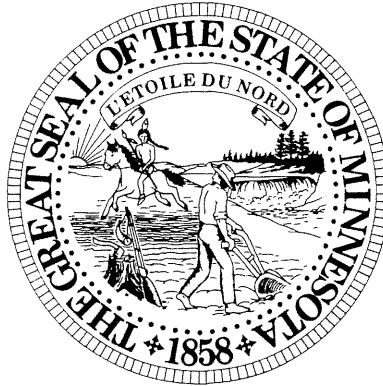


# State of Minnesota



## **Financial and Compliance Report**

**on**

## **Federally Assisted Programs**

**for the year ended**

**June 30, 1995**

### **Prepared Through a Cooperative Agreement Between**

Department of Finance

Office of the Legislative Auditor

Office of the State Auditor

U.S. Department of Agriculture

Laura M. King, Commissioner

James R. Nobles, Legislative Auditor

Judith H. Dutcher, State Auditor

Edward R. Krivus, Regional Inspector  
General for Audit



# 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, 1995**

Public Release Date: June 28, 1996

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The Office of the Legislative Auditor has released the *Financial and Compliance Report on Federally Assisted Programs* for the year ended June 30, 1995. Federal programs totaling \$4.4 billion were covered in the 1995 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 organization-wide 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 approximately 300 federal programs administered by the state. The second section discusses internal control and compliance aspects related to these grant programs.

We reviewed 33 major federal programs, representing 93 percent of the 1995 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 87 audit findings related to the state's administration of federal programs. Seventy of these findings related to student financial aid programs. Of the student financial aid findings, 29 were previously reported in the Community College System and State University System audit reports for the year ended June 30, 1994. The remaining 17 audit findings concerned federal programs administered by six 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.

296-1235



**State of Minnesota**  
**Financial and Compliance Report**  
**On Federally Assisted Programs**  
**Fiscal Year Ended June 30, 1995**

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**State of Minnesota  
Department of Finance**

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May 16, 1996

The Honorable Arne H. Carlson, Governor

Members of the Legislature

I am submitting the State of Minnesota Financial and Compliance Report on Federally Assisted Programs for the year ended June 30, 1995. 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 agencies determined to be a part of the state's reporting entity as a primary government and its blended component units. 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. The Higher Education Coordinating Board, the Housing Finance Agency and the Public Facilities Authority are no longer considered part of the primary government or its blended component units and therefore are not included in this report.

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. I believe these statements provide a fair representation of financial activity for federal programs for the year ended June 30, 1995.

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.

## **Federal Financial Assistance to the State of Minnesota**

In fiscal year 1995 the State of Minnesota received approximately \$3.2 billion in federal assistance for its many programs. Included in this amount is \$19 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, Social Service Block Grant, Child Support Enforcement, and Foster Care 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; 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; Low Income Home Energy Assistance, Unemployment Insurance, and Rehabilitation Services Basic Support in the Department of Economic Security; and Community Development Block Grant-States Program in the Department of Trade and Economic Development.

## **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.

## **Report**

This single audit report supplements the state's Comprehensive Annual Financial Report for the year ended June 30, 1995, 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.

### **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.

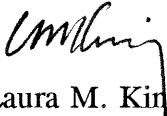
- The *Minnesota Department of Finance* serves as the lead state agency representing all Minnesota state agencies receiving federal funds; coordinates single audit requirements; and is responsible for the preparation of the annual financial statements and supplemental financial statements on all federal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

Warmest regards,

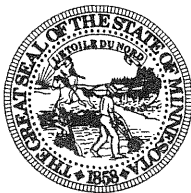
A handwritten signature in black ink, appearing to read 'LM King', written over the printed name.

Laura M. King  
Commissioner

## **FINANCIAL SECTION**

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STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

CENTENNIAL BUILDING, 658 CEDAR STREET • ST. PAUL, MN 55155 • 612/296-4708 • TDD RELAY 612/297-5353

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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

Members of the Legislature

The Honorable Arne H. Carlson, Governor

Laura M. King, Commissioner of Finance

Edward R. Krivus, 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, 1995, and have issued our report thereon dated December 1, 1995. 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.

A handwritten signature in cursive script, reading "James R. Nobles".

James R. Nobles  
Legislative Auditor

A handwritten signature in cursive script, reading "John Asmussen".

John Asmussen, CPA  
Deputy Legislative Auditor

May 16, 1996

**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995**

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
AGRICULTURE	FOOD DISTRIBUTION	10.550	AGRICULTURE	\$9,000	\$	\$9,000
		10.550	ECONOMIC SECURITY	1,325,568		1,325,568
		10.550	EDUCATION	15,758,717		15,758,717
			TOTAL PROGRAM 10.550	17,093,285		17,093,285
	FOOD STAMPS	10.551	a HUMAN SERVICES	12,664,194		12,664,194
	NATIONAL SCHOOL LUNCH PROGRAM	10.555	EDUCATION	58,327,131	4,904,876	63,232,007
	SPECIAL FOOD/WOMEN/INFANTS & CHILDREN	10.557	AGRICULTURE	139,567		139,567
		10.557	HEALTH	52,930,477		52,930,477
			TOTAL PROGRAM 10.557	53,070,044		53,070,044
	CHILD & ADULT CARE FOOD PROGRAM	10.558	EDUCATION	63,183,783		63,183,783
DEFENSE	STATE ADMIN MATCHING GRANTS-FOOD STAMP	10.561	a HUMAN SERVICES	26,496,972	6,736,114	33,233,086
	MILITARY AFFAIRS OPERATIONS	12.00X	b MILITARY AFFAIRS	12,966,653	1,042,913	14,009,566
EDUCATION	CHAPTER 1-LOCAL EDUCATION AGENCIES	84.010	EDUCATION	60,019,074		60,019,074
	SPECIAL EDUCATION STATE GRANTS	84.027	EDUCATION	28,005,991	5,601,198	33,607,189
	FEDERAL PERKINS LOAN PROGRAM	84.038	c COMMUNITY COLLEGE SYSTEM	79,317		79,317
		84.038	c STATE UNIVERSITY SYSTEM	230,391		230,391
			TOTAL PROGRAM 84.038	309,708		309,708

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

STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	VOCATIONAL EDUCATION-BASIC STATE GRANTS	84.048	STATE UNIVERSITY SYSTEM	\$34,139	\$	\$34,139
		84.048	TECHNICAL COLLEGE SYSTEM	14,930,566		14,930,566
			TOTAL PROGRAM 84.048	14,964,705		14,964,705
	FEDERAL PELL GRANT PROGRAM	84.063	COMMUNITY COLLEGE SYSTEM	21,662,758		21,662,758
		84.063	STATE UNIVERSITY SYSTEM	18,445,177		18,445,177
			TOTAL PROGRAM 84.063	40,107,935		40,107,935
	REHABILITATION SERVICES BASIC SUPPORT	84.126	ECONOMIC SECURITY	37,407,536	10,519,465	47,927,001
	WEATHERIZATION ASSISTANCE-LOW INCOME	81.042	a ECONOMIC SECURITY	11,838,897		11,838,897
HEALTH & HUMAN SERVICES	STATES FAMILY SUPPORT PAYMENTS	93.560	EDUCATION	437,061		437,061
		93.560	HUMAN SERVICES	245,678,142	278,746,491	524,424,633
			TOTAL PROGRAM 93.560	246,115,203	278,746,491	524,861,694
	JOB OPPORTUNITIES & BASIS SKILLS TRAINING	93.561	HUMAN SERVICES	15,192,739	9,055,190	24,247,929
	CHILD SUPPORT ENFORCEMENT	93.563	HUMAN SERVICES	37,035,452	15,362,228	52,397,680
	LOW-INCOME HOME ENERGY ASSISTANCE	93.568	ECONOMIC SECURITY	65,251,118		65,251,118
	CHILD CARE & DEVELOPMENT BLOCK GRANT	93.575	HUMAN SERVICES	13,720,773		13,720,773
	FOSTER CARE - TITLE IV-E	93.658	HUMAN SERVICES	40,994,780	4,751,189	45,745,969
	SOCIAL SERVICES BLOCK GRANT	93.667	HUMAN SERVICES	48,426,707		48,426,707
	MEDICAL ASSISTANCE PROGRAM	93.778	HEALTH	66,166		66,166
		93.778	HUMAN SERVICES	1,521,189,460	1,186,140,972	2,707,330,432
			TOTAL PROGRAM 93.778	1,521,255,626	1,186,140,972	2,707,396,598

Footnote: a. See note 6.

**STATE OF MINNESOTA  
MAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995**

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	SOCIAL SECURITY-DISABILITY INSURANCE	93.802	ECONOMIC SECURITY	\$13,186,747	\$	\$13,186,747
	SUBSTANCE ABUSE PREVENTIVE TREATMENT	93.959	HUMAN SERVICES	17,890,413		17,890,413
	MATERNAL & CHILD HEALTH SERVICES BLOCK	93.994	HEALTH	12,611,347	5,449,160	18,060,507
HOUSING & URBAN DEVELOPMENT	COMMUNITY DEVELOPMENT BLOCK-STATES	14.228	TRADE & ECONOMIC DVLP	32,428,530	252,409	32,680,939
LABOR	EMPLOYMENT SERVICE	17.207	ECONOMIC SECURITY	14,789,371		14,789,371
	UNEMPLOYMENT INSURANCE	17.225	ECONOMIC SECURITY	43,433,437		43,433,437
	DISLOCATED WORKERS-EMPLOYMENT & TRNG	17.246	ECONOMIC SECURITY	14,810,754		14,810,754
	JOB TRAINING PARTNERSHIP ACT	17.250	ECONOMIC SECURITY	27,512,133		27,512,133
		17.250	EDUCATION	190,851		190,851
			TOTAL PROGRAM 17.250	27,702,984		27,702,984
TRANSPORTATION	AIRPORT IMPROVEMENT	20.106	TRANSPORTATION	29,830,580	898,056	30,728,636
	HIGHWAY PLANNING & CONSTRUCTION	20.205	a NATURAL RESOURCES	11,500		11,500
		20.205	a PUBLIC SAFETY	293,471		293,471
		20.205	a TRANSPORTATION	268,758,847	6,408,763	275,167,610
			TOTAL PROGRAM 20.205	269,063,818	6,408,763	275,472,581
TOTAL MAJOR PROGRAMS				\$2,900,196,287	\$1,535,869,024	\$4,436,065,311

Footnote: a. See note 2.



STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
AGRICULTURE	PLANT/ANIMAL DISEASE/CARE/PEST CONTROLS	10.025	AGRICULTURE	\$48,637	\$	\$48,637
	COMMODITY LOANS AND PURCHASES	10.051	AGRICULTURE	144,023		144,023
	CONSERVATION RESERVE PROGRAM	10.069	NATURAL RESOURCES	81,500		81,500
	FEDERAL-STATE MARKETING IMPROVEMENT	10.156	AGRICULTURE	131,935	75,653	207,588
	INSPECTION GRADING & STANDARDIZATION	10.162	AGRICULTURE	217,584		217,584
	AGRICULTURAL COMPETITIVE RESEARCH	10.206	STATE UNIVERSITY SYSTEM	53,909		53,909
	AGRICULTURAL & RURAL ECONOMIC RESEARCH	10.250	STATE UNIVERSITY SYSTEM	312		312
	MEAT & POULTRY INSPECTION	10.477	AGRICULTURE	93,380		93,380
	COOPERATIVE EXTENSION SERVICE	10.500	STATE UNIVERSITY SYSTEM	24,639	7,638	32,277
	SCHOOL BREAKFAST PROGRAM	10.553	EDUCATION	9,366,555		9,366,555
	SPECIAL MILK PROGRAM FOR CHILDREN	10.556	EDUCATION	867,583		867,583
	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	10.559	EDUCATION	2,247,434		2,247,434
	STATE ADMIN EXPENSES FOR CHILD NUTRITION	10.560	EDUCATION	1,970,570	163,000	2,133,570
	NUTRITION EDUCATION & TRAINING PROGRAM	10.564	EDUCATION	211,951		211,951
	COMMODITY SUPPLEMENTAL FOOD PROGRAM	10.565	HEALTH	502,956		502,956
	TEMPORARY EMERGENCY FOOD ASSISTANCE	10.568	ECONOMIC SECURITY	535,011	104,980	639,991
	NUTRITION PROGRAM FOR THE ELDERLY	10.570	HUMAN SERVICES	2,953,367		2,953,367
	FORESTRY RESEARCH	10.652	NATURAL RESOURCES	8,691	21,276	29,967
	COOPERATIVE FORESTRY ASSISTANCE	10.664	NATURAL RESOURCES	1,891,961	1,470,375	3,362,336
	SCHOOLS AND ROADS-GRANTS TO STATES	10.665	FINANCE	1,552,208		1,552,208
	ADDITIONAL LANDS-GRANTS TO MINNESOTA	10.668	FINANCE	1,266,660		1,266,660
	BOUNDARY WATER CANOE AREA-FOREST PROGRAMS	10.669	NATURAL RESOURCES	20,049		20,049
	MULTIRESOURCE FOREST MANAGEMENT PROJECT	10.6XX a	NATURAL RESOURCES	10,566		10,566
	INDUSTRIAL DEVELOPMENT GRANTS	10.769	TRADE & ECONOMIC DEVELOP	8,955		8,955
	RESOURCE CONSERVATION & DEVELOPMENT	10.901	NATURAL RESOURCES	39,211	9,802	49,013
	WATERSHED PROTECTION & FLOOD PREVENTION	10.904	NATURAL RESOURCES	6,433		6,433
COMMERCE	TRADE DEVELOPMENT	11.110	TRADE & ECONOMIC DEVELOP	7,440		7,440
	ECONOMIC DEVELOPMENT-TECHNICAL ASSISTANCE	11.303	STATE UNIVERSITY SYSTEM	109,747	31,061	140,808
	STATE & LOCAL ECONOMIC DEVELOPMENT PLANNING	11.305	TRADE & ECONOMIC DEVELOP	16,253		16,253
	ECONOMIC DEVELOPMENT & ADJUSTMENT PROGRAM	11.307	TRADE & ECONOMIC DEVELOP	124,852		124,852
	WEATHER & RIVER FORECASTS & WARNINGS	11.404	PUBLIC SAFETY	27,026		27,026
	INTERJURISDICTIONAL FISHERIES ACT OF 1986	11.407	NATURAL RESOURCES	20,298	14,055	34,353
	FISHERY PRODUCTS INSPECTION/CERTIFICATION	11.413	AGRICULTURE	122,089		122,089
	COASTAL ZONE MANAGEMENT ADMIN AWARDS	11.419	NATURAL RESOURCES	99,521	59,490	159,011
	MEASUREMENT & ENGINEERING RESEARCH & STDS	11.609	STATE UNIVERSITY SYSTEM	58,697		58,697

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

STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
DEFENSE	FLOOD PLAIN MANAGEMENT SERVICES	12.104	FINANCE	\$10,175	\$	\$10,175
	REIMBURSEMENT OF TECHNICAL SERVICES	12.113	POLLUTION CONTROL	420,978		420,978
	MILITARY CONSTRUCTION, NATIONAL GUARD	12.400	MILITARY AFFAIRS	1,238,317		1,238,317
	AIR FORCE DEFENSE RESEARCH SCIENCES	12.800	STATE UNIVERSITY SYSTEM	642,039	353,121	995,160
EDUCATION	ADULT EDUCATION-STATE ADMINISTERED	84.002	EDUCATION	3,197,890		3,197,890
	DESEGREGATION ASSIST/CIVIL RIGHTS TRAINING	84.004	EDUCATION	262,626		262,626
	SUPPLEMENTAL EDUCATION OPPORTUNITY GRANTS	84.007	COMMUNITY COLLEGE SYSTEM	771,696	560,793	1,332,489
		84.007	STATE UNIVERISTY SYSTEM	2,689,820	536,120	3,225,940
	CHILDREN WITH DISABILITES-STATE OPERATED SCHOOL	84.009	EDUCATION	2,071,781		2,071,781
	INTEREST SUBSIDY	84.00X a	STATE TREASURER	73,286		73,286
	MIGRANT EDUCATION-BASIC STATE FORMULA	84.011	EDUCATION	2,021,651		2,021,651
	EDUCATIONALLY DEPRIVED CHILDREN-STATE ADM	84.012	EDUCATION	551,945		551,945
	TITLE I-NEGLECTED & DELINQUENT CHILDREN	84.013	EDUCATION	212,175		212,175
	UNDERGRADUATE INTERNATIONAL STUDIES	84.016	COMMUNITY COLLEGE SYSTEM	24,277		24,277
	SPECIAL EDUCATION INNOVATION & DEVELOPMENT	84.023	STATE UNIVERSITY SYSTEM	776		776
	EARLY ED FOR CHILDREN WITH DISABILITIES	84.024	STATE UNIVERSITY SYSTEM	56,381		56,381
	SERVICES FOR CHILDREN WITH DEAF-BLINDNESS	84.025	EDUCATION	195,805		195,805
	PERSONNEL DEVELOPMENT & PARENT TRAINING	84.029	STATE UNIVERSITY SYSTEM	68,346		68,346
		84.029	EDUCATION	333,043		333,043
	HIGHER EDUCATION-INSTITUTIONAL AID	84.031	STATE UNIVERSITY SYSTEM	718,295		718,295
		84.031	COMMUNITY COLLEGE SYSTEM	30,390		30,390
	FEDERAL WORK-STUDY PROGRAM	84.033	COMMUNITY COLLEGE SYSTEM	1,552,789	665,481	2,218,270
		84.033	STATE UNIVERSITY SYSTEM	3,161,048	801,842	3,962,890
	PUBLIC LIBRARY SERVICES	84.034	EDUCATION	1,467,315		1,467,315
	INTERLIBRARY CO-OP & RESOURCE SHARING	84.035	EDUCATION	337,995		337,995
	IMPACT AID-FACILITIES MAINTENANCE	84.040	STATE UNIVERSITY SYSTEM	131,827		131,827
	STUDENT SUPPORT SERVICES	84.042	STATE UNIVERSITY SYSTEM	839,391	102,325	941,716
		84.042	COMMUNITY COLLEGE SYSTEM	2,407,658		2,407,658
	TALENT SEARCH	84.044	COMMUNITY COLLEGE SYSTEM	404,815		404,815
		84.044	STATE UNIVERSITY SYSTEM	60,701	14,383	75,084
	UPWARD BOUND	84.047	STATE UNIVERSITY SYSTEM	694,325	28,403	722,728
		84.047	COMMUNITY COLLEGE SYSTEM	1,549,571		1,549,571
	VOC ED-CONSUMER & HOMEMAKER EDUCATION	84.049	TECHNICAL COLLEGE SYSTEM	433,123		433,123
	VOCATIONAL EDUCATION-STATE COUNCILS	84.053	TECHNICAL COLLEGE SYSTEM	161,399		161,399
	HIGHER EDUCATION-COOPERATIVE EDUCATION	84.055	COMMUNITY COLLEGE SYSTEM	17		17

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

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
EDUCATION (CONTINUED)	VETERANS EDUCATION OUTREACH PROGRAM	84.064	COMMUNITY COLLEGE SYSTEM	\$436	\$	\$436
	EDUCATIONAL OPPORTUNITY CENTERS	84.066	COMMUNITY COLLEGE SYSTEM	337,829		337,829
	CAREER EDUCATION	84.074	STATE UNIVERSITY SYSTEM	100		100
	DISABLED PERSONS POSTSECONDARY EDUCATION	84.078	COMMUNITY COLLEGE SYSTEM	86,709		86,709
	SPECIAL EDUCATION-SEVERELY DISABLED PROGRAM	84.086	EDUCATION	465,271		465,271
	PATRICIA ROBERTS HARRIS FELLOWSHIPS	84.094	STATE UNIVERSITY SYSTEM	1,168		1,168
	IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	EDUCATION	58,373		58,373
		84.116	STATE UNIVERSITY SYSTEM	99,020	8,467	107,487
	REHABILITATION LONG TERM TRAINING	84.129	STATE UNIVERSITY SYSTEM	118,656	14,629	133,285
	CENTERS FOR INDEPENDENT LIVING	84.132	ECONOMIC SECURITY	323,076		323,076
	CHAPTER 2-STATE BLOCK GRANTS	84.151	EDUCATION	6,369,703		6,369,703
	PUBLIC LIBRARY CONSTRUCTION/TECHNOLOGY	84.154	EDUCATION	423,298		423,298
	TRANSITIONAL SERVICES FOR DISABLED YOUTH	84.158	EDUCATION	703,288		703,288
	DISABLED-SPECIAL STUDIES & EVALUATION	84.159	EDUCATION	29,763		29,763
	EMERGENCY IMMIGRANT EDUCATION	84.162	EDUCATION	212,121		212,121
	LIBRARY SERVICES FOR INDIAN TRIBES	84.163	STATE UNIVERSITY SYSTEM	50,070		50,070
	EISENHOWER MATH & SCIENCE EDUCATION-STATE	84.164	EDUCATION	2,450,887		2,450,887
		84.164	STATE UNIVERSITY SYSTEM	359,806	44,822	404,628
	LIBRARY LITERACY	84.167	STATE UNIVERSITY SYSTEM	92,833		92,833
	EISENHOWER PROFESSIONAL DEVELOPMENT	84.168	EDUCATION	73,361		73,361
		84.168	STATE UNIVERSITY SYSTEM	15,587	5	15,592
	INDEPENDENT LIVING SERVICES	84.169	ECONOMIC SECURITY	698,969	417,343	1,116,312
	SPECIAL EDUCATION-PRESCHOOL GRANTS	84.173	EDUCATION	6,173,026		6,173,026
		84.173	STATE UNIVERSITY SYSTEM	77,728		77,728
	VOC ED-COMMUNITY BASED ORGANIZATIONS	84.174	TECHNICAL COLLEGE SYSTEM	160,240		160,240
	OLDER BLIND INDIVIDUALS INDEPEND LIVING	84.177	ECONOMIC SECURITY	28,877		28,877
	INFANTS & TODDLERS WITH DISABILITIES	84.181	EDUCATION	2,269,204		2,269,204
	DRUG PREVENTION	84.183	COMMUNITY COLLEGE SYSTEM	33,948		33,948
		84.183	STATE UNIVERSITY SYSTEM	36,298		36,298
	BYRD HONORS SCHOLARSHIPS	84.185	EDUCATION	348,250		348,250
	SAFE & DRUG-FREE SCHOOLS-STATE GRANTS	84.186	EDUCATION	5,438,563		5,438,563
	SUPPORTED EMPLOYMENT SERVICES-DISABLED	84.187	ECONOMIC SECURITY	511,220		511,220
	BILINGUAL EDUCATION SUPPORT SERVICES	84.194	EDUCATION	73,550		73,550
	EDUCATION FOR HOMELESS CHILDREN & YOUTH	84.196	EDUCATION	369,635		369,635
	EVEN START-STATE EDUCATION AGENCIES	84.213	EDUCATION	1,088,761		1,088,761
	FUND FOR IMPROVEMENT OF EDUCATION	84.215	EDUCATION	297,569		297,569
	CAPITAL EXPENSES	84.216	EDUCATION	769,656		769,656
	STATE PROGRAM IMPROVEMENT GRANTS	84.218	EDUCATION	166,935		166,935
	STATE GRANTS FOR ASSISTIVE TECHNOLOGY	84.224	STATE UNIVERSITY SYSTEM	22,325		22,325
		84.224	ADMINISTRATION	877,337		877,337
	PROJECT WITH INDUSTRIES	84.234	ECONOMIC SECURITY	405,606	84,104	489,710

