

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, 2004

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.

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**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Year Ended December 31, 2004



Management and Compliance Report

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

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**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

TABLE OF CONTENTS

	<u>Reference</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Schedule 1	
I. Summary of Auditor's Results		1
II. Findings Related to Financial Statements Audited in Accordance with <i>Government Auditing Standards</i>		2
III. Findings and Questioned Costs for Federal Award Programs		4
IV. Other Findings and Recommendations		4
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		8
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		10
Schedule of Expenditures of Federal Awards	Schedule 2	12

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**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Schedule 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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 Compliance and on Internal Control Over Financial Reporting 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
HOME Investment Partnerships Program	CFDA #14.239
Empowerment Zones/Enterprise Communities	CFDA #14.244
Workforce Investment Act - Adult Program (cluster)	CFDA #17.258
Workforce Investment Act - Youth Activities (cluster)	CFDA #17.259
Workforce Investment Act - Dislocated Workers (cluster)	CFDA #17.260
Alternative Fuel Project	CFDA #20.500
Capitalization Grants for Clean Water State Revolving Funds	CFDA #66.468

- H. The threshold for distinguishing between Types A and B programs was \$1,070,982.
- 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, 2004.

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

Client's Response:

The review of CPED's land inventory subsidiary system is part of a comprehensive City financial data management review. Policies and procedures to insure timely and accurate land inventory information will develop from this process.

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 include trustee activities, loan repayments, and requests for reimbursements 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, 2004.

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

Client's Response:

City Finance is working with the CPED Department to analyze and improve accounting procedures to provide CPED management with timely and accurate financial information.

PREVIOUSLY REPORTED ITEM RESOLVED

Accounting Policies and Procedures (00-1)

Previous reports have indicated that the City did not have a comprehensive accounting policies and procedures manual. Steps to resolve this condition have been occurring over time, including the establishment of an intranet web site for the manual, centralizing existing policies and procedures on the website, and addressing additional areas to be included in the manual.

Resolution

The City Finance Department now has a comprehensive manual of accounting policies and procedures. The manual can be found on the intranet web site of the Finance Department.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM NOT RESOLVED

00-2 General Fund Overhead Charge

Previous reports have recommended that the basis for recovering administrative costs in the General Fund be reviewed to determine if it is still applicable. For 2004, the basis for recovering administrative costs did not change from previous years. We have been informed that a new cost recovery system was implemented in 2005.

We will review this system during our next audit.

Client's Response:

The City has implemented an Activity-Based-Costing rate model that allocates General Fund management services costs based on consumption of the services provided. This rate model has been approved by the City Council and was implemented in 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:

Schedule 1
(Continued)

(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)				
2002	\$ (5,872)	\$ (4,209)	\$ (7,304)	\$ (8,841)
2003	(12,310)	(613)	329	(6,351)
2004	(12,254)	(906)	(3,622)	(3,647)
Unrestricted Net Assets				
2002	(17,297)	(4,200)	(6,322)	(43,255)
2003	(21,344)	(1,082)	(2,174)	(40,983)
2004	(19,121)	(578)	59	(37,980)
Change in Net Assets				
2002	(4,598)	1,050	(4,149)	1,864
2003	(6,810)	(413)	1,603	2,272
2004	2,307	(152)	(59)	3,003

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 showed a significant improvement in its financial health for 2004, compared with the previous year. For 2004, the fund's net asset balance increased \$2,307,000, compared with a decrease of \$6,810,000 in 2003. Actual revenues (including transfers from other funds) exceeded projections by \$3,700,000. Actual expenses for 2004 were \$1,297,920 above anticipated amounts, which is much closer to projections than in the previous year. Depreciation expense - \$7,314,000 in 2004 - appears to be 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 continued to show some positive indicators in 2004 despite a decrease in net assets of \$152,000 for the year, which was an improvement over the decrease of \$413,000 reported for 2003. Operating expenses exceeded operating revenues for the year by \$547,000, which contributed to a decline in the fund's net working capital

Schedule 1
(Continued)

from the previous year. Net working capital - the ability to pay current bills with available funds and other current assets – decreased \$293,000 from 2003, to a year-end total of \$(906,000). Unrestricted net assets ended the year with a balance of \$(578,000), an improvement of \$504,000 from the previous year. These improvements seem to be attributed to a reduction in long-term debt obligations at year-end. Future requirements to fund debt service and capital asset replacements should continue to be considerations for this fund.

