

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

MANAGEMENT AND COMPLIANCE REPORT
PREPARED AS A RESULT OF THE AUDIT
OF THE FINANCIAL AFFAIRS OF THE

CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA

YEAR ENDED DECEMBER 31, 2005

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

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

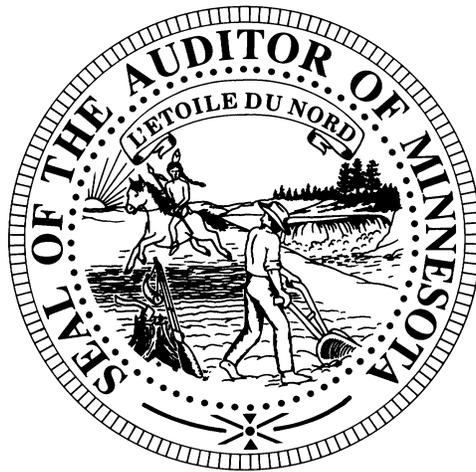
The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@state.mn.us
www.auditor.state.mn.us

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**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Year Ended December 31, 2005



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 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses an unqualified opinion on the basic financial statements of the City of Minneapolis.
- B. Reportable conditions 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 Applicable to Each Major Program and 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:

Community Development Block Grant	CFDA #14.218
Empowerment Zones Program	CFDA #14.244
Community Development Block Grant - Section 108 Loan Guarantees	CFDA #14.248
WIA Cluster	
Workforce Investment Act - Adult Program	CFDA #17.258
Workforce Investment Act - Youth Activities	CFDA #17.259
Workforce Investment Act - Dislocated Workers	CFDA #17.260

Capitalization Grants for Clean Water State Revolving Funds	CFDA #66.568
Homeland Security Cluster State Domestic Preparedness Equipment Support Program	CFDA #97.004
Homeland Security Grant Program	CFDA #97.067
Disaster Grants - Public Assistance	CFDA #97.036

H. The threshold for distinguishing between Types A and B programs was \$1,323,252.

I. The City of Minneapolis was 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

01-1 Reconciliation of CPED Land Inventory Records

Previous reports have disclosed the following conditions related to land inventory records maintained by the Minneapolis Community Planning and Economic Development Department (CPED):

1. CPED staff are unable to reconcile their reports on acquisitions, dispositions, and balances. Significant time is incurred by audit staff in order to attest to amounts for the City's financial statements.
2. Authorizations for land transactions cannot always be located. Records do not provide sufficient information to link acquired parcels with those disposed. This may be due, in part, because some acquired parcels are replatted and given new addresses.
3. Land transactions are not recorded in a timely manner to the CPED's subsidiary information system. The CPED has no policies or procedures in place to ensure that project managers are forwarding pertinent information to staff for timely input.

These conditions, as noted in previous reports, did not change for the year ended December 31, 2005.

We again recommend that policies and procedures be developed to provide more accuracy in the reporting of land transactions.

Client's Response:

During 2007, the City will be reviewing and possibly re-engineering all of its business processes. This will be done in conjunction with the financial system implementation with an expected "go-live" of 1-1-08. During the business process re-engineering, land inventory accounting will be reviewed, and improvements to the process will occur. It is also expected that technology improvements from the system implementation will result in an improved land inventory accounting. For 2006, the City is considering using consultants to assist in the land inventory reconciliation prior to year-end.

02-1 Timely Accounting for CPED Activities

Previous reports have noted financial transactions occurring throughout the year that were not recorded in a timely manner. Examples of these transactions relate to trustee activities, loan repayments, and requests for reimbursement from granting agencies for expenditures incurred. The absence of timely accounting can distort the financial position of CPED funds during the year, and it can cause delays in completing annual financial reports. The condition remained unchanged for the year ended December 31, 2005.

We again recommend that CPED staff improve the timeliness in recording transactions related to the above areas.