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EDUCATION (CONTINUED)	SEVERE DISABILITIES VOCATIONAL REHABILITATION	84.235	ECONOMIC SECURITY	\$3,440	\$	\$3,440
	CHILDREN & YOUTH-SERIOUS EMOTIONAL DISTURBANCE	84.237	EDUCATION	180,764		180,764
	TECH-PREP EDUCATION	84.243	TECHNICAL COLLEGE SYSTEM	1,524,137		1,524,137
	FOREIGN LANGUAGE ASSISTANCE	84.249	EDUCATION	252,851		252,851
	STATE LITERACY RESOURCE CENTERS	84.254	EDUCATION	206,646		206,646
	LITERACY PROGRAMS FOR PRISONERS	84.255	CORRECTIONS	146,367		146,367
	STATE VOC REHAB UNIT IN-SERVICE TRAINING	84.265	ECONOMIC SECURITY	100,691	9,473	110,164
	GOALS 2000-STATE & LOCAL EDUCATION IMPROVEMENT	84.276	EDUCATION	472,797		472,797
	NATIONAL LIBRARY CONFERENCE	84.XXX a	EDUCATION	7,079		7,079
ENERGY	STATE ENERGY CONSERVATION	81.041 b	ADMINISTRATION	432,553		432,553
	ENERGY EXTENSION SERVICE	81.050	PUBLIC SERVICE	580,474	73,000	653,474
	INSTITUTIONAL BLDGS ENERGY CONSERVATION	81.052	PUBLIC SERVICE	43,666	50,108	93,774
	REGIONAL BIOMASS PROGRAMS	81.079	PUBLIC SERVICE	65,165	20,000	85,165
ENVIRONMENTAL PROTECTION	AIR POLLUTION CONTROL PROGRAM SUPPORT	66.001	POLLUTION CONTROL	2,250,896	3,797,622	6,048,518
	STATE INDOOR RADON GRANTS	66.032	HEALTH	517,072		517,072
	WATER POLLUTION CONTROL-STATE/INTERSTATE	66.419	POLLUTION CONTROL	2,111,536	2,554,027	4,665,563
		66.419	AGRICULTURE	20,211	10,622	30,833
		66.419	HEALTH	84,109		84,109
	STATE & LOCAL MANPOWER PROGRAM DEVELOPMENT	66.420	POLLUTION CONTROL	39,083		39,083
	WATER QUALITY CONTROL INFORMATION SYSTEM	66.423	POLLUTION CONTROL	45,293		45,293
		66.423	STATE UNIVERSITY SYSTEM	259	35	294
	MANAGEMENT PLANNING	66.426	POLLUTION CONTROL	(41,868)		(41,868)
	LAKE RESTORATION COOPERATIVE AGREEMENT	66.435	POLLUTION CONTROL	158,923	11,135	170,058
	CONSTRUCTION MANAGEMENT ASSISTANCE	66.438	POLLUTION CONTROL	53,782		53,782
	WATER QUALITY MANAGEMENT PLANNING	66.454	POLLUTION CONTROL	229,120		229,120
	NONPOINT SOURCE RESERVATION	66.459	POLLUTION CONTROL	2,015,711	252,426	2,268,137
	NONPOINT SOURCE IMPLEMENTATION	66.460	POLLUTION CONTROL	445,670	72,284	517,954
	WETLANDS PROTECTION-STATE DEVELOPMENT GRANT	66.461	NATURAL RESOURCES	173,075	141,292	314,367
	NATIONAL POLLUTANT DISCHARGE ELIMINATION	66.463	POLLUTION CONTROL	105,594		105,594
	PESTICIDES CONTROL RESEARCH	66.502	AGRICULTURE	76,770	381,873	458,643
	WASTEWATER POLLUTION CONTROL-RESEARCH	66.505	NATURAL RESOURCES	97,834	7,418	105,252
		66.505	AGRICULTURE	379		379
		66.505	POLLUTION CONTROL	833,512	106,066	939,578

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

b. See note 6

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ENVIRONMENTAL PROTECTION (CONTINUED)	SAFE DRINKING WATER RESEARCH & DEMO	66.506	HEALTH	\$1,912,778	\$3,233,699	\$5,146,477
	ENDANGERED SPECIES MAPS	66.512	AGRICULTURE	2,868		2,868
	GREENHOUSE GAS INVENTORY	66.5XX a	POLLUTION CONTROL	41,762	9,449	51,211
	ENVIRONMENT PROTECTION CONSOLIDATED GRANTS	66.600	POLLUTION CONTROL	249,930		249,930
	CONSOLIDATED PESTICIDES COMPLIANCE	66.700	AGRICULTURE	451,387	1,924,765	2,376,152
	TOXIC SUBSTANCES COMPLIANCE MONITORING	66.701	POLLUTION CONTROL	92,720	37,828	130,548
		66.701	HEALTH	37,387	312,933	350,320
	CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	66.707	HEALTH	105,588		105,588
	HAZARDOUS WASTE MGMT STATE PROGRAM	66.801	POLLUTION CONTROL	1,615,234	739,883	2,355,117
	SUPERFUND STATE SITE-CO-OP AGREEMENTS	66.802	POLLUTION CONTROL	2,578,840	193,065	2,771,905
	STATE UNDERGROUND STORAGE TANKS	66.804	POLLUTION CONTROL	220,871	79,091	299,962
	UNDERGROUND STORAGE TANK TRUST FUND	66.805	POLLUTION CONTROL	2,484,279	205,822	2,690,101
	SOLID WASTE MANAGEMENT ASSISTANCE	66.808	ENVIRONMENTAL ASSISTANCE	7,883	2,628	10,511
		66.808	NATURAL RESOURCES	15,000	28,006	43,006
	TECHNICAL ASSISTANCE GRANTS PROGRAM	66.810	POLLUTION CONTROL	267	761	1,028
	POLLUTION PREVENTION GRANTS	66.900	POLLUTION CONTROL	4,851		4,851
		66.900	ENVIRONMENTAL ASSISTANCE	19,947	19,947	39,894
	EPA ASSISTANCE AGREEMENT	66.901	PUBLIC SERVICE	7,156		7,156
	MINERALS STATE MINE WASTE	66.XXX a	NATURAL RESOURCES	22,729		22,729
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	FAIR EMPLOYMENT PRACTICES AGENCY CONTRACTS	30.002	HUMAN RIGHTS	158,000		158,000
FEDERAL EMERGENCY MANAGEMENT ADMINISTRATION	NATIONAL FIRE ACADEMY EDUCATIONAL PROGRAM	83.010	PUBLIC SAFETY	19,998		19,998
	STATE ASSISTANCE PROGRAM	83.501	PUBLIC SAFETY	116,178		116,178
	CIVIL DEFENSE-STATE & LOCAL EMERGENCY	83.503	PUBLIC SAFETY	1,676,293	461,475	2,137,768
	STATE DISASTER PREPAREDNESS GRANTS	83.505	PUBLIC SAFETY	34,305	76,557	110,862
	DISASTER ASSISTANCE	83.516	PUBLIC SAFETY	6,929,201	49,547	6,978,748
		83.516	ECONOMIC SECURITY	363,027		363,027
	EMERGENCY MGMT INSTITUTE-FIELD TRAINING	83.528	PUBLIC SAFETY	253,522		253,522
	STATE & LOCAL EMERGENCY MANAGEMENT ASSIST	83.531	PUBLIC SAFETY	266,340		266,340
	FACILITIES & EQUIPMENT	83.532	PUBLIC SAFETY	202,084		202,084

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

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
GENERAL SERVICES ADMINISTRATION	FEDERAL SURPLUS PERSONAL PROPERTY DONATION	39.003	ADMINISTRATION	\$355,869	\$	\$355,869
HEALTH & HUMAN SERVICES	PUBLIC HEALTH & SOCIAL SERVICE EMERGENCY	93.003	HUMAN SERVICES	729,805		729,805
		93.003	ECONOMIC SECURITY	447,882		447,882
		93.003	HEALTH	554,599		554,599
	OLDER INDVLS ABUSE/NEGLECT/EXPLOITATION	93.041	HUMAN SERVICES	128,446		128,446
	OLDER INDVLS LONG-TERM CARE OMBUDSMAN	93.042	HUMAN SERVICES	121,744		121,744
	PREVENTION OF HEALTH-TITLE III PART F	93.043	HUMAN SERVICES	404,342		404,342
	AGING SUPPORT SERVICES & SENIOR CENTERS	93.044	HUMAN SERVICES	7,555,390	599,866	8,155,256
		93.044	STATE UNIVERSITY SYSTEM	518	430	948
	AGING-TITLE III PART C-NUTRITION SERVICES	93.045	HUMAN SERVICES	7,493,571	2,290,000	9,783,571
	AGING-TITLE III PART D-IN HOME SERVICES	93.046	HUMAN SERVICES	165,282		165,282
	SPECIAL AGING PROGRAMS-TITLE IV	93.048	HUMAN SERVICES	16,950		16,950
	FOOD & DRUG ADMINISTRATION RESEARCH	93.103	AGRICULTURE	39,333		39,333
	MATERNAL & CHILD HEALTH FED CONSOLIDATED	93.110	HEALTH	264,710		264,710
	ENVIRONMENTAL HEALTH HAZARDS	93.112	HEALTH	47,387		47,387
	ENVIRONMENTAL EXPOSURES HEALTH RISKS	93.115	HEALTH	16,578		16,578
	TUBERCULOSIS CONTROL PROGRAMS	93.116	HEALTH	575,087		575,087
	ACQUIRED IMMUNODEFICIENCY SYNDROME	93.118	HEALTH	630,096		630,096
		93.118	EDUCATION	300,393		300,393
	TECHNICAL ASSIST CENTERS FOR EVALUATION	93.119	HUMAN SERVICES	83,851		83,851
	MENTAL HEALTH PLANNING & DEMONSTRATION	93.125	HUMAN SERVICES	139,348		139,348
	EMERGENCY MEDICAL SERVICES FOR CHILDREN	93.127	HEALTH	116,926		116,926
	PRIMARY CARE SERVICES	93.130	HEALTH	160,457		160,457
	INJURY PREVENTION & CONTROL RESEARCH	93.136	HEALTH	352,571		352,571
	ASSIST IN TRANSITION FROM HOMELESSNESS	93.150	HUMAN SERVICES	315,184	450,343	765,527
	TOXIC SUBSTANCES & DISEASE REGISTRY	93.161	HEALTH	370,775		370,775
	GRANTS FOR STATE LOAN REPAYMENTS	93.165	HEALTH	27,425		27,425
	UNIFORM ALCOHOL & DRUG ABUSE DATA-STATE	93.179	HUMAN SERVICES	147,215		147,215
	MENTAL HEALTH RESEARCH GRANTS	93.242	STATE UNIVERSITY SYSTEM	119,350		119,350
	MENTAL HEALTH CLINIC OR SERVICE TRAINING	93.244	HUMAN SERVICES	9,097		9,097
	OCCUPATIONAL SAFETY & HEALTH GRANTS	93.262	HEALTH	31,702		31,702
	CHILDHOOD IMMUNIZATION GRANTS	93.268	HEALTH	3,284,149		3,284,149
	CENTER FOR DISEASE CONTROL & PREVENTION	93.283	HEALTH	3,367,519		3,367,519
	NURSE PRACTITIONER EDUCATION	93.298	STATE UNIVERSITY SYSTEM	202,281		202,281
	ADVANCED NURSE EDUCATION	93.299	STATE UNIVERSITY SYSTEM	85,266		85,266
	PROFESSIONAL NURSE TRAINEESHIPS	93.358	STATE UNIVERSITY SYSTEM	25,445		25,445
	ACADEMIC RESEARCH ENHANCEMENT AWARD	93.390	STATE UNIVERSITY SYSTEM	66,166		66,166
	CANCER CONTROL	93.399	HEALTH	1,850,942		1,850,942

