	HIBBING C.C.	93-35	12	RC		I	LENDERS NOT NOTIFIED PROMPTLY OF STATUS CHANGES	P
84.032	GUARANTEED STUDENT LOANS	MANKATO STATE UNIV.	93-36	1			I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.032	GUARANTEED STUDENT LOANS	MESABI C.C.	92-78	9			I	CONSORTIUM AGREEMENTS NOT PREPARED	NQ
84.032	GUARANTEED STUDENT LOANS	MOORHEAD STATE UNIV.	93-36	6	RC			FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	P
84.032	GUARANTEED STUDENT LOANS	NORTH HENNEPIN C.C.	93-35	14			I	SLS LOAN IMPROPERLY CERTIFIED	\$4,000
84.032	GUARANTEED STUDENT LOANS	NORTH HENNEPIN C.C.	93-35	15			I	EXIT COUNSELING NOT ADEQUATE	P
84.032	GUARANTEED STUDENT LOANS	ROCHESTER C.C.	93-35	2			I	STAFFORD LOAN IMPROPERLY CERTIFIED	\$992
84.032	GUARANTEED STUDENT LOANS	ROCHESTER C.C.	93-35	3			I	CONFLICTING INFORMATION NOT RESOLVED	\$2,625
84.032	GUARANTEED STUDENT LOANS	ROCHESTER C.C.	93-35	4			I	UNDOCUMENTED SPECIAL CONDITION USED TO INCREASE AWARD	\$2,625
84.032	GUARANTEED STUDENT LOANS	ROCHESTER C.C.	93-35	5	RC		I	ACADEMIC PROGRESS NOT MONITORED DURING SUMMER SESSIONS	NQ
84.032	GUARANTEED STUDENT LOANS	ROCHESTER C.C.	93-35	7			I	EXIT COUNSELING NOT ADEQUATE	P
84.032	GUARANTEED STUDENT LOANS	ST. CLOUD STATE UNIV.	93-36	1			I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.032	GUARANTEED STUDENT LOANS	ST. CLOUD STATE UNIV.	93-36	3			I	EXIT COUNSELING REQUIREMENTS NEED IMPROVEMENT	NQ
84.032	GUARANTEED STUDENT LOANS	WORTHINGTON C.C.	93-35	8	RC		I	STUDENT ELIGIBILITY NOT VERIFIED FOR JOINT PROGRAM	NQ
84.032	GUARANTEED STUDENT LOANS	WORTHINGTON C.C.	93-35	10			I	FINANCIAL AID TRANSCRIPTS NOT OBTAINED	NQ
84.032	GUARANTEED STUDENT LOANS	WINONA STATE UNIV.	93-36	5			I	EXIT COUNSELING OF TRANSFER STUDENTS NEED IMPROVEMENT	P
84.033	COLLEGE WORK STUDY PROGRAM	ARROWHEAD C.C. REG.	92-44	1	MW	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	BEMIDJI STATE UNIV.	92-63	3	RC			FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	NQ
84.033	COLLEGE WORK STUDY PROGRAM	C.C. SYSTEM	93-35	1			M	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	1	MW	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	7			I	REPAYMENT OF NONINSTITUTIONAL FINANCIAL AID	NQ
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	8			I	IMPROPER WITHDRAWAL DATE USED FOR REFUND CALCULATION	NQ
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	9	RC			INADEQUATE CONTROLS OVER FIN. AID ADJUSTMENTS	P
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	10	RC			FINANCIAL AID RECONCILIATION PROCESS NEEDS IMPROVEMENT	P
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	92-79	11			I	CONFLICTING INFORMATION NOT RESOLVED	NQ
84.033	COLLEGE WORK STUDY PROGRAM	HIBBING C.C.	93-35	11			I	ACADEMIC PROGRESS POLICY NOT ENFORCED	\$477
84.033	COLLEGE WORK STUDY PROGRAM	ITASCA C.C.	92-72	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	LAKEWOOD C.C.	92-86	7	RC	I		INADEQUATE CASH MANAGEMENT	NQ
84.033	COLLEGE WORK STUDY PROGRAM	MESABI C.C.	92-78	3	RC			INADEQUATE FEDERAL FINANCIAL AID RECORDS	P
84.033	COLLEGE WORK STUDY PROGRAM	MESABI C.C.	92-78	4	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	MESABI C.C.	92-78	9			I	CONSORTIUM AGREEMENTS NOT PREPARED	NQ
84.033	COLLEGE WORK STUDY PROGRAM	MESABI C.C.	93-35	19			I	ADMINISTRATIVE COST ALLOWANCE INCORRECTLY CALCULATED	\$1,800
84.033	COLLEGE WORK STUDY PROGRAM	ROCHESTER C.C.	93-35	5	RC		I	ACADEMIC PROGRESS NOT MONITORED DURING SUMMER SESSIONS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	VERMILION C.C.	92-47	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.033	COLLEGE WORK STUDY PROGRAM	WORTHINGTON C.C.	93-35	8	RC		I	STUDENT ELIGIBILITY NOT VERIFIED FOR JOINT PROGRAM	NQ