Client's Response:

During 2007, the city will be reviewing and possibly re-engineering all of its business processes. This will be done in conjunction with the financial system implementation with an expected "go-live" of 1-1-08. During the business process re-engineering, CPED accounting practices will be reviewed, and improvements to the process will occur. It is also expected that technology improvements from the system implementation will result in an improved accounting process. For 2006, the City is considering using consultants to assist in the year-end process.

ITEM ARISING THIS YEAR

05-1 Treasury Division - Reconciliation of Cash and Investment Accounts

Our review of the reconciliation process for cash and investment accounts found the following conditions:

- Cash and investment accounts are not reconciled to the accounting records on a monthly basis.
- Account reconciliations were not started within 30 days of receipt of the bank statement.
- Funds were wired out of investment accounts without an offset entry to the accounting records.
- Entries recorded directly to cash and investment accounts can be performed by Finance Department staff outside of the Treasury Division. There is no process requiring Treasury staff to approve these entries.
- Numerous stale items are included on the reconciliations month after month. The Treasury Division lacks procedures to resolve these stale items in a timely manner.

These conditions weaken control over accurate reporting of cash and investment balances and may cause delays in timely reporting of financial information.

We recommend that the Treasury Division implement policies and procedures that provide for the reconciliation of cash and investment amounts to the accounting records on a monthly basis. We also recommend that the Finance Department establish procedures requiring Treasury Division staff to approve all transactions recorded directly to cash and investment accounts. We understand that the recently hired City Treasurer has taken several steps to address the issues. We encourage this process to continue and offer our assistance to help resolve the above conditions.

Client's Response:

The Treasury Department began instituting several changes to the reconciliation process in the second quarter of 2006. We believe these changes to the process have adequately addressed the conditions noted above and will strengthen controls and improve the accuracy and the timeliness of the City's financial information.

Schedule 1
(Continued)

The following reconciliation procedures and processes were put into place beginning with May 2006:

1. *On a monthly basis, every cash and investment account is reconciled to the accounting records (A026).*
 - a. *The reconciliation process for each month will begin the second week following month-end and will be completed by the seventh week following month-end.*
 - i. *The reconciliation of the investment account will be reviewed by the Senior Financial Analyst and approved by the Director of Treasury.*
 - ii. *The consolidated cash reconciliations will be reviewed and approved by the Cash Manager.*
 - b. *A reconciliation meeting will be held during the seventh week following the end of the month to resolve all stale dated items from the previous month's stale dated reconciliation report.*
 - c. *A formal written reconciliation report to the Director of Treasury will be completed by the Cash Manager.*
2. *Funds coming into the City or being disbursed from the City must flow through the general DDA (cash management) account at the City. No cash can come directly into the City or be disbursed from the City through the investment account. The Cash Manager and/or Director of Treasury must approve every cash wire and all journal entry for wires out of the DDA account.*

Beginning in the fourth quarter of 2006, Treasury will institute procedures requiring that all journal entries to the investment account be approved by Treasury. Additionally, all journal entries to the cash account that are over \$200,000 (excluding system-generated recurring journal entries) are approved for the appropriate bank account information by Treasury.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

General Fund Overhead Charge (00-2)

Previous reports have recommended that the basis for recovering administrative costs in the General Fund be reviewed to determine if it is still applicable.

Resolution

In November 2004, the City Council approved an Activity-Based-Costing rate model that allocates General Fund management services costs based on consumption of the services provided. The rate model was implemented on January 1, 2005.

B. OTHER ITEM FOR CONSIDERATION

Financial Condition of Certain Internal Service Funds

Some internal service funds of the City have been experiencing a decline in financial condition over the past few years. The following table presents selected information from the affected internal service funds for the last three years:

(Amounts Below Expressed in Thousands)

<u>Financial Information</u>	<u>Intergovernmental Services Fund</u>	<u>Property Services Fund</u>	<u>Equipment Services Fund</u>	<u>Self-Insurance Fund</u>
Net Working Capital (Current assets less current liabilities)				
2003	\$ (12,310)	\$ (613)	\$ 329	\$ (6,351)
2004	(12,254)	(906)	(3,622)	(3,647)
2005	(14,122)	(937)	(814)	(287)
Unrestricted Net Assets				
2003	(21,344)	(1,082)	(2,174)	(40,983)
2004	(19,121)	(578)	59	(37,980)
2005	(20,550)	(536)	4,422	(36,040)
Change in Net Assets				
2003	(6,810)	(413)	1,603	2,272
2004	2,307	(152)	(59)	3,003
2005	3,231	(471)	2,137	1,940

To address the financial condition of these funds, the City's Finance Department has prepared workout plans for some of the funds; presently, there is not a plan for the Property Services Fund.