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FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
HEALTH & HUMAN SERVICES (CONTINUED)	REFUGEE & ENTRANT ASSISTANCE-STATE ADMIN	93.566	HUMAN SERVICES	\$7,044,546	\$	\$7,044,546
	COMMUNITY SERVICES BLOCK GRANT	93.569	ECONOMIC SECURITY	5,698,026		5,698,026
	REFUGEE & ENTRANT ASSISTANCE-DISCRETIONARY	93.576	HEALTH	10,000		10,000
		93.576	HUMAN SERVICES	221,057		221,057
	REFUGEE & ENTRANT TARGETED ASSISTANCE	93.584	HUMAN SERVICES	458,582		458,582
	HEAD START	93.600	ECONOMIC SECURITY	145,939		145,939
		93.600	STATE UNIVERSITY SYSTEM	93,321		93,321
	CHILD DEVELOPMENT ASSOCIATE SCHOLARSHIPS	93.614	STATE UNIVERSITY SYSTEM	26,083		26,083
	DEVELOPMENTAL DISABILITIES-BASIC SUPPORT	93.630	ADMINISTRATION	1,292,462		1,292,462
	CHILDRENS JUSTICE GRANTS TO STATES	93.643	HUMAN SERVICES	177,933		177,933
	ADOPTION OPPORTUNITIES	93.652	HUMAN SERVICES	167,875		167,875
	TEMPORARY CHILD CARE & CRISIS NURSERIES	93.656	HUMAN SERVICES	541,289		541,289
	YOUTH INITIATIVE/YOUTH GANGS	93.660	HUMAN SERVICES	873,539	472,481	1,346,020
	CHILD ABUSE & NEGLECT DISCRETIONARY	93.670	HUMAN SERVICES	380,306		380,306
	FAMILY VIOLENCE & PREVENTION SERVICES	93.671	CORRECTIONS	310,982		310,982
	COMMUNITY-BASED PREVENTION PROGRAM	93.672	HUMAN SERVICES	104,638		104,638
	DEPENDENT CARE PLANNING & DEVELOPMENT	93.673	EDUCATION	171,054		171,054
	INDEPENDENT LIVING	93.674	HUMAN SERVICES	1,399,066		1,399,066
	STATE MEDICAID FRAUD CONTROL UNITS	93.775	ATTORNEY GENERAL	603,860		603,860
	STATE HEALTH CARE PROVIDERS SURVEY	93.777	HUMAN SERVICES	3,644,629	1,187,390	4,832,019
		93.777	HEALTH	4,723,013		4,723,013
	HEALTH CARE FINANCING RSRCH/DEMO/EVALUATION	93.779	HUMAN SERVICES	177,613		177,613
		93.779	HEALTH	29,201		29,201
	SUPPLEMENTAL SECURITY INCOME	93.807	HUMAN SERVICES	218,666		218,666
	BLOOD DISEASES & RESOURCES RESEARCH	93.839	STATE UNIVERSITY SYSTEM	65,058		65,058
	ARTHRITIS/MUSCULOSKELETAL/SKIN DISORDER	93.846	STATE UNIVERSITY SYSTEM	15,640		15,640
	DIABETES, ENDOCRINOLOGY & METABOLISM RESEARCH	93.847	HEALTH	165,982		165,982
	DIGESTIVE DISEASES & NUTRITION RESEARCH	93.848	STATE UNIVERSITY SYSTEM	19,253		19,253
	MICROBIOLOGY & INFECTIOUS DISEASES RESEARCH	93.856	HEALTH	267,137		267,137
	CRITICAL POPULATIONS DRUG ABUSE	93.902	HUMAN SERVICES	25,217		25,217
	RURAL HEALTH SERVICE OUTREACH	93.912	HEALTH	13,566		13,566
	RURAL HEALTH OPERATION OFFICES-STATE	93.913	HEALTH	59,662		59,662
	HIV CARE FORMULA GRANTS	93.917	HEALTH	1,033,435		1,033,435
	HIV PREVENTION ACTIVITIES-HEALTH DEPT	93.940	HEALTH	1,891,430		1,891,430
	RESEARCH, TREATMENT, & EDUCATION-LYME DISEASE	93.942	HEALTH	218,484		218,484
	STATE TRAUMA CARE	93.953	HEALTH	77,369		77,369
	COMMUNITY MENTAL HEALTH SERVICES BLOCK	93.958	HUMAN SERVICES	4,512,018		4,512,018
	HEALTH PROFESSIONS INDIAN RECRUITMENT	93.970	STATE UNIVERSITY	51,802		51,802
	SEXUALLY TRANSMITTED DISEASES CONTROL	93.977	HEALTH	569,915		569,915
	MENTAL HEALTH DISASTER ASSISTANCE/PREVENTIVE	93.982	HUMAN SERVICES	344,942		344,942
	HEALTH PROGRAMS FOR REFUGEES	93.987	HEALTH	108,636		108,636

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HEALTH & HUMAN SERVICES (CONTINUED)	STATE DIABETES CONTROL & SURVEILLANCE SYSTEMS	93.988	HEALTH	\$427,325	\$	\$427,325
	PREVENTIVE HEALTH & SERVICES BLOCK GRANT	93.991	HEALTH	4,594,742		4,594,742
	ALCOHOL/DRUG ABUSE/MENTAL HEALTH BLOCK	93.992	ASIAN-PACIFIC COUNCIL	11,344		11,344
	PUBLIC HEALTH AND SOCIAL SERVICES	93.XXX a	ECONOMIC SECURITY	675,995		675,995
HOUSING & URBAN DEVELOPMENT	MANUFACTURED HOME CONSTRUCTION & SAFETY	14.171	ADMINISTRATION	43,043		43,043
	SPECIAL PURPOSE GRANTS/TECHNICAL ASSIST	14.227	TRADE & ECONOMIC DEVELOP	5,487		5,487
	EMERGENCY SHELTER GRANTS PROGRAM	14.231	ECONOMIC SECURITY	1,734,845	1,261,951	2,996,796
	COMMUNITY DEVELOPMENT WORK-STUDY PROGRAM	14.234	STATE UNIVERSITY SYSTEM	118,109		118,109
	SUPPORTIVE HOUSING PROGRAM	14.235	ECONOMIC SECURITY	45,773		45,773
	HOUSING FOR PEOPLE WITH AIDS	14.241	HEALTH	31,261		31,261
	BASIC WATER & SEWER FACILITIES	14.301	HEALTH	28,347		28,347
INTERIOR	WILDLIFE HABITAT MANAGEMENT ASSISTANCE	15.219	NATURAL RESOURCES	16,720		16,720
	SPORT FISH RESTORATION	15.605	NATURAL RESOURCES	7,631,125	1,907,781	9,538,906
	WILDLIFE RESTORATION	15.611	NATURAL RESOURCES	5,710,024	1,432,506	7,142,530
	ENDANGERED SPECIES CONSERVATION	15.612	NATURAL RESOURCES	84,039	17,735	101,774
	WILDLIFE - LAKES	15.6XX a	WATER & SOIL RESOURCES	373,248		373,248
		15.6XX a	NATURAL RESOURCES	1,015,040	446,940	1,461,980
	GEOLOGICAL SURVEY-RESEARCH & DATA ACQUISITION	15.808	NATURAL RESOURCES	4,966		4,966
	OUTDOOR RECREATION-ACQUIS, DEVEL & PLNG	15.916	NATURAL RESOURCES	189,451	189,451	378,902
	FOREST/MINES/MISSISSIPPI/WILDLIFE	15.XXX a	NATURAL RESOURCES	319,927		319,927
JUSTICE	JUVENILE JUSTICE & DELINQUENCY PREVENTION	16.540	ECONOMIC SECURITY	1,225,224	75,358	1,300,582
		16.540	STATE UNIVERSITY SYSTEM	5,023		5,023
	CRIMINAL JUSTICE STATISTICS DEVELOPMENT	16.550	STRATEGIC & LONG RANGE PLNG	42,687		42,687
	CRIME VICTIM ASSISTANCE	16.575	CORRECTIONS	1,178,396		1,178,396
	CRIME VICTIM COMPENSATION	16.576	PUBLIC SAFETY	810,965	1,897,788	2,708,753
	DRUG CONTROL & SYSTEM IMPROVEMENT-FORMULA	16.579	PUBLIC SAFETY	6,895,375	397,363	7,292,738
	DRUG CONTROL/SYSTEM IMPROV-DISCRETIONARY	16.580	PUBLIC SAFETY	14,338		14,338
	CRIME VICTIM ASSISTANCE/DISCRETIONARY	16.582	CORRECTIONS	34,394		34,394
	MARIJUANA ERADICATION	16.XXX a	PUBLIC SAFETY	97,186		97,186
LABOR	LABOR FORCE STATISTICS	17.002	ECONOMIC SECURITY	1,245,733		1,245,733
	COMPENSATION & WORKING CONDITIONS DATA	17.005	LABOR & INDUSTRY	127,945	129,936	257,881

