

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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MANAGEMENT AND COMPLIANCE REPORT

**CITY OF MINNEAPOLIS**  
**MINNEAPOLIS, MINNESOTA**

YEAR ENDED DECEMBER 31, 2010

## **Description of the Office of the State Auditor**

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits of local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**Year Ended December 31, 2010**



**Management and Compliance Report**

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

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**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

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**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**I. SUMMARY OF AUDITOR’S RESULTS**

- A. Our report expresses unqualified opinions on the basic financial statements of the City of Minneapolis.
- B. Significant deficiencies in internal control were disclosed by the audit of financial statements of the City of Minneapolis and are reported in the “Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.” None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of the City of Minneapolis were disclosed during the audit.
- D. No matters involving internal control over compliance relating to the audit of the major federal award programs were reported in the “Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.”
- E. The Auditor’s Report on Compliance for the major federal award programs for the City of Minneapolis expresses an unqualified opinion.
- F. No findings were disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

G. The major programs are:

Tax Credit Exchange 1602 Program Funds - ARRA	CFDA # Not Assigned
Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii	CFDA #14.228
HOME Investment Partnerships Program	CFDA #14.239
Homelessness Prevention and Rapid Re-Housing Program - ARRA	CFDA #14.257
Tax Credit Assistance Program - ARRA	CFDA #14.258

Public Safety Partnership and Community Policing Grants Cluster	
Public Safety Partnership and Community Policing Grants	CFDA #16.710
Public Safety Partnership and Community Policing Grants - ARRA	CFDA #16.710
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Governments - ARRA	CFDA#16.804
Workforce Investment Act (WIA) Cluster	
WIA - Adult Program	CFDA #17.258
WIA - Adult Program - ARRA	CFDA #17.258
WIA - Youth Activities	CFDA #17.259
WIA - Youth Activities - ARRA	CFDA #17.259
WIA - Dislocated Workers	CFDA #17.260
WIA - Dislocated Workers - ARRA	CFDA #17.260
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	CFDA #17.275
Highway Planning and Construction Cluster	
Highway Planning and Construction	CFDA #20.205
Highway Planning and Construction - ARRA	CFDA #20.205
Capitalization Grants for Drinking Water State Revolving Funds Cluster	
Capitalization Grants for Drinking Water State Revolving Funds	CFDA #66.468
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	CFDA #66.468
Energy Efficiency and Conservation Block Grant - ARRA	CFDA #81.128
Temporary Assistance for Needy Families Cluster	
Temporary Assistance for Needy Families	CFDA #93.558
Temporary Assistance for Needy Families - ARRA	CFDA #93.558

H. The threshold for distinguishing between Types A and B programs was \$2,518,813.

I. The City of Minneapolis was not determined to be a low-risk auditee.



## II. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEMS NOT RESOLVED

##### 07-1 Monitoring Internal Controls

In our previous reports, we commented on the responsibility of City management for monitoring its internal controls and performing a risk assessment of existing controls over significant functions of its accounting system used to produce financial information. Significant functions and internal controls include and cover such areas as cash, capital assets, major funding sources, expenditure/expense processing, and payroll. We also commented on the need for the City to formalize its assessments of risks in its review of internal controls; to document the significant internal controls; to perform monitoring activity of the internal controls on a regular basis, no less than annually; and to document the monitoring activity.

During 2010, the City performed a risk assessment of its internal controls, documented the internal controls, and laid the ground work for testing those internal controls. No testing of the internal controls was performed during 2010, but it was scheduled to be completed on a quarterly basis beginning with the first quarter in 2011. As of the completion of our audit, the internal control testing for the first quarter of 2011 has not yet been completed.

We commend the City for the progress it has made in assessing and documenting its internal controls. We recommend that the City perform its testing of the internal controls as planned.

#### Client's Response:

*The City has a plan to monitor internal controls on a quarterly basis. At the beginning of 2011 finance staff met with the Internal Audit Department for training on testing internal controls. Testing (and documentation) of internal controls will begin in the second quarter of 2011 and will continue on a quarterly basis thereafter.*

##### 07-3 City Payroll Procedures

In our previous reports, we noted that certain staff involved with the processing of payroll, and who are both a Departmental Representative and Payroll Representative, have the ability to create temporary employees, add hours to pay lines, and change banking information in the HRIS system, all without electronic approvals. During 2010, the City has been able to further segregate these duties so that now only 3 of the 16 payroll employees have this access.

We commend the City for the progress made in segregating the duties for this portion of its staff and encourage it to continue working towards segregating these duties for the remaining staff.