Intergovernmental Services Fund

The Intergovernmental Services Fund continues to show improvement in its financial condition. For 2005, the fund's net asset balance increased \$3,231,000, the second straight year that an increase has occurred. Actual revenues (including transfers from other funds) exceeded projections by \$6,006,000. Actual expenses for 2005 were again higher than projections by \$2,154,000. As in years past, depreciation expense--\$6,510,000 in 2005--is an ongoing factor in the fund's financial health. The City's workout plan has acknowledged that the financing of depreciating assets remains a challenge for this fund.

Property Services Fund

The Property Services Fund had a decrease in its net asset balance for the third consecutive year. The 2005 decrease of \$471,000 is consistent with its 2003 level. Operating expenses exceeded operating revenues by \$1,144,000. The loss in operating activities was offset by transfers (net) from other funds of \$673,000. The depreciation expense--\$1,349,000 in 2005--is an ongoing factor to this fund's financial health. The ending net working capital (\$937,000) and unrestricted net assets (\$536,000) remained consistent with the previous year amounts. Future requirements for debt service and capital asset replacement should continue to be addressed by City management.

Equipment Services Fund

The Equipment Services Fund showed signs of improvement. For 2005, the fund's net asset balance increased \$2,137,000, the second time in three years that an increase has occurred. The 2005 increase was \$789,000 greater than the \$1,348,000 projected in the workout plan. This was accomplished through higher than expected transfers (net) from other funds. The unrestricted net asset balance increased \$4,363,000 to \$4,422,000. This resulted from a substantial payoff of outstanding debt during 2005. However, the cash balance for 2005 of \$1,251,000 is still significantly less than the workout plan's projected cash balance of

\$5,862,000. An effect of this difference in projected cash is that net working capital of this fund remained negative (\$814,000) for 2005. The ongoing challenge for this fund is the funding of depreciating assets and long-term debt obligations.

Self-Insurance Fund

The Self-Insurance Fund continued to show improvement to its financial health for 2005. However, the workout plan called for an increase in net assets of \$3,154,000 for 2005; the actual increase to net assets was \$1,940,000; a \$1,214,000 shortfall from the projected amount. The workout plan provided for expenses to exceed revenues by \$311,000 and to have net transfers offset the loss and provide for an increase in net assets. However, reported revenues and expenses were both significantly less than the projected amounts, which resulted in a loss before transfers of \$1,805,000. Transfers (net) of \$3,745,000 were \$280,000 greater than projected. This covered the loss as intended in the workout plan but provided a smaller than anticipated increase in the net asset balance. Cash flows for this fund also showed improvement during 2005. The cash balance of this fund was a positive \$1,797,000 for 2005 and was accomplished without a year-end loan from another fund. The net working capital increased \$3,360,000 in 2005 to a negative \$287,000. Overall, the negative year-end net assets balance of \$36,040,000 was an improvement of \$1,940,000 over the prior year and close to the workout plan's projected negative balance of \$35,823,000. Though a positive equity position will take some time to achieve, the City's workout plan appears to be providing results. It appears there will be an ongoing need for controlling expenses and committing additional revenue streams for this fund to improve its financial position.

Overall, the financial health of the internal service funds are showing improvements. The need to provide sufficient revenue streams and to control expenses will continue to be management's challenge for these funds.