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



STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
LABOR (CONTINUED)	NATIONAL OCCUPATIONAL INFORMATION	17.00X a	ECONOMIC SECURITY	\$106,122	\$	\$106,122
	SENIOR COMMUNITY SERVICE EMPLOYMENT	17.235	ECONOMIC SECURITY	1,835,863	334,148	2,170,011
	TRADE ADJUSTMENT ASSISTANCE-WORKERS	17.245	ECONOMIC SECURITY	1,916,054		1,916,054
	CONSULTATION AGREEMENTS	17.504	LABOR & INDUSTRY	3,220,448	2,427,802	5,648,250
	MINE HEALTH & SAFETY GRANTS	17.600	TECHNICAL COLLEGE SYSTEM	255,334		255,334
	DISABLED VETERANS OUTREACH PROGRAM	17.801	ECONOMIC SECURITY	1,535,119		1,535,119
	VETERANS EMPLOYMENT PROGRAM	17.802	ECONOMIC SECURITY	111,865	60,000	171,865
	LOCAL VETERANS EMPLOYMENT REPRESENTATIVE	17.804	ECONOMIC SECURITY	1,856,449		1,856,449
NATIONAL & COMMUNITY SERVICE COMMISSION	COMMUNITY SERVICE GRANT	94.001	STATE UNIVERSITY SYSTEM	51,133	1,133	52,266
		94.001	COMMUNITY COLLEGE SYSTEM	1,380	9,495	10,875
		94.001	EDUCATION	635,718		635,718
	STATE COMMISSION	94.003	EDUCATION	1,306,344		1,306,344
	DEVELOPMENT SERVICE LEARNING	94.004	EDUCATION	10,167		10,167
	LEARN & SERVE AMERICA-HIGHER EDUCATION	94.005	STATE UNIVERSITY SYSTEM	8,369		8,369
	PLANNING & PROGRAM DEVELOPMENT	94.007	NATURAL RESOURCES	212,257		212,257
		94.007	STATE UNIVERSITY SYSTEM	10,359	251	10,610
NATIONAL FOUNDATION ARTS & HUMANITIES	PROMOTION OF THE ARTS-STATE/REGIONAL	45.007	STATE ARTS BOARD	551,508	552,000	1,103,508
	PROMOTION OF THE ARTS-EXPANSION ARTS	45.010	STATE ARTS BOARD	136,925	138,000	274,925
	PROMOTION OF HUMANITIES-ELEM/SEC SCHOOL	45.127	EDUCATION	37,669		37,669
	MUSEUM SERVICES INSTITUTE	45.301	STATE UNIVERSITY SYSTEM	932		932
NATIONAL SCIENCE FOUNDATION	ENGINEERING GRANTS	47.041	STATE UNIVERSITY SYSTEM	4,698		4,698
	MATHEMATICAL & PHYSICAL SCIENCES	47.049	STATE UNIVERSITY SYSTEM	82,947	4,732	87,679
	GEOSCIENCES	47.050	STATE UNIVERSITY SYSTEM	216,484		216,484
	BIOLOGICAL SCIENCES	47.074	STATE UNIVERSITY SYSTEM	191,050	50,312	241,362
	EDUCATION & HUMAN RESOURCES	47.076	STATE UNIVERSITY SYSTEM	116,189	10,982	127,171
		47.076	COMMUNITY COLLEGE SYSTEM	3,684		3,684
		47.076	ZOOLOGICAL BOARD	27,659	14,845	42,504
PERSONNEL MANAGEMENT	INTERGOVERNMENTAL PERSONNEL ACT MOBILITY	27.011	NATURAL RESOURCES	4,475		4,475

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

STATE OF MINNESOTA  
NONMAJOR FEDERAL PROGRAMS  
STATEMENT OF EXPENDITURES  
YEAR ENDED JUNE 30, 1995

FEDERAL AGENCY	FEDERAL PROGRAM NAME	CFDA NUMBER	STATE AGENCY	FEDERAL EXPENDITURES	STATE MATCH	TOTAL EXPENDITURES
SMALL BUSINESS ADMINISTRATION	PROCUREMENT ASSISTANCE TO SMALL BUSINESS	59.009	NATURAL RESOURCES	\$272,179	\$	\$272,179
	SMALL BUSINESS DEVELOPMENT CENTER	59.037	COMMUNITY COLLEGE SYSTEM	70,191	94,301	164,492
		59.037	TRADE & ECONOMIC DEVELOP	1,280,622	768,766	2,049,388
		59.037	STATE UNIVERSITY SYSTEM	543,304	133,686	676,990
	NATURAL RESOURCE DEVELOPMENT	59.045	NATURAL RESOURCES	31,334	663,454	694,788
TRANSPORTATION	BOATING SAFETY FINANCIAL ASSISTANCE	20.005	NATURAL RESOURCES	837,665	837,665	1,675,330
	AVIATION EDUCATION	20.100	TRANSPORTATION	1,729,700		1,729,700
	MOTOR CARRIER SAFETY	20.217	PUBLIC SAFETY	13,067		13,067
	MOTOR CARRIER SAFETY ASSISTANCE PROGRAM	20.218	PUBLIC SAFETY	1,916,456	4,771,490	6,687,946
		20.218	TRANSPORTATION		158,194	158,194
	NATIONAL RECREATIONAL TRAILS FUNDING	20.219	NATURAL RESOURCES	82,506		82,506
	LOCAL RAIL FREIGHT ASSISTANCE	20.308	TRANSPORTATION	1,654,855	1,316,624	2,971,479
	FEDERAL TRANSIT CAPITAL IMPROVEMENT	20.500	TRANSPORTATION	2,275,662	549,875	2,825,537
	FEDERAL TRANSIT TECHNICAL STUDIES GRANTS	20.505	TRANSPORTATION	688,132		688,132
	PUBLIC TRANSPORTATION NONURBANIZED AREAS	20.509	TRANSPORTATION	2,604,180	5,161,449	7,765,629
	STATE & COMMUNITY HIGHWAY SAFETY	20.600	PUBLIC SAFETY	3,274,509	185,245	3,459,754
		20.600	HEALTH		546,703	546,703
	PIPELINE SAFETY	20.700	PUBLIC SAFETY	368,148	783,222	1,151,370
	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR	20.703	PUBLIC SAFETY	211,245		211,245
	ROAD VIEW VIOLATION	20.XXX a	REVENUE	33,108		33,108
VETERANS AFFAIRS	STATE HOME FACILITIES CONSTRUCTION GRANTS	64.005	ADMINISTRATION	1,111,664		1,111,664
	VETERANS STATE DOMICILIARY CARE	64.014	VETERANS AFFAIRS	979,655	979,655	1,959,310
	VETERANS STATE NURSING HOME CARE	64.015	VETERANS AFFAIRS	5,363,231	5,363,231	10,726,462
	VETERANS EDUCATIONAL ASSISTANCE	64.111	LABOR & INDUSTRY	16,648		16,648
		64.111	EDUCATION	302,598		302,598
TOTAL NONMAJOR PROGRAMS				<u>\$262,281,551</u>	<u>\$59,126,584</u>	<u>\$321,408,135</u>

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

**STATE OF MINNESOTA**  
**NOTES TO THE FEDERAL PROGRAMS FINANCIAL STATEMENTS**  
**JUNE 30, 1995**

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 1995 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 1995 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. The state, a primary government, has also considered for inclusion all potential component units for which it may be financially accountable; and other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the report to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be used in determining financial accountability. These criteria include the state's ability to appoint a voting majority of an organization's governing body and either the ability of the state to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the state.

The programs included in this report are considered to be part of the state's primary government and the blended component units. Blended component units are entities which are legally separate from the state, but are so intertwined with the state that they are, in substance, the same as the state. The Higher Education Coordinating Board, the Housing Finance Agency and the Public Facilities Authority are no longer included in this report. Based upon the current reporting requirements, these entities are not considered part of the primary government or blended component units.

**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, 1995. 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 (State University Board Revenue 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, 1994 through June 30, 1995, 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, 1995. 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. 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 1995:

	PERKINS		NSL	
	CCS	SUS	CCS	SUS
Loans Receivable July 1, 1994	\$6,683,984	\$27,656,679	\$361,365	\$20,347
Loan Repayments	(975,671)	(4,133,361)	(74,446)	(7,099)
Loan Cancellations	(56,104)	(256,272)	(387)	0
Writeoffs	0	(86,473)	0	0
New Loans Issued	<u>1,366,321</u>	<u>4,448,336</u>	<u>44,125</u>	<u>0</u>
Loans Receivable June 30, 1995	<u>\$7,018,530</u>	<u>\$27,628,909</u>	<u>\$330,657</u>	<u>\$13,248</u>

### 4. FEDERAL FAMILY EDUCATION LOANS PROGRAMS

Financial institutions make loans to students attending institutions of higher education. The Minnesota Community College System (CCS) and the State University System (SUS) issued students the following Federal Family Education Loans (FFEL) during fiscal year 1995.

	CCS	SUS
Federal Family Educaiton Loans:		
Federal Subsidized Stafford	\$20,672,665	\$56,671,836
Federal Unsubsidized Stafford	<u>6,377,367</u>	<u>21,063,832</u>
Total FFEL	<u>\$27,050,032</u>	<u>\$77,735,668</u>

The FFEL Program includes the Federal Parent Loans for Undergraduate Students (PLUS) Program. This program provides loans to parents of undergraduate students. These transactions are between financial institutions and parents. Therefore, disbursement information is unavailable.

### 5. FOOD STAMPS PROGRAM

The amounts reported on the financial statement for the Food Stamps Program (10.551) and for the State Administrative Matching Grants for Food Stamp Program (10.561) are for emergency cash payments to individuals for food and for the state and county administrative costs. The state Department of Human Services issues food coupons and provides benefits electronically centrally to all county recipients. For fiscal year 1995 the state issued food coupons to recipients totalling \$158,379,566 and electronic benefits totalling \$64,062,903. Inventory of food stamps on hand at June 30, 1995, is valued at \$27,400,661.

## 6. 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 1995 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, 1994	\$9,273,007	\$421,408
Loan Repayments	(1,730,850)	(109,137)
New Loans Issued	<u>3,215,631</u>	<u>95,826</u>
Loans Receivable June 30, 1995	<u>\$10,757,788</u>	<u>\$408,097</u>

## 7. WIC REBATES

The Supplemental Food Program for Women, Infants, and Children (WIC) for the Minnesota Department of Health receives cash rebates from infant formula manufacturers. The rebates are used for program purposes. During fiscal year 1995, Minnesota received a total rebate of \$14,084,833 on sales of formula to participants in the WIC program.

# COMPLIANCE SECTION

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STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

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**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

Laura M. King, Commissioner of Finance

Edward R. Krivus, 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, 1995, and have issued our report thereon dated December 1, 1995. 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 May 16, 1996.

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, 1995, 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

Members of the Legislature  
The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R. Krivus, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 2

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
- 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

Members of the Legislature  
The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R Krivus, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 3

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures at the state level and determined whether they have been placed in operation and we assessed control risk. During the year ended June 30, 1995, the State of Minnesota expended 93 percent of its total federal financial assistance under major federal financial assistance programs. Many of these programs rely on a combination of controls at the state and local level. To the extent that these programs are classified as major programs, review of internal controls at the local level is the responsibility of other auditors. Because of the large number of nonmajor programs administered by the state, as identified on pages 13 to 22 of this report, we performed 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 12 of this report for the year ended June 30, 1995. 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 42 to 52 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  
Members of the Legislature

The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R. Krivas, Regional Inspector General for Audit  
United States Department of Agriculture  
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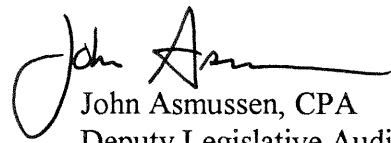
financial statements being audited or that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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 or to the federal financial assistance programs.