Equipment Services Fund

While the overall equity position of the Equipment Services Fund remained unchanged from the previous year, the fund fell significantly short of the workout plan's projections. The workout plan called for an increase in net assets of \$2,663,935, but the fund ended the year with a decrease of \$59,000. This difference is a significant decline from where the fund was intended to be. Projections called for operating revenues to exceed operating expenses by \$2,112,255; however, the fund had an operating loss of \$648,000 for the year. These variances from projected amounts also contributed to the significant difference from the projected cash balance to the actual amount at year-end. The workout plan called for a year-end cash balance of \$4,323,051, but the actual balance was \$1,752,000, a difference of \$2,571,051. Despite shortcomings in meeting projected amounts, the fund's overall equity position held steady from the previous year. A continuing challenge for this fund will involve funding for depreciating assets and long-term debt obligations. Also, revenues consistent with services provided to users will require ongoing monitoring in order for this fund to maintain financial health.

While performance of this fund is not yet reaching the city's goals, financial management of the fund is showing signs of improvement.

Self-Insurance Fund

The Self-Insurance Fund continued to show improvement to its financial health in 2004. The city's workout plan called for an increase in net asset balance of \$2,611,000 for 2004; the actual increase to net assets was \$3,003,000, a \$392,000 gain over projections. Reported revenues for the year came close to projected amounts, while reported expenses were less than projected, contributing to this gain. Cash flows continue to be an issue for the fund. The workout plan called for a cash balance of zero at

Schedule 1
(Continued)

year-end 2004, however, the actual balance was a negative \$2,148,000 (before year-end loan transfers for reporting purposes). Overall, year-end net assets of \$(37,980,000) represented a modest improvement from the projected amount of \$(38,977,000). 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 in order for this fund to improve its financial position.

Overall, the financial health of the internal service funds are showing improvement. 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 permit. 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 the City's reduced Capital Project funding and the completion of Light Rail Transit and Heritage Park projects. Future decisions will have to be made in this fund both from a fleet sizing and labor force perspective. The advent of GASB34 has created additional financial challenges in the Property Services and Intergovernmental Services Funds by recognizing depreciation expense for assets recently capitalized. The annual depreciation expense is not funded through user rates to other departments, thus creating additional losses within those funds. City staff is continuing to address these issues by properly matching revenues associated with internal funding of technology projects with the capital expense. We expect to see the net asset picture improve, especially in the Intergovernmental Services Fund, as existing debt is extinguished at a faster rate than new debt is incurred.

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PATRICIA ANDERSON
STATE AUDITOR

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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 City of Minneapolis as of and for the year ended December 31, 2004, and have issued our report thereon dated May 16, 2005. 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 and 02-1.

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 neither 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, and management 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 16, 2005



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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, 2004. 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 \$584,232 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2004. 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, 2004.

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 City of Minneapolis as of and for the year ended December 31, 2004, and have issued our report thereon dated May 16, 2005. 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 16, 2005

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce			
Direct			
Telecommunications and Information Infrastructure Assistance	11.552	\$ 122,752	\$ -
U.S. Department of Housing and Urban Development			
Passed Through Minnesota Department of Human Services			
Empowerment Zone/Enterprise Community	14.244	\$ 230,176	\$ 230,176
Passed Through Redeemer Lutheran Church			
Empowerment Zone	14.244	51,065	-
Passed Through American Indian Neighborhood Development Corp.			
Empowerment Zone	14.244	43,700	-
Direct			
Multi-family	14.199	22,438	-
Community Development Block Grants	14.218	14,006,205	3,502,888
Emergency Shelter Program	14.231	251,581	-
Home Investment in Affordable Housing (HOME)	14.239	3,989,768	-
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	848,624	848,624
Empowerment Zone	14.244	3,153,120	1,782,939
Lead Based Paint Hazard Control	14.900	118,629	108,171
Healthy Homes Demonstration Grant	14.901	89,312	27,488
Lead Outreach Grant	14.904	<u>195,542</u>	<u>166,103</u>
Total Department of Housing and Urban Development		<u>\$ 23,000,160</u>	<u>\$ 6,666,389</u>
U.S. Department of the Interior			
Passed Through Minnesota Historical Society			
Historic Preservation	15.904	<u>\$ 12,000</u>	<u>\$ 12,000</u>
U.S. Department of Justice			
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Incentive Block Grant	16.523	\$ 179,363	\$ -
Juvenile Justice and Delinquency Prevention	16.540	66,232	66,232