Client's Response:

The City continues to address the financial challenges presented by the Internal Service Funds. The City Council has supported and continues to support a strong financial commitment to these funds. This includes adherence to the adopted workout plans and one-time transfers to the funds when General Fund reserves

Schedule 1
(Continued)

permit. For instance, the City Council approved an additional transfer to the Self-Insurance Fund of \$3.1 million in 2006. In addition, implemented rate models and ongoing financial reporting to managers ensures that expenses are tightly controlled within these funds. In regards to the Equipment Services Fund, Public Works management is aware of declining usage of equipment related to decreased Capital Project funding and the completion of Light Rail Transit and Heritage Park projects. In 2006, Public Works adjusted its rates to customers to offset declining revenues. Additional decisions may be made with regard to fleet sizing and staffing levels. The advent of GASB Statement 34 has created additional financial challenges in the Property Services and Intergovernmental Services Fund by recognizing depreciation expense for assets recently capitalized. The annual depreciation expense is not funded through user rates to other departments, which could create additional losses within those funds. However, within the Intergovernmental Services Fund, technology is being replaced, and new technology is being implemented within the City. The funding is not coming from BIS user fees but from grants and departmental operating budgets. This will increase BIS net assets because capital purchases are being funded on a cash basis, and no debt is being incurred.

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STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

PATRICIA ANDERSON
STATE AUDITOR

**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, 2005, and have issued our report thereon dated May 19, 2006. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Minneapolis' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 01-1, 02-1, and 05-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the

financial statements being audited 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions indicated above is a material weakness.

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 Local Government*, 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 Local Government* contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. 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.

This report is intended solely for the information and use of the City Council, Mayor, management, 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/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 19, 2006



STATE OF MINNESOTA
OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

PATRICIA ANDERSON
STATE AUDITOR

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND 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 compliance of the City of Minneapolis with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. 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' financial statements include the operations of the Minneapolis Park and Recreation Board, which received \$1,552,434 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2005. Our audit described below did not include the operations of the Minneapolis Park and Recreation Board because the Board had its own single audit.

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 are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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, 2005, and have issued our report thereon dated May 19, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, 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, Mayor, management, 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/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: May 19, 2006

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**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development			
Passed Through Redeemer Lutheran Center for Life Empowerment Zones Program	14.244	\$ 46,155	\$ -
Direct			
Community Development Block Grants	14.218	16,525,529	3,959,807
Emergency Shelter Program	14.231	624,977	-
Home Investment in Affordable Housing (HOME)	14.239	4,814,858	-
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	1,028,724	1,023,724
Empowerment Zones Program	14.244	4,310,951	3,978,065
Community Development Block Grant			
Section 108 Loan Guarantees	14.248	2,000,000	-
Lead-Based Paint Hazard Control	14.900	366,619	-
Healthy Homes Demonstration Grant	14.901	160,587	68,589
Lead Outreach Grant	14.904	195,042	126,116
Total U.S. Department of Housing and Urban Development		\$ 30,073,442	\$ 9,156,301
U.S. Department of the Interior - National Park Service			
Passed Through Minnesota Historical Society Historic Preservation Fund Grants-In-Aid	15.904	\$ 13,000	\$ -
U.S. Department of Justice			
Passed Through Domestic Abuse Project Violence Against Women Formula Grants	16.588	\$ 666	\$ -
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Incentive Block Grant	16.523	136,898	19,106
Juvenile Justice and Delinquency Prevention	16.540	43,000	43,000
Juvenile Justice and Delinquency Prevention Special Emphasis	16.548	100,000	100,000
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	9,768	-
Edward Byrne Memorial Formula Grant Program	16.579	712,740	279,306
Weed and Seed Program	16.595	233,795	72,032
Community Prosecution Planning Grant	16.609	63,603	-
Enforcing Underage Drinking Laws Program	16.727	4,059	-
Passed Through Pillsbury United Communities			
Weed and Seed Program	16.595	121,405	-
Passed Through Police Executive Research Forum			
Police Hiring Grant	16.710	5,101	-