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 28, 1996.



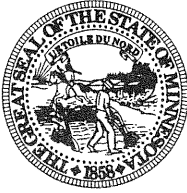
James R. Nobles  
Legislative Auditor



John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 16, 1996

Report Signed On: June 21, 1996



STATE OF MINNESOTA

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

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

Members of the Legislature

The Honorable Arne H. Carlson, Governor

Laura M. King, Commissioner of Finance

Edward R. Krivas, 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, 1995, and have issued our report thereon dated December 1, 1995.

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 28, 1996.

James R. Nobles  
Legislative Auditor

John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 16, 1996

Report Signed On: June 21, 1996

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STATE OF MINNESOTA

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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

Laura M. King, Commissioner of Finance

Edward R. Krivas, 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, 1995, and have issued our report thereon dated December 1, 1995.

We have also 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 12 of this report for the year ended June 30, 1995. The management of the State of Minnesota is responsible for the state's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

The results of our audit procedures for the Rehabilitation Services Basic Support Program (CFDA# 84.126) disclosed that the State of Minnesota did not comply with the requirement that the state match funds received from this program. In our opinion, the state match of funds received from the Rehabilitation Services Basic Support Program is necessary for compliance with the requirements.


In addition, the results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to in the third paragraph, which are described in the accompanying Schedule of Audit Findings for Federal Programs on pages 42 to 52. We

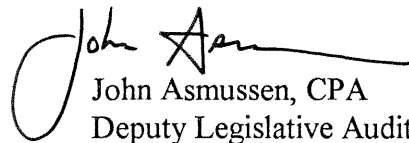
Members of the Legislature  
The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R. Krivas, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 2

considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, except for the instance of noncompliance with the requirements applicable to the Rehabilitation Services Basic Support Program, referred to in the fourth paragraph of this report and identified in the accompanying Schedule of Audit Findings for Federal Programs, the State of Minnesota complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; subrecipient monitoring; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1995.

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 28, 1996.

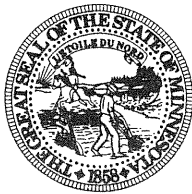
  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 16, 1996

Report Signed On: June 21, 1996





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

CENTENNIAL BUILDING, 658 CEDAR STREET • ST. PAUL, MN 55155 • 612/296-4708 • TDD RELAY 612/297-5353

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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## **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

Laura M. King, Commissioner of Finance

Edward R. Krivas, 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, 1995, and have issued our report thereon dated December 1, 1995.

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 12 of this report, for the year ended June 30, 1995:

- 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.

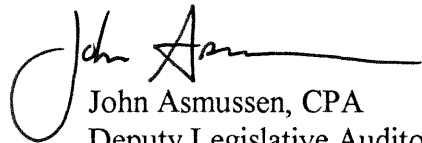
With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the first paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the State of Minnesota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

Members of the Legislature  
The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R. Krivas, Regional Inspector General for Audit  
United States Department of Agriculture  
Page 2

requirements, which are described in the Schedule of Audit Findings for Federal Programs on pages 42 to 52 of this report.

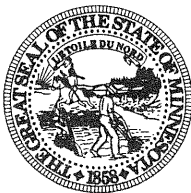
This report is intended for the information of the Legislative Audit Commission and the management of affected state and federal agencies. This restriction is not intended to limit the distribution of this report, which was released as a public document on June 28, 1996.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 16, 1996

Report Signed On: June 21, 1996



STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

CENTENNIAL BUILDING, 658 CEDAR STREET • ST. PAUL, MN 55155 • 612/296-4708 • TDD RELAY 612/297-5353

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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**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

Laura M. King, Commissioner of Finance

Edward R. Krivas, 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, 1995, and have issued our report thereon dated December 1, 1995.


In connection with our audit of the general purpose financial statements of the State of Minnesota and with our consideration of the state's control structure 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, 1995.

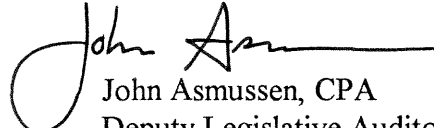
As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility requirements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the 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.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the State 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 accompanying Schedule of Audit Findings for Federal Programs on pages 42 to 52 of this report.

Members of the Legislature  
The Honorable Arne H. Carlson, Governor  
Laura M. King, Commissioner of Finance  
Edward R. Krivas, 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 on June 28, 1996.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

End of Fieldwork: May 16, 1996

Report Signed On: June 21, 1996

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

**Schedule of Audit Findings  
for Federal Programs  
Fiscal Year Ended June 30, 1995**

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The attached schedule supplements the preceding reports on internal control and compliance. It is intended primarily to reference our audit reports which have been issued to individual state agencies. Copies of the individual reports are available by contacting our office.

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The organization and terminology used in the schedule are discussed in the attached explanations section on pages 53 to 57.

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**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

<i>U. S. Department of Agriculture</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE		PROBLEM	FIN IMPACT
10.550	Food Distribution	Children, Families & Learning	96-12	1		I		Noncompliance with provisions of cash management	NQ
10.551	Food Stamps	Human Services	96-22	7	RC			System security officers' authority not sufficiently limited	P
10.551	Food Stamps	Human Services	96-22	8	RC			Inactive log-on IDs not deleted	P
10.555	National School Lunch	Children, Families & Learning	96-12	1		I		Noncompliance with provisions of cash management	NQ
10.558	Child Care Food	Children, Families & Learning	96-12	1		I		Noncompliance with provisions of cash management	\$918

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

***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 Education Opportunity Grants	Anoka-Ramsey C.C.	95-26	2	RC	I	Noncompliance with federal cash management requirements	NQ
84.007	Supplemental Education Opportunity Grants	Austin C.C.	95-26	5	RC	I	Inadequate control over federal financial aid cash	P
84.007	Supplemental Education Opportunity Grants	Brainerd C.C.	95-26	9	RC	I	Bank reconciliations not independent and timely	P
84.007	Supplemental Education Opportunity Grants	Cambridge C.C.	95-26	11		I	Progress policy does not meet federal guidelines	NQ
84.007	Supplemental Education Opportunity Grants	Cambridge C.C.	95-26	12		I	Noncompliance with cash management requirements	NQ
84.007	Supplemental Education Opportunity Grants	Cambridge C.C.	95-26	13		I	Conflicting information not resolved	NQ
84.007	Supplemental Education Opportunity Grants	Hibbing C.C.	96-24	25	RC		Inadequate separation of duties over tuition receipts	P
84.007	Supplemental Education Opportunity Grants	Inver Hills C.C.	96-24	36	RC		Inadequate access controls over financial aid computer system	P
84.007	Supplemental Education Opportunity Grants	Itasca C.C.	96-24	26	RC		Inadequate separation of duties over financial aid account	P
84.007	Supplemental Education Opportunity Grants	Lakewood C.C.	96-24	20	RC	I	Inadequate control over federal financial aid cash	NQ
84.007	Supplemental Education Opportunity Grants	Mankato State University	95-25	2	RC		Bank reconciliations not performed on timely basis	P
84.007	Supplemental Education Opportunity Grants	Mankato State University	95-25	4		I	Financial aid transcripts not posted timely	NQ
84.007	Supplemental Education Opportunity Grants	Mankato State University	96-24	2		I	Aid paid to ineligible student	\$490
84.007	Supplemental Education Opportunity Grants	Mankato State University	96-24	3	RC		Access controls over financial aid system need improvement	P
84.007	Supplemental Education Opportunity Grants	Mesabi C.C.	96-24	29	RC	I	Inadequate federal cash need forecasting	NQ
84.007	Supplemental Education Opportunity Grants	Mesabi C.C.	96-24	30	RC	I	Inadequate control over student financial aid account	NQ
84.007	Supplemental Education Opportunity Grants	Minneapolis C.C.	95-26	17	RC	I	Noncompliance with cash management requirements	NQ
84.007	Supplemental Education Opportunity Grants	Normandale C.C.	96-24	21	RC	I	Inadequate control over federal financial aid cash	NQ
84.007	Supplemental Education Opportunity Grants	North Hennepin C.C.	96-24	38	RC		Inadequate access controls over financial aid computer system	P
84.007	Supplemental Education Opportunity Grants	North Hennepin C.C.	96-24	40		I	Questionable adjustments to cost of attendance budgets	NQ
84.007	Supplemental Education Opportunity Grants	Rainy River C.C.	96-24	32	RC	I	Inadequate control over federal financial aid cash	NQ
84.007	Supplemental Education Opportunity Grants	Southwest State University	96-24	11	RC		Access controls over financial aid system need improvement	P
84.007	Supplemental Education Opportunity Grants	St. Cloud State University	96-24	8	RC		Access controls over financial aid system need improvement	P
84.007	Supplemental Education Opportunity Grants	Vermilion C.C.	96-24	35	RC	I	Inadequate control over federal cash	NQ
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	95-26	20		I	Progress policy does not meet federal guidelines	NQ
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	95-26	21		I	Noncompliance with cash management requirements	NQ
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	95-26	24		I	Aid paid to ineligible student	\$600
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	95-26	25		I	Unreasonable and inaccurate costs of attendance used	NQ
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	95-26	27		I	Financial aid transcripts not obtained	P
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	96-24	44	RC		Inadequate access controls over financial aid computer system	P
84.007	Supplemental Education Opportunity Grants	Worthington C.C.	96-24	45		I	Aid paid to ineligible student	\$400
84.010	Educationally Deprived Children	Children, Families & Learning	96-12	1		I	Noncompliance with provisions of cash management	\$236
84.010	Educationally Deprived Children	Children, Families & Learning	96-12	2		I	Noncompliance with maintenance of effort provision	\$3,352
84.027	Handicapped State Grants	Children, Families & Learning	96-12	1		I	Noncompliance with provisions of cash management	NQ
84.032	Federal Family Education Loans Programs	Austin C.C.	95-26	3	RC		Inadequate control over incoming checks	P
84.032	Federal Family Education Loans Programs	Austin C.C.	95-26	5	RC	I	Inadequate control over federal financial aid cash	P
84.032	Federal Family Education Loans Programs	Brainerd C.C.	95-26	8	RC		Inadequate control over incoming checks	P
84.032	Federal Family Education Loans Programs	Cambridge C.C.	95-26	11		I	Progress policy does not meet federal guidelines	NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