Client's Response:

*The City has begun the process of transferring the employee maintenance responsibilities from Payroll to the operating departments. The remaining departments are anticipated to be completed by year end 2011. By transferring the employee maintenance function, Payroll staff will no longer have the conflicting responsibilities of employee maintenance and payroll.*

08-1 Journal Entries

In our previous report, we noted that a limited number of staff have journal entry access rights to approve (post) journal entries to the accounting system. However, no controls were in place to prevent these staff from both initiating and approving the same journal entries. The system did not provide an audit trail to indicate which staff with approval access actually did the posting to the system. In addition, there is no formal oversight or review process of journal entry activity.

The ability to initiate and approve journal entries on the general ledger system is a powerful function. It allows staff with access the ability to make changes to the financial system.

During 2010, the City approved and implemented a new journal entry policy to document the initiating and approving of journal entries, as well as a monthly process for monitoring journal entry activity. In our testing of 25 journal entries, only 1 transaction did not include the initiating and approving documentation required by the policy. However, the City has not yet implemented the system for monitoring journal entries on a monthly basis.

We recommend that a report be generated monthly detailing all journal entries that have been posted to the accounting system as required by the City's policy. Review and monitoring of this report should be done to ensure proper oversight for unusual or inappropriate activity.

Client's Response:

*The City has developed a query to comply with its Journal Entry Policy. This query will be run on a periodic basis and reviewed for unusual or inappropriate activity by accounting management.*

PREVIOUSLY REPORTED ITEMS RESOLVED

**Audit Adjustments (08-2)**

Material audit adjustments were identified and reflected in the financial statements.

**Resolution**

No material audit adjustments were identified during our audit of the 2010 financial statements.

**Reconciliations of Cash and Investment Accounts (08-3)**

Year-end bank reconciliations were not performed on a timely basis.

**Resolution**

For 2010, all December 31, 2010, bank reconciliations were completed within the seven weeks specified in the City's Bank Reconciliation Procedures.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM NOT RESOLVED

09-1 Prompt Payment of Invoices

The City is required by Minn. Stat. § 471.425 to make payment on vendor invoices according to the terms of the contract, or within 35 days of the completed delivery of the goods or services or the receipt of the invoice, whichever is later. Nine of the 98 payments tested for compliance with this statute had not been paid within the 35-day time period required by the statute.

We recommend the City make payments on vendor invoices in accordance with Minn. Stat. § 471.425.

Client's Response:

*The City has undertaken numerous efforts to improve its Procure-To-Pay function in an effort to ensure purchases are approved in advance, receipts of goods are verified and vendors are paid timely. In the first quarter of 2011, the City centralized its requisition and receiving function and saw an immediate improvement in the percentage of payments meeting a three-way match. We anticipate that an improvement in invoice payment will follow and that the City will be able to pay its vendors in accordance with contract terms or State law.*

B. OTHER ITEM FOR CONSIDERATION

GASB Statement 54

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of this standard is to enhance the usefulness of information included in the financial report about fund balance through clearer fund balance classifications that can be more consistently applied, as well as to clarify existing governmental fund type definitions.

Fund Balance Reporting

Statement 54 establishes new fund balance classifications based on constraints imposed on how resources can be spent. The existing components of fund balance reserved, unreserved, designated, and undesignated are being replaced by nonspendable, restricted, committed, assigned, and unassigned as defined below:

- *Nonspendable* - amounts that cannot be spent because they are either not in spendable form (for example, inventory or prepaid items) or legally or contractually required to be maintained intact (such as the corpus of a permanent fund).
- *Restricted* - amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of a government's highest level of decision-making authority.

- *Assigned* - amounts a government intends to use for a specific purpose that do not meet the criteria to be classified as restricted or committed.
- *Unassigned* - spendable amounts not contained in the other classifications.

#### Governmental Fund Type Definitions

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified in Statement 54. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of GASB Statement 54 are effective for the City of Minneapolis' financial statements for the year ending December 31, 2011.

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Mayor and Members of the City Council  
City of Minneapolis

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 13, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Meet Minneapolis, as described in our report on the City of Minneapolis' financial statements. This report does not include the results of the other auditor's testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Meet Minneapolis were not audited in accordance with *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Minneapolis' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the Schedule of Findings and Questioned Costs as items 07-1, 07-3, and 08-1 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Minneapolis' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, the City of Minneapolis complied with the material terms and conditions of applicable legal provisions, except as described in the Schedule of Findings and Questioned Costs as item 09-1.



Also included in the Schedule of Findings and Questioned Costs is an other item for consideration. We believe this information to be of benefit to the City, and we are reporting it for that purpose.