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

U.S. DEPARTMENT OF EDUCATION									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC	PROBLEM	FIN IMPACT	
84.033	COLLEGE WORK STUDY PROGRAM	WORTHINGTON C.C.	93-35	10		I	FINANCIAL AID TRANSCRIPTS NOT OBTAINED	NQ	
84.038	PERKINS LOAN PROGRAM	ARROWHEAD C.C. REG.	92-44	1	MW	I	NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ	
84.038	PERKINS LOAN PROGRAM	BEMIDJI STATE UNIV.	92-63	3	RC		FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	NQ	
84.038	PERKINS LOAN PROGRAM	BEMIDJI STATE UNIV.	93-36	1		I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	C.C. SYSTEM	93-35	1		M	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	1	MW	I	NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	6	RC	I	AWARDING AND CASH MGMT PROCEDURES NEED IMPROVEMENT	P	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	7		I	REPAYMENT OF NONINSTITUTIONAL FINANCIAL AID	NQ	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	8		I	IMPROPER WITHDRAWAL DATE USED FOR REFUND CALCULATION	NQ	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	9	RC		INADEQUATE CONTROLS OVER FIN. AID ADJUSTMENTS	P	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	10	RC		FINANCIAL AID RECONCILIATION PROCESS NEEDS IMPROVEMENT	P	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	92-79	11		I	CONFLICTING INFORMATION NOT RESOLVED	NQ	
84.038	PERKINS LOAN PROGRAM	HIBBING C.C.	93-35	11		I	ACADEMIC PROGRESS POLICY NOT ENFORCED	\$1,000	
84.038	PERKINS LOAN PROGRAM	ITASCA C.C.	92-72	1	RC	I	NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ	
84.038	PERKINS LOAN PROGRAM	MANKATO STATE UNIV.	93-36	1		I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	MESABI C.C.	92-78	3	RC		INADEQUATE FEDERAL FINANCIAL AID RECORDS	P	
84.038	PERKINS LOAN PROGRAM	MESABI C.C.	92-78	7	RC		INADEQUATE CONTROLS OVER RECORDING OF LOANS	P	
84.038	PERKINS LOAN PROGRAM	MESABI C.C.	92-78	8		I	NONCOMPLIANCE WITH MATCHING REQUIREMENTS	NQ	
84.038	PERKINS LOAN PROGRAM	MESABI C.C.	92-78	9		I	CONSORTIUM AGREEMENTS NOT PREPARED	NQ	
84.038	PERKINS LOAN PROGRAM	MESABI C.C.	93-35	19		I	ADMINISTRATIVE COST ALLOWANCE INCORRECTLY CALCULATED	\$1,800	
84.038	PERKINS LOAN PROGRAM	MOORHEAD STATE UNIV.	93-36	6	RC		FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	P	
84.038	PERKINS LOAN PROGRAM	NORMANDALE C.C.	93-35	17		I	LOANS NOT AWARDED WITHIN FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	RAINY RIVER C.C.	92-71	2	RC	I	INADEQUATE MANAGEMENT OF LOAN FUNDS	P	
84.038	PERKINS LOAN PROGRAM	ROCHESTER C.C.	93-35	5	RC	I	ACADEMIC PROGRESS NOT MONITORED DURING SUMMER SESSIONS	NQ	
84.038	PERKINS LOAN PROGRAM	ROCHESTER C.C.	93-35	6		I	LOANS NOT AWARDED WITHIN FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	ST. CLOUD STATE UNIV.	93-36	1		I	PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ	
84.038	PERKINS LOAN PROGRAM	ST. CLOUD STATE UNIV.	93-36	2	RC		PROMISSORY NOTES SIGNED BEFORE TIME OF DISBURSEMENT	P	
84.038	PERKINS LOAN PROGRAM	VERMILION C.C.	92-47	2		I	INADEQUATE MANAGEMENT OF LOAN FUNDS	P	
84.038	PERKINS LOAN PROGRAM	VERMILION C.C.	92-47	3	RC		INADEQUATE SEPARATION OF DUTIES OVER LOAN MGMT	P	
84.038	PERKINS LOAN PROGRAM	WILLMAR C.C.	93-35	13	RC	I	FINANCIAL AID TRANSCRIPTS NOT OBTAINED	\$1,500	
84.038	PERKINS LOAN PROGRAM	WINONA STATE UNIV.	93-36	4		I	REPAYMENTS APPLIED TO BORROWER ACCOUNTS INCORRECTLY	P	
84.038	PERKINS LOAN PROGRAM	WORTHINGTON C.C.	93-35	8	RC	I	STUDENT ELIGIBILITY NOT VERIFIED FOR JOINT PROGRAM	NQ	
84.038	PERKINS LOAN PROGRAM	WORTHINGTON C.C.	93-35	9		I	LOAN COUNSELING NOT ADEQUATE	P	
84.038	PERKINS LOAN PROGRAM	WORTHINGTON C.C.	93-35	10		I	FINANCIAL AID TRANSCRIPTS NOT OBTAINED	NQ	
84.063	PELL GRANT PROGRAM	ARROWHEAD C.C. REG.	92-44	1	MW	I	NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ	