<b>U. S. Department of Education</b>								
<b>CFDA NO</b>	<b>PROGRAM NAME</b>	<b>STATE AGENCY</b>	<b>RPT NO</b>	<b>FIND NO</b>	<b>INT CONT</b>	<b>COMPLIANCE GEN SPEC</b>	<b>PROBLEM</b>	<b>FIN IMPACT</b>
84.032	Federal Family Education Loans Programs	Cambridge C.C.	95-26	13		I	Conflicting information not resolved	NQ
84.032	Federal Family Education Loans Programs	Fond du Lac C.C.	96-24	24	RC		Inadequate control over incoming checks	P
84.032	Federal Family Education Loans Programs	Inver Hills C.C.	95-26	14		I	SLS loan improperly certified	\$2,000
84.032	Federal Family Education Loans Programs	Inver Hills C.C.	96-24	36	RC		Inadequate access controls over financial aid computer system	P
84.032	Federal Family Education Loans Programs	Inver Hills C.C.	96-24	37		I	Loan certified over cost of attendance	\$547
84.032	Federal Family Education Loans Programs	Mankato State University	95-25	2	RC		Bank reconciliations not performed on timely basis	P
84.032	Federal Family Education Loans Programs	Mankato State University	95-25	4		I	Financial aid transcripts not posted timely	NQ
84.032	Federal Family Education Loans Programs	Mankato State University	96-24	2		I	Aid paid to ineligible student	\$10,300
84.032	Federal Family Education Loans Programs	Mankato State University	96-24	3	RC		Access controls over financial aid system need improvement	P
84.032	Federal Family Education Loans Programs	Mesabi C.C.	96-24	31	RC		Inadequate control over incoming checks	P
84.032	Federal Family Education Loans Programs	Metropolitan State University	95-25	5		I	Inadequate controls over student financial aid packaging	P
84.032	Federal Family Education Loans Programs	Metropolitan State University	96-24	12		I	Inappropriate certification of FFEL loans	NQ
84.032	Federal Family Education Loans Programs	Metropolitan State University	96-24	16	RC		Aid paid to ineligible student	\$1,167
84.032	Federal Family Education Loans Programs	Minneapolis C.C.	95-26	15		I	Counseling procedures not adequate	P
84.032	Federal Family Education Loans Programs	Normandale C.C.	96-24	23		I	Aid paid to ineligible student	\$2,090
84.032	Federal Family Education Loans Programs	North Hennepin C.C.	96-24	38	RC		Inadequate access controls over financial aid computer system	P
84.032	Federal Family Education Loans Programs	North Hennepin C.C.	96-24	40		I	Questionable adjustments to cost of attendance budgets	NQ
84.032	Federal Family Education Loans Programs	Rainy River C.C.	96-24	34	RC		Inadequate control over incoming checks	P
84.032	Federal Family Education Loans Programs	Rochester C.C.	96-24	41		I	Loan certified over annual limit	\$1,674
84.032	Federal Family Education Loans Programs	Rochester C.C.	96-24	42		I	Conflicting information not resolved	NQ
84.032	Federal Family Education Loans Programs	Southwest State University	96-24	10	RC	I	Inadequate separation of duties over financial aid	P
84.032	Federal Family Education Loans Programs	Southwest State University	96-24	11	RC		Access controls over financial aid system need improvement	P
84.032	Federal Family Education Loans Programs	St. Cloud State University	95-25	8		I	Noncompliance with financial aid transcript requirements	NQ
84.032	Federal Family Education Loans Programs	St. Cloud State University	96-24	5	RC	I	Inadequate separation of duties over financial aid	P
84.032	Federal Family Education Loans Programs	St. Cloud State University	96-24	8	RC		Access controls over financial aid system need improvement	P
84.032	Federal Family Education Loans Programs	Willmar C.C.	96-24	43		I	Loan certified over financial need	\$258
84.032	Federal Family Education Loans Programs	Winona State University	95-25	10		I	Inadequate financial aid data verification	NQ
84.032	Federal Family Education Loans Programs	Worthington C.C.	95-26	20		I	Progress policy does not meet federal guidelines	NQ
84.032	Federal Family Education Loans Programs	Worthington C.C.	95-26	23		I	Loans improperly certified	\$8,335
84.032	Federal Family Education Loans Programs	Worthington C.C.	95-26	24		I	Aid paid to ineligible student	\$9,171
84.032	Federal Family Education Loans Programs	Worthington C.C.	95-26	25		I	Unreasonable and inaccurate costs of attendance used	NQ
84.032	Federal Family Education Loans Programs	Worthington C.C.	95-26	27		I	Financial aid transcripts not obtained	P
84.032	Federal Family Education Loans Programs	Worthington C.C.	96-24	44	RC		Inadequate access controls over financial aid computer system	P
84.032	Federal Family Education Loans Programs	Worthington C.C.	96-24	45		I	Aid paid to ineligible student	\$3,712
84.032	Federal Family Education Loans Programs	Worthington C.C.	96-24	46		I	Aid paid to ineligible student	\$417
84.033	Federal Work Study Program	Anoka-Ramsey C.C.	95-26	2	RC	I	Noncompliance with federal cash management requirements	NQ
84.033	Federal Work Study Program	Austin C.C.	95-26	5	RC	I	Inadequate control over federal financial aid cash	P
84.033	Federal Work Study Program	Brainerd C.C.	95-26	9	RC	I	Bank reconciliations not independent and timely	P
84.033	Federal Work Study Program	Cambridge C.C.	95-26	11		I	Progress policy does not meet federal guidelines	NQ
84.033	Federal Work Study Program	Cambridge C.C.	95-26	12		I	Noncompliance with cash management requirements	NQ



**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

***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	Federal Work Study Program	Cambridge C.C.	95-26	13		I	Conflicting information not resolved	NQ
84.033	Federal Work Study Program	Inver Hills C.C.	96-24	36	RC		Inadequate access controls over financial aid computer system	P
84.033	Federal Work Study Program	Lakewood C.C.	96-24	20	RC	I	Inadequate control over federal financial aid cash	NQ
84.033	Federal Work Study Program	Mankato State University	95-25	2	RC		Bank reconciliations not performed on timely basis	P
84.033	Federal Work Study Program	Mankato State University	96-24	2		I	Aid paid to ineligible student	\$1,660
84.033	Federal Work Study Program	Mankato State University	96-24	3	RC		Access controls over financial aid system need improvement	P
84.033	Federal Work Study Program	Mesabi C.C.	96-24	29	RC	I	Inadequate federal cash need forecasting	NQ
84.033	Federal Work Study Program	Mesabi C.C.	96-24	30	RC	I	Inadequate control over student financial aid account	NQ
84.033	Federal Work Study Program	Minneapolis C.C.	95-26	17	RC	I	Noncompliance with cash management requirements	NQ
84.033	Federal Work Study Program	Normandale C.C.	96-24	21	RC	I	Inadequate control over federal financial aid cash	NQ
84.033	Federal Work Study Program	North Hennepin C.C.	96-24	38	RC		Inadequate access controls over financial aid computer system	P
84.033	Federal Work Study Program	North Hennepin C.C.	96-24	40		I	Questionable adjustments to cost of attendance budgets	NQ
84.033	Federal Work Study Program	Rainy River C.C.	96-24	32	RC	I	Inadequate control over federal financial aid cash	NQ
84.033	Federal Work Study Program	Southwest State University	96-24	11	RC		Access controls over financial aid system need improvement	P
84.033	Federal Work Study Program	St. Cloud State University	96-24	8	RC		Access controls over financial aid system need improvement	P
84.033	Federal Work Study Program	Vermilion C.C.	96-24	35	RC	I	Inadequate control over federal cash	NQ
84.033	Federal Work Study Program	Worthington C.C.	95-26	20		I	Progress policy does not meet federal guidelines	NQ
84.033	Federal Work Study Program	Worthington C.C.	95-26	21		I	Noncompliance with cash management requirements	NQ
84.033	Federal Work Study Program	Worthington C.C.	95-26	25		I	Unreasonable and inaccurate costs of attendance used	NQ
84.033	Federal Work Study Program	Worthington C.C.	95-26	27		I	Financial aid transcripts not obtained	P
84.033	Federal Work Study Program	Worthington C.C.	96-24	44	RC		Inadequate access controls over financial aid computer system	P
84.038	Federal Perkins Loan Program	Anoka-Ramsey C.C.	95-26	1		I	Exceptional need not defined	NQ
84.038	Federal Perkins Loan Program	Anoka-Ramsey C.C.	95-26	2	RC	I	Noncompliance with federal cash management requirements	NQ
84.038	Federal Perkins Loan Program	Austin C.C.	95-26	5	RC	I	Inadequate control over federal financial aid cash	P
84.038	Federal Perkins Loan Program	Bemidji State University	96-24	19		I	Noncompliance with requirements for grace period contacts	P
84.038	Federal Perkins Loan Program	Brainerd C.C.	95-26	9	RC	I	Bank reconciliations not independent and timely	P
84.038	Federal Perkins Loan Program	Cambridge C.C.	95-26	11		I	Progress policy does not meet federal guidelines	NQ
84.038	Federal Perkins Loan Program	Cambridge C.C.	95-26	13		I	Conflicting information not resolved	NQ
84.038	Federal Perkins Loan Program	Hibbing C.C.	96-24	25	RC		Inadequate separation of duties over tuition receipts	P
84.038	Federal Perkins Loan Program	Inver Hills C.C.	96-24	36	RC		Inadequate access controls over financial aid computer system	P
84.038	Federal Perkins Loan Program	Itasca C.C.	96-24	26	RC		Inadequate separation of duties over financial aid account	P
84.038	Federal Perkins Loan Program	Itasca C.C.	96-24	27	RC	I	Perkins loan funds not properly managed	NQ
84.038	Federal Perkins Loan Program	Lakewood C.C.	96-24	20		I	Inadequate control over federal financial aid cash	\$313
84.038	Federal Perkins Loan Program	Mankato State University	95-25	2	RC		Bank reconciliations not performed on timely basis	P
84.038	Federal Perkins Loan Program	Mankato State University	95-25	4		I	Financial aid transcripts not posted timely	NQ
84.038	Federal Perkins Loan Program	Mankato State University	96-24	1		I	Loan disbursed on excess of annual limit	\$1,500
84.038	Federal Perkins Loan Program	Mankato State University	96-24	2		I	Aid paid to ineligible student	\$2,100
84.038	Federal Perkins Loan Program	Mankato State University	96-24	3	RC		Access controls over financial aid system need improvement	P
84.038	Federal Perkins Loan Program	Mankato State University	96-24	4		I	Noncompliance with requirements for loan grace period contact	P
84.038	Federal Perkins Loan Program	Mesabi C.C.	96-24	28		I	Perkins loan funds not properly managed	NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