The City of Minneapolis' written responses to the internal control and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City Council, Audit Committee, Mayor, management, others within the City of Minneapolis, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

*/s/Greg Hierlinger*

REBECCA OTTO  
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GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

May 13, 2011

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### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and Members of the City Council  
City of Minneapolis

#### Compliance

We have audited the City of Minneapolis' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City of Minneapolis' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City of Minneapolis' basic financial statements include the operations of the Minneapolis Park and Recreation Board (Park Board) component unit, which expended \$962,414 in federal awards during the year ended December 31, 2010, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Park Board because it had a separate single audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Minneapolis' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Minneapolis complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

#### Internal Control Over Compliance

Management of the City of Minneapolis is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of and for the year ended December 31, 2010, and have issued our report thereon dated May 13, 2011. We did not audit the financial statements of Meet Minneapolis, which represents 1 percent, a negative 3 percent, and 8 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors. Our audit was performed for the purpose of forming opinions on the City of Minneapolis' financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The SEFA has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, Audit Committee, Mayor, management and others within the City of Minneapolis, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

May 13, 2011

*/s/Greg Hierlinger*

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**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Treasury</b>		
Passed Through Minnesota Housing Finance Agency Tax Credit Exchange 1602 Program Funds - ARRA	Not Assigned	<b>\$ 2,558,781</b>
<b>U.S. Department of Housing and Urban Development</b>		
Direct		
Community Development Block Grants/Entitlement Grants Cluster		
Community Development Block Grants/Entitlement Grants	14.218	\$ 22,814,135
Community Development Block Grants/Entitlement Grants - ARRA	14.253	1,478,212
Emergency Shelter Grants Program	14.231	669,513
HOME Investment Partnerships Program	14.239	3,596,124
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	933,370
Empowerment Zones Program	14.244	449,500
Neighborhood Stabilization Program - ARRA	14.256	528,970
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	1,674,785
Healthy Homes Demonstration Grants	14.901	947,487
Lead Technical Studies Grants	14.902	105,468
Passed Through Minnesota Housing Finance Agency		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	4,325,004
Tax Credit Assistance Program - ARRA	14.258	2,432,221
Passed Through Hennepin County		
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	61,300
Lead Hazard Reduction Demonstration Grant Program	14.905	719,136
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$ 40,735,225</b>
<b>U.S. Department of the Interior - National Park Service</b>		
Passed Through Minnesota Historical Society Historic Preservation Fund Grants-In-Aid	15.904	<b>\$ 23,000</b>

**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Justice</b>		
Direct		
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	\$ 154,586
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	403,604
Public Safety Partnership and Community Policing Grants Cluster		
Public Safety Partnership and Community Policing Grants	16.710	196,994
Public Safety Partnership and Community Policing Grants - ARRA	16.710	872,794
Gang Resistance Education and Training	16.737	95,631
Edward Byrne Memorial Competitive Grant Program - ARRA	16.808	167,976
Passed Through Minnesota Department of Public Safety		
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	41,495
Enforcing Underage Drinking Laws Program	16.727	4,000
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories - ARRA	16.803	246,021
Passed Through the City of St. Paul		
Missing Children's Assistance	16.543	14,617
Passed Through Fox Valley Technical College		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	108,215
Passed Through Hennepin County		
Edward Byrne Memorial Justice Assistance (JAG) Grant Program	16.738	518,181
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - ARRA	16.804	562,023
<b>Total U.S. Department of Justice</b>		<b>\$ 3,386,137</b>
<b>U.S. Department of Labor</b>		
Direct		
Workforce Investment Act Pilots, Demonstrations, and Research Projects	17.261	\$ 34,746
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	17.275	1,403,841
Passed Through Minnesota Department of Employment and Economic Development		
Workforce Investment Act (WIA) Cluster		
WIA - Adult Program	17.258	654,476
WIA - Adult Program - ARRA	17.258	615,344
WIA - Youth Activities	17.259	1,141,174
WIA - Youth Activities - ARRA	17.259	666,666
WIA - Dislocated Workers	17.260	1,254,560
WIA - Dislocated Workers - ARRA	17.260	673,378
<b>Total U.S. Department of Labor</b>		<b>\$ 6,444,185</b>