THE ATTACHED EXPLANATION IS AN INTEGRAL PART OF THIS SCHEDULE.

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

U.S. DEPARTMENT OF EDUCATION									
CFDA NO.	PROGRAM NAME	STATE AGENCY	RPT NO.	FIND NO.	INT CONT.	COMPLIANCE GEN.	SPEC.	PROBLEM	FIN IMPACT
84.063	PELL GRANT PROGRAM	BEMIDJI STATE UNIV.	92-63	3	RC			FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	NQ
84.063	PELL GRANT PROGRAM	BEMIDJI STATE UNIV.	93-36	1		I		PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.063	PELL GRANT PROGRAM	C.C. SYSTEM	93-35	1		M		PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.063	PELL GRANT PROGRAM	FERGUS FALLS C.C.	93-35	18		I		CONFLICTING INFORMATION NOT RESOLVED	NQ
84.063	PELL GRANT PROGRAM	FERGUS FALLS RTC	92-51	1		I		NONCOMPLIANCE WITH STUDENT ELEGIBILITY REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	1	MW	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	8		I		IMPROPER WITHDRAWAL DATE USED FOR REFUND CALCULATION	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	12		I		IMPROPER COMPLETION OF SPECIAL CONDITION FORM	\$374
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	11		I		CONFLICTING INFORMATION NOT RESOLVED	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	9	RC			INADEQUATE CONTROLS OVER FIN. AID ADJUSTMENTS	P
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	7		I		REPAYMENT OF NONINSTITUTIONAL FINANCIAL AID	NQ
84.063	PELL GRANT PROGRAM	HIBBING C.C.	92-79	10	RC			FINANCIAL AID RECONCILIATION PROCESS NEEDS IMPROVEMENT	P
84.063	PELL GRANT PROGRAM	HIBBING C.C.	93-35	11		I		ACADEMIC PROGRESS POLICY NOT ENFORCED	\$5,850
84.063	PELL GRANT PROGRAM	ITASCA C.C.	92-72	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	MANKATO STATE UNIV.	93-36	1		I		PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.063	PELL GRANT PROGRAM	MESABI C.C.	92-78	3	RC			INADEQUATE FEDERAL FINANCIAL AID RECORDS	P
84.063	PELL GRANT PROGRAM	MESABI C.C.	92-78	4	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	MESABI C.C.	92-78	9		I		CONSORTIUM AGREEMENTS NOT PREPARED	NQ
84.063	PELL GRANT PROGRAM	MOORHEAD STATE UNIV.	93-36	6	RC			FEDERAL CASH MANAGEMENT NEEDS IMPROVEMENT	P
84.063	PELL GRANT PROGRAM	RAINY RIVER C.C.	92-71	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	ROCHESTER C.C.	93-35	3		I		CONFLICTING INFORMATION NOT RESOLVED	\$1,650
84.063	PELL GRANT PROGRAM	ROCHESTER C.C.	93-35	4		I		UNDOCUMENTED SPECIAL CONDITION USED TO INCREASE AWARD	\$1,650
84.063	PELL GRANT PROGRAM	ROCHESTER C.C.	93-35	5	RC	I		ACADEMIC PROGRESS NOT MONITORED DURING SUMMER SESSIONS	NQ
84.063	PELL GRANT PROGRAM	ST. CLOUD STATE UNIV.	93-36	1		I		PROGRESS POLICIES DO NOT MEET FEDERAL GUIDELINES	NQ
84.063	PELL GRANT PROGRAM	VERMILION C.C.	92-47	1	RC	I		NONCOMPLIANCE WITH CASH MANAGEMENT REQUIREMENTS	NQ
84.063	PELL GRANT PROGRAM	WORTHINGTON C.C.	93-35	8	RC	I		STUDENT ELIGIBILITY NOT VERIFIED FOR JOINT PROGRAM	NQ
84.063	PELL GRANT PROGRAM	WORTHINGTON C.C.	93-35	10		I		FINANCIAL AID TRANSCRIPTS NOT OBTAINED	NQ
84.181	INFANTS/TODDLERS DISABILITIES	EDUCATION	93-34	2		I		INADEQUATE TIME DISTRIBUTION RECORDS FOR EMPLOYEES	NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