***U. S. Department of Education***

CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC	PROBLEM	FIN IMPACT
84.038	Federal Perkins Loan Program	Mesabi C.C.	96-24	29		I	Perkins loan funds not properly managed	NQ
84.038	Federal Perkins Loan Program	Mesabi C.C.	96-24	30	RC	I	Inadequate control over student financial aid account	NQ
84.038	Federal Perkins Loan Program	Minneapolis C.C.	95-26	16	RC		Inappropriate access to loan management system	P
84.038	Federal Perkins Loan Program	Minneapolis C.C.	95-26	17	RC	I	Noncompliance with cash management requirements	NQ
84.038	Federal Perkins Loan Program	Minneapolis C.C.	95-26	18		I	Inadequate management of federal funds	NQ
84.038	Federal Perkins Loan Program	Moorhead State University	95-25	7		I	Noncompliance with requirements for loan exit counseling	P
84.038	Federal Perkins Loan Program	Normandale C.C.	96-24	22		I	Inadequate control over federal financial aid cash	NQ
84.038	Federal Perkins Loan Program	North Hennepin C.C.	96-24	38	RC		Inadequate access controls over financial aid computer system	P
84.038	Federal Perkins Loan Program	North Hennepin C.C.	96-24	39		I	Loan certified over annual limit	\$1,500
84.038	Federal Perkins Loan Program	North Hennepin C.C.	96-24	40		I	Questionable adjustments to cost of attendance budgets	NQ
84.038	Federal Perkins Loan Program	Rainy River C.C.	96-24	32	RC	I	Inadequate control over federal financial aid cash	NQ
84.038	Federal Perkins Loan Program	Rainy River C.C.	96-24	33		I	Perkins loan funds not properly managed	\$4,099
84.038	Federal Perkins Loan Program	Southwest State University	96-24	11	RC		Access controls over financial aid system need improvement	P
84.038	Federal Perkins Loan Program	St. Cloud State University	96-24	8	RC		Access controls over financial aid system need improvement	P
84.038	Federal Perkins Loan Program	Vermilion C.C.	96-24	35	RC	I	Inadequate control over federal cash	NQ
84.038	Federal Perkins Loan Program	Winona State University	95-25	10		I	Inadequate financial aid data verification	NQ
84.038	Federal Perkins Loan Program	Winona State University	95-25	12		I	Noncompliance with loan repayment requirements	NQ
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	20		I	Progress policy does not meet federal guidelines	NQ
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	22	RC	I	Errors in federal reports	NQ
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	24		I	Aid paid to ineligible student	\$1,030
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	25		I	Unreasonable and inaccurate costs of attendance used	NQ
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	26		I	Exceptional need not defined	NQ
84.038	Federal Perkins Loan Program	Worthington C.C.	95-26	27		I	Financial aid transcripts not obtained	P
84.038	Federal Perkins Loan Program	Worthington C.C.	96-24	44	RC		Inadequate access controls over financial aid computer system	P
84.038	Federal Perkins Loan Program	Worthington C.C.	96-24	45		I	Aid paid to ineligible student	\$400
84.048	Basic Grants to States Program	MnSCU-System Office	96-10	1		I	Unobligated funds not returned to federal government	\$13,675
84.063	Federal Pell Grant Program	Anoka-Ramsey C.C.	95-26	2	RC	I	Noncompliance with federal cash management requirements	NQ
84.063	Federal Pell Grant Program	Austin C.C.	95-26	5	RC	I	Inadequate control over federal financial aid cash	P
84.063	Federal Pell Grant Program	Brainerd C.C.	95-26	9	RC	I	Bank reconciliations not independent and timely	P
84.063	Federal Pell Grant Program	Cambridge C.C.	95-26	11		I	Progress policy does not meet federal guidelines	NQ
84.063	Federal Pell Grant Program	Cambridge C.C.	95-26	12		I	Noncompliance with cash management requirements	NQ
84.063	Federal Pell Grant Program	Cambridge C.C.	95-26	13		I	Conflicting information not resolved	NQ
84.063	Federal Pell Grant Program	Hibbing C.C.	96-24	25	RC		Inadequate separation of duties over tuition receipts	P
84.063	Federal Pell Grant Program	Inver Hills C.C.	96-24	36	RC		Inadequate access controls over financial aid computer system	P
84.063	Federal Pell Grant Program	Itasca C.C.	96-24	26	RC		Inadequate separation of duties over financial aid account	P
84.063	Federal Pell Grant Program	Lakewood C.C.	96-24	20	RC	I	Inadequate control over federal financial aid cash	NQ
84.063	Federal Pell Grant Program	Mankato State University	95-25	2	RC		Bank reconciliations not performed on timely basis	P
84.063	Federal Pell Grant Program	Mankato State University	95-25	4		I	Financial aid transcripts not posted timely	NQ
84.063	Federal Pell Grant Program	Mankato State University	96-24	2		I	Aid paid to ineligible student	\$2,300

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

<i>U. S. Department of Education</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE		PROBLEM	FIN IMPACT
						GEN	SPEC		
84.063	Federal Pell Grant Program	Mankato State University	96-24	3	RC			Access controls over financial aid system need improvement	P
84.063	Federal Pell Grant Program	Mesabi C.C.	96-24	29	RC	I		Inadequate federal cash need forecasting	NQ
84.063	Federal Pell Grant Program	Mesabi C.C.	96-24	30	RC	I		Inadequate control over student financial aid account	NQ
84.063	Federal Pell Grant Program	Metropolitan State University	95-25	5			I	Inadequate controls over student financial aid packaging	P
84.063	Federal Pell Grant Program	Metropolitan State University	96-24	14			I	Aid paid to ineligible student	\$4,338
84.063	Federal Pell Grant Program	Metropolitan State University	96-24	15			I	Grants awarded in excess of annual maximum	P
84.063	Federal Pell Grant Program	Metropolitan State University	96-24	16	RC		I	Aid paid to ineligible student	\$968
84.063	Federal Pell Grant Program	Metropolitan State University	96-24	18	RC		I	Federal reports untimely and contained errors	P
84.063	Federal Pell Grant Program	Minneapolis C.C.	95-26	17	RC	I		Noncompliance with cash management requirements	NQ
84.063	Federal Pell Grant Program	Normandale C.C.	96-24	21	RC	I		Inadequate control over federal financial aid cash	NQ
84.063	Federal Pell Grant Program	North Hennepin C.C.	96-24	38	RC			Inadequate access controls over financial aid computer system	P
84.063	Federal Pell Grant Program	North Hennepin C.C.	96-24	40			I	Questionable adjustments to cost of attendance budgets	NQ
84.063	Federal Pell Grant Program	Rainy River C.C.	96-24	32	RC	I		Inadequate control over federal financial aid cash	NQ
84.063	Federal Pell Grant Program	Southwest State University	96-24	11	RC			Access controls over financial aid system need improvement	P
84.063	Federal Pell Grant Program	St. Cloud State University	96-24	7			I	Federal reimbursements not received	\$2,208
84.063	Federal Pell Grant Program	St. Cloud State University	96-24	8	RC			Access controls over financial aid system need improvement	P
84.063	Federal Pell Grant Program	Vermilion C.C.	96-24	35	RC	I		Inadequate control over federal cash	NQ
84.063	Federal Pell Grant Program	Winona State University	95-25	10			I	Inadequate financial aid data verification	NQ
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	20			I	Progress policy does not meet federal guidelines	NQ
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	21		I		Noncompliance with cash management requirements	NQ
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	22	RC	I		Errors in federal reports	NQ
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	24			I	Aid paid to ineligible student	\$1,982
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	25			I	Unreasonable and inaccurate costs of attendance used	NQ
84.063	Federal Pell Grant Program	Worthington C.C.	95-26	27			I	Financial aid transcripts not obtained	P
84.063	Federal Pell Grant Program	Worthington C.C.	96-24	44	RC			Inadequate access controls over financial aid computer system	P
84.063	Federal Pell Grant Program	Worthington C.C.	96-24	45			I	Aid paid to ineligible student	\$1,114
84.126	Rehabilitation Services-Basic Support	Finance	96-13	3			I	Incorrect calculation of cash management interest liabilities	NQ
84.126	Rehabilitation Services-Basic Support	Economic Security	96-20	2			M	Inadequate documentation for required state match	\$2,088,696
84.186	Safe & Drug Free Schools	Children, Families & Learning	96-12	1			I	Noncompliance with provisions of cash management	\$43

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995

<i>U. S. Department of Energy</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
81.042	Weatherization Assistance-Low Income	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
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SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

<i>U. S. Department of Health and Human Services</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE		PROBLEM	FIN IMPACT
93.560	States Family Support Payments	Human Services	96-22	7	RC			System security officers' authority not sufficiently limited	P
93.560	States Family Support Payments	Human Services	96-22	8	RC			Inactive log-on IDs not deleted	P
93.568	Low-Income Home Energy Assistance	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ
93.778	Medical Assistance	Human Services	96-22	2	RC			Inconsistent recipient eligibility information between systems	NQ
93.778	Medical Assistance	Human Services	96-22	3	RC			System edit changes not adequately controlled	NQ
93.778	Medical Assistance	Human Services	96-22	4	RC		I	Admission certification numbers not verified	NQ
93.778	Medical Assistance	Human Services	96-22	5		I		System capability insufficient to complete HCFA-64 report	P
93.778	Medical Assistance	Human Services	96-22	7	RC			System security officers' authority not sufficiently limited	P
93.778	Medical Assistance	Human Services	96-22	8	RC			Inactive log-on IDs not deleted	P
93.802	Social Security-Disability Insurance	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995

<i>U. S. Department of Housing and Urban Development</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE GEN SPEC		PROBLEM	FIN IMPACT
14.228	Community Development Block-States	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ

MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995

<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
17.250	Job Training Partnership Act	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ

**MINNESOTA OFFICE OF THE LEGISLATIVE AUDITOR  
STATEWIDE SINGLE AUDIT  
SCHEDULE OF AUDIT FINDINGS FOR FEDERAL PROGRAMS  
FISCAL YEAR ENDED JUNE 30, 1995**

<i>U. S. Department of Transportation</i>									
CFDA NO	PROGRAM NAME	STATE AGENCY	RPT NO	FIND NO	INT CONT	COMPLIANCE		PROBLEM	FIN IMPACT
20.205	Highway Planning & Construction	Finance	96-13	3		I		Incorrect calculation of cash management interest liabilities	NQ
20.205	Highway Planning & Construction	Transportation	IA	I			I	Need to clarify standards for material testing	P
20.205	Highway Planning & Construction	Transportation	IA	II			I	Need to review material testing for concrete-Pro. 3805-0069	NQ
20.205	Highway Planning & Construction	Transportation	IA	III	RC	I		Need to improve controls over accounting	NQ
20.205	Highway Planning & Construction	Transportation	IA	IV		I		Need closer monitoring of Davis-Bacon provisions	NQ
20.205	Highway Planning & Construction	Transportation	IA	O-I			I	Need to enhance pavement management system	P
20.205	Highway Planning & Construction	Transportation	IA	O-II			I	Need to improve controls over Partnering Program	NQ



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

**Schedule of Audit Findings  
for Federal Programs  
Fiscal Year Ended June 30, 1995**

**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 1995 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 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 1995 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 notation "IA" is 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.

### **III. Audit Findings**

**A. Internal Control**

Internal control findings are referenced in the sixth column. The internal control findings are characterized as reportable conditions (RC) 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. We believe that none of the reportable conditions are a material weakness.

## 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 by immaterial (I) noncompliance with federal laws and regulations. Material (M) 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. Our audit disclosed a material instance of noncompliance at the program level.

## C. Finding Summary -- "Problem"

Column 9 contains a brief discussion of the specific problem cited in the respective state agency audit report. 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 1995. 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 federal programs. Amounts are shown for specific dollars questioned.

Examples of quantifiable amounts or questioned costs 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; (6) subrecipient questioned costs not collected by the respective state agency; and (7) excessive cash balances in federal accounts.

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.

#### **IV. 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, 1995.

## **V. Conclusions**

This was the thirteenth 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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Financial Audit Division  
Centennial Office Building - First Floor South  
Saint Paul, Minnesota 55155  
(612) 296-1235**