**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Transportation</b>		
Passed Through Metropolitan Council		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	\$ 1,360,423
Federal Transit Formula Grants	20.507	295,439
Highway Planning and Construction	20.205	2,455
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	10,330,521
Highway Planning and Construction - ARRA	20.205	6,139,842
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	13,385
Occupant Protection Incentive Grants	20.602	10,010
Safety Belt Performance Grants	20.609	3,040
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	46,601
<b>Total U.S. Department of Transportation</b>		<b>\$ 18,201,716</b>
<b>Equal Employment Opportunity Commission</b>		
Direct		
Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	30.002	<b>\$ 128,993</b>
<b>U.S. Environmental Protection Agency</b>		
Direct		
Congressionally Mandated Projects	66.202	\$ 661,240
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	3,597
Passed Through Minnesota Public Facilities Authority		
Capitalization Grants for Drinking Water Cluster		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	10,906,724
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	2,196,776
<b>Total U.S. Environmental Protection Agency</b>		<b>\$ 13,768,337</b>
<b>U.S. Department of Energy</b>		
Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	\$ 1,132,260
Passed Through Minnesota Department of Commerce		
State Energy Program - ARRA	81.041	12,386
<b>Total U.S. Department of Energy</b>		<b>\$ 1,144,646</b>

**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health and Human Services</b>		
Direct		
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 170,881
Healthy Start Initiative	93.926	856,880
Passed Through Hennepin County		
Temporary Assistance for Needy Families (TANF)	93.558	438,441
Passed Through Minnesota Department of Employment and Economic Development		
Temporary Assistance for Needy Families (TANF) - ARRA	93.558	440,738
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	517,864
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead		
Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	1,500
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	412,464
Temporary Assistance for Needy Families (TANF)	93.558	855,196
Immunization - ARRA	93.712	16,559
Prevention and Wellness - Communities Putting Prevention to Work Funding		
Opportunities Announcement (FOA) - ARRA	93.724	162,731
Maternal and Child Health Services Block Grant to the States	93.994	843,429
Passed Through the University of Minnesota		
Innovations in Applied Public Health Research	93.061	570
National Community Centers of Excellence in Women's Health	93.290	1,340
		<u>4,718,593</u>
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 4,718,593</b>
<b>U.S. Department of Homeland Security</b>		
Direct		
Assistance to Firefighters Grant	97.044	\$ 120,157
Port Security Grant Program	97.056	1,442,674
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	30,000
Port Security Grant Program	97.056	46,000
Homeland Security Grant Program	97.067	4,183,084
Buffer Zone Protection Program (BZPP)	97.078	132,389
		<u>5,954,304</u>
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 5,954,304</b>
<b>Total Federal Awards</b>		<b>\$ 97,063,917</b>

**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. The City's reporting entity is defined in Note 1 to the basic financial statements. This schedule does not include \$962,414 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a separate single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Minneapolis.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

**CITY OF MINNEAPOLIS  
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4. Subrecipients

Of the expenditures presented in the schedule, the City of Minneapolis provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 4,435,616
14.218	Community Development Block Grants/Entitlement Grants - ARRA	40,835
14.241	Housing Opportunities for Persons with AIDS (HOPWA)	906,772
14.244	Empowerment Zones Program	449,500
14.257	Homelessness Prevention and Rapid Re-Housing Program - ARRA	1,626,688
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	49,385
14.905	Lead Hazard Reduction Demonstration Grant Program	58,718
15.904	Historic Preservation Fund Grants-In-Aid	23,000
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	165,982
16.540	Juvenile Justice and Delinquency Prevention - Allocation to the States	41,495
17.261	Workforce Investment Act Pilots, Demonstrations, and Research Projects	33,000
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	755,000
17.258	Workforce Investment Act - Adult Program	374,921
17.258	Workforce Investment Act - Adult Program - ARRA	594,620
17.259	Workforce Investment Act - Youth Activities	794,496
17.259	Workforce Investment Act - Youth Activities - ARRA	585,514
17.260	Workforce Investment Act - Dislocated Workers	736,876
17.260	Workforce Investment Act - Dislocated Workers - ARRA	212,836
20.507	Federal Transit Formula Grants	295,439
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	714,939
93.926	Healthy Start Initiative	380,398
93.558	Temporary Assistance for Needy Families (TANF)	304,711
93.558	Temporary Assistance for Needy Families (TANF) - ARRA	440,738
93.069	Public Health Emergency Preparedness	38,416
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	44,690
93.558	Temporary Assistance for Needy Families (TANF)	780,303

**CITY OF MINNEAPOLIS  
MINNEAPOLIS, MINNESOTA**

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4. Subrecipients (Continued)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
93.724	Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) - ARRA	33,806
93.994	Maternal and Child Health Services Block Grant to the States	<u>485,794</u>
	Total	<u>\$ 15,404,488</u>

5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.