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (Continued)			
Direct			
Antiterrorism Emergency Reserve	16.321	250,000	-
National Institute of Justice Research, Evaluation, and Development of Project Grants	16.560	82,881	-
Edward Byrne Memorial State and Local Law enforcement Assistance Discretionary Grants Program (Discretionary Drug and Criminal Assistance Program)	16.580	5,549	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	328,565	207,581
Local Law Enforcement Block Grant	16.592	300,124	-
Community Prosecution Planning Grant	16.609	87,545	-
Police Hiring Grant	16.710	1,094,908	50,000
Total U.S. Department of Justice		\$ 3,580,607	\$ 771,025
U.S. Department of Labor			
Passed Through Minnesota Department of Employment and Economic Development			
Workforce Investment Act - Adult Program	17.258	\$ 1,072,506	\$ 766,027
Workforce Investment Act - Youth Activities	17.259	858,868	658,823
Workforce Investment Act - Dislocated Workers	17.260	683,158	373,722
Disability Employment Policy Development	17.720	27,337	-
Total U.S. Department of Labor		\$ 2,641,869	\$ 1,798,572
U.S. Department of Transportation			
Passed Through Metropolitan Council			
Highway Planning and Construction	20.205	\$ 278,412	\$ -
Passed Through Minnesota Department of Public Safety			
Safe and Sober Program	20.600	11,037	-
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grant	20.601	31,337	-
Direct			
Federal Transit Capital Investment Grants-Bus and Bus Facilities	20.500	26,395	-
Total Department of Transportation		\$ 347,181	\$ -
Equal Employment Opportunity Commission			
Direct			
Employment Discrimination - State and Local Fair Employment	30.002	\$ 24,500	\$ -

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

**Schedule 2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Environmental Protection Agency			
Passed Through Hennepin County			
Environmental Education Grants	66.951	\$ 127,239	\$ -
Passed Through Minnesota Public Facilities Authority			
Drinking Water State Revolving Fund Program	66.568	16,394,137	-
Direct			
Surveys, Studies, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	98,225	-
Source Reduction Assistance	66.717	53,317	-
Brownfield Pilots Cooperative Agreements	66.811	158,709	20,000
		<u>16,831,627</u>	<u>20,000</u>
Total U.S. Environmental Protection Agency		\$ 16,831,627	\$ 20,000
U.S. Department of Health and Human Services			
Passed Through Hennepin County			
Center for Disease Control and Prevention	93.283	\$ 23,380	\$ -
Temporary Assistance for Needy Families (TANF)	93.558	539,458	307,236
Passed Through Minneapolis Public Schools			
Adolescent Family Life Demonstration Project	93.995	42,548	-
Passed Through Minnesota Department of Health			
Mental Health National Service Awards for Research Training	93.282	420,046	161,807
Center for Disease Control and Prevention	93.283	504,375	266,469
Temporary Assistance for Needy Families (TANF)	93.558	523,496	445,451
Maternal and Child Health	93.994	869,754	522,383
Direct			
Healthy Start Initiative	93.926	912,846	563,650
Preventive Health Services Grant	93.974	286,192	236,231
		<u>4,122,095</u>	<u>2,503,227</u>
Total U.S. Department of Health and Human Services		\$ 4,122,095	\$ 2,503,227

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security			
Passed Through Hennepin County Emergency Management Performance Grant	97.042	\$ 45,580	\$ -
Passed Through Minnesota Department of Public Safety			
State Domestic Preparedness Equipment Support Program	97.004	1,273,469	-
Urban Areas Security Initiative	97.008	835,527	-
Disaster Grants - Public Assistance	97.036	358,702	-
Citizen Corps	97.053	451	-
Homeland Security Grant Program	97.067	177,591	-
Direct			
Assistance To Firefighters Grant	97.044	78,585	-
Metropolitan Medical Response System	97.071	20,868	-
Total U.S. Department of Homeland Security		\$ 2,790,773	\$ -
Total Federal Awards		\$ 60,425,094	\$ 14,249,125

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity 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 \$1,552,434 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a corporate single audit.
2. The expenditures on this schedule are on the modified accrual basis of accounting, which is described in Note 1 to the City of Minneapolis' basic financial statements.
3. Pass-through grant numbers were not available.