<i>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</i>										
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM		FIN IMPACT
93.020	FAMILY SUPPORT PROGRAM	HUMAN SERVICES	93-32	2			I	NO IDENTIFICATION OF UNACCESSED ELECTRONIC BENEFITS		NQ
93.020	FAMILY SUPPORT PROGRAM	HUMAN SERVICES	93-32	1	RC			INADEQUATE CONTROL OVER SOFTWARE CHANGES IN MAXIS		P
93.020	FAMILY SUPPORT PROGRAM	HUMAN SERVICES	93-32	3			I	NO IDENTIFICATION AND RECOVERY OF CERTAIN FUNDS		NQ
93.994	MATERNAL & CHILD HEALTH BLOCK	HEALTH	93-14	2			I	SUBRECIPIENT MONITORING SYSTEM NEEDS IMPROVEMENT		P

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

<i>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE		PROBLEM	FIN IMPACT
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	TENANT FILE DID NOT INCLUDE CHILD SUPPORT INFORMATION	\$56
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA			I		CASH MANAGEMENT POLICY NEEDS HUD APPROVAL	P
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	ONE PROJECT DID NOT REQUEST CONTRACT RENT ADJUSTMENT	NQ
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	INADEQUATE PROCESS TO HANDLE UTILITY ALLOWANCE ADJS	P
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	INCORRECT CONTRACT RENT ADJUSTMENT FOR ONE TENANT	\$2
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	TENANT FILE DID NOT CONFIRM MEDICAL EXPENSES	\$9
14.156	LOWER INCOME HOUSING ASSISTANCE	HOUSING FINANCE	CPA				I	FOUR TENANT FILES INCOMPLETE	P

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992

U.S. DEPARTMENT OF JUSTICE										
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM		FIN IMPACT
16.579	DRUG CONTROL & SYSTEMS IMPROV.	PUBLIC SAFETY	93-25	4	MW	I		INTERNAL CONTROLS NEED IMPROVEMENT		NQ
16.579	DRUG CONTROL & SYSTEMS IMPROV.	PUBLIC SAFETY	93-25	5		I		DEPARTMENT IS NOT REPORTING DRUG FORFEITURE INCOME		NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

<i>U.S. DEPARTMENT OF LABOR</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
17.225	UNEMPLOYMENT INSURANCE	JOBS AND TRAINING	93-27	2			M	EXCESSIVE CASH BALANCES IN THE CLEARING ACCOUNT	\$19 M
17.225	UNEMPLOYMENT INSURANCE	JOBS AND TRAINING	93-27	3			I	REPORTS STATING CONFLICTING FEDERAL AMOUNTS	NQ
17.500	OCCUPATIONAL SAFETY & HEALTH	LABOR AND INDUSTRY	93-9	1	RC			RECEIPTS PROCESSING DUTIES ARE INADEQUATELY SEPARATED	P

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR
STATEWIDE SINGLE AUDIT
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS
FISCAL YEAR ENDED JUNE 30, 1992**

<i>U.S. DEPARTMENT OF TRANSPORTATION</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
20.100	AVIATION EDUCATION	TRANSPORTATION	93-18	2		I		INDIRECT COST PLAN NOT SUBMITTED TIMELY	NQ
20.106	AIRPORT IMPROVEMENT PROGRAM	TRANSPORTATION	IA	5	RC			NEED FOR TIMELY REIMBURSEMENT TO SUBRECIPIENTS	P
20.205	HIGHWAY RESEARCH/PLANNING/CONST.	TRANSPORTATION	IA	2	RC			NEED TO MONITOR CONTRACTOR'S PAYROLL	P
20.205	HIGHWAY RESEARCH/PLANNING/CONST.	TRANSPORTATION	IA	4	RC			NEED TO FOLLOW-UP ON MISSING PAYROLLS	P
20.500	FEDERAL TRANSIT CAPITAL IMPROVE.	TRANSPORTATION	93-18	2		I		INDIRECT COST PLAN NOT SUBMITTED TIMELY	NQ
20.505	FED. TRANSIT TECH. STUDIES GRANT	TRANSPORTATION	93-18	2		I		INDIRECT COST PLAN NOT SUBMITTED TIMELY	NQ
20.509	PUBLIC TRANSPORT. NONURBAN AREAS	TRANSPORTATION	93-18	2		I		INDIRECT COST PLAN NOT SUBMITTED TIMELY	NQ

**Office of the Legislative Auditor
Statewide Single Audit**

**Schedule of Audit Findings
for Federal Programs
Fiscal Year Ended June 30, 1992**

Explanation of the Schedule

I. Purpose

This schedule is presented to accommodate the federal inspectors general, program staff and other federal officials in resolving audit findings associated with specific major and nonmajor federal programs. This schedule is intended primarily to be a reference to the individual audit reports which we have issued to each affected state agency.

All audit report findings associated with major and nonmajor federal programs are included in this schedule. We classified findings separately related to internal control, and program specific, or general compliance.

This schedule is not intended to replace the individual audit reports and the respective state agency responses. The audit reports contain a detailed discussion of each finding, as well as the state agency's formal response to the findings. Therefore, 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 1992 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.

Audit reports are issued to state agencies during the Statewide Financial and Compliance Audit (Statewide Single Audit), and to state agencies during our interim audit period. The state agency is allowed the opportunity to respond to the audit report. When their written response is received, it becomes an integral attachment to the audit report.

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 report number. Column 5 refers to the 1992 finding number in the respective audit report which contains the discussion of the problem area. In addition to audit report and finding numbers, appearing in columns 4 and 5, 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. "CPA" denotes the audit report was completed by a certified public accounting firm for the Housing Finance Agency.

III. Audit Findings

A. Internal Control

Internal control findings are referenced in the sixth column. The internal control findings are characterized as either reportable conditions (RC) or material weaknesses (MW) relative to the federal program. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the state's ability to administer a federal financial assistance program in accordance with applicable laws and regulations. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level of risk that noncompliance with laws and regulations that would be material to a federal program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

The weaknesses reported in the schedule are material to the financial activities of the individual federal programs. These items are not material in relation to the financial activities of the state as a whole. The reader should refer

to the individual state agency audit report to judge the materiality of these weaknesses at the state agency level.

B. Compliance - General and Specific Requirements

Compliance findings are referenced in the seventh and eighth columns. Compliance findings relate to either the specific program requirements or the general requirements related to federal laws and regulations. Most of these requirements are outlined in the U.S. Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Compliance findings are categorized into immaterial (I) and material (M) non-compliance with federal laws and regulations. Material instances of noncompliance are failures to follow requirements or violations of prohibition, contained in laws, regulations, contracts, or grants, that cause the auditor to conclude that the aggregation of misstatements resulting from those failures or violations is material to a federal program. These items are not material in relation to the financial activities of the state as a whole. The reader should also refer to the individual audit report to judge the materiality of these issues at the state agency level.

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. 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 1992. 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. |
| NQ | 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. |
| [Amount] | Signifies that a finding results in a quantifiable 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, (5) the appropriate disposition of unexpended funds in federal accounts has not been determined, and (6) subrecipient questioned costs not collected by the respective state agency.

Quantifying an amount 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 an unauthorized purpose. However, certain quantified amounts may result in the state's having to repay some part of its federal grant monies. 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 financial aid 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. Subrecipients

Subrecipient 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, 1992.

IV. Conclusions

This was the tenth 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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