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

**Schedule 2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (Continued)			
Delinquency Prevention Program	16.548	54,000	54,000
Part E State Challenge Activities	16.549	54,000	54,000
Byrne Formula Grant Program	16.579	421,628	57,310
Passed Through The Bureau of Criminal Apprehension Byrne Formula Grant Program	16.579	17,472	-
Passed Through Domestic Abuse Project Violence Against Women Formula Grants	16.588	3,028	-
Passed Through Pillsbury United Communities Weed and Seed Program	16.595	141,529	-
Passed Through Minnesota Department of Education Weed and Seed Program	16.595	3,612	-
Passed Through the Police Executive Research Forum Police Hiring Grants	16.710	3,461	-
Passed Through the Minnesota Alcohol and Gambling Enforcement Division Enforcing Under Age Drinking Laws Program	16.727	4,571	-
Direct Byrne Formula Grant Program	16.579	212,862	199,689
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	289,858	140,735
Local Law Enforcement Block Grant	16.592	668,150	-
Weed and Seed Program	16.595	312,598	144,924
Community Prosecution Planning Grant	16.609	174,826	30,000
Police Hiring Grant	16.710	1,212,420	-
National Incident Based Reporting System	16.733	128,680	-
Total Department of Justice		\$ 3,948,290	\$ 746,890

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

***Schedule 2
(Continued)***

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor			
Passed Through Minnesota Department of Employment and Economic Development			
Workforce Investment Act - Adult Program	17.258	\$ 820,320	\$ 574,202
Workforce Investment Act - Youth Activities	17.259	897,007	652,534
Workforce Investment Act - Dislocated Workers	17.260	655,594	396,555
Disability Employment Policy Development	17.720	28,663	-
Passed Through Hennepin County			
Workforce Investment Act - Dislocated Workers	17.260	<u>109,847</u>	<u>57,335</u>
Total Department of Labor		<u>\$ 2,511,431</u>	<u>\$ 1,680,626</u>
U.S. Department of Transportation			
Passed Through Minnesota Department of Public Safety Safe and Sober Program	20.600	\$ 35,972	\$ -
Alcohol Traffic Safety & Drunk Driving Prevention Incentive Grant	20.601	16,354	-
Direct			
Alternative Fuel Project	20.500	<u>1,037,960</u>	<u>1,037,960</u>
Total Department of Transportation		<u>\$ 1,090,286</u>	<u>\$ 1,037,960</u>
Equal Employment Opportunity Commission			
Direct			
Employment Discrimination - State and Local Fair Employment	30.002	<u>\$ 71,000</u>	<u>\$ -</u>
National Foundation on the Arts and Humanities			
Passed Through Minnesota Department of Education Library Services Technology Act	45.310	<u>\$ 20,572</u>	<u>\$ -</u>
Environmental Protection Agency			
Passed Through Minnesota Public Facilities Authority Drinking Water State Revolving Fund Program	66.468	\$ 37,880,587	\$ -
Direct			
Source Reduction Assistance	66.717	9,806	-
Brownfield Pilots Cooperative Agreements	66.811	<u>30,000</u>	<u>-</u>
Total Environmental Protection Agency		<u>\$ 37,920,393</u>	<u>\$ -</u>

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

**Schedule 2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services			
Passed Through Minnesota Department of Health Lead program	93.197	\$ 23,502	\$ 20,484
Mental Health National Research Service Awards for Research and Training	93.282	7,547	-
Center for Disease Control and Prevention	93.283	578,409	249,810
Temporary Assistance for Needy Families (TANF)	93.558	470,920	416,190
Maternal and Child Health	93.994	900,464	528,140
Passed Through Hennepin County Center for Disease Control and Prevention	93.283	26,620	-
Temporary Assistance for Needy Families (TANF)	93.558	438,499	214,636
Passed Through the Youth Coordinating Board Early Learning Fund	93.577	26,125	26,125
Passed Through the Minnesota Department of Human Services Children's Justice Grants to States	93.643	8,500	-
Passed Through the Minneapolis Public Schools Adolescent Family Life Demonstration Project	93.995	72,712	-
Passed Through the Minnesota Department of Public Safety Metro Medical Response System (MMRS)	None	284,990	-
Sustainment of the MMRS System	None	2,300	-
Direct			
Healthy Start Initiative	93.926	906,633	556,012
Preventive Health Services Grant	93.974	<u>206,615</u>	<u>150,064</u>
Total Department of Health and Human Services		<u>\$ 3,953,836</u>	<u>\$ 2,161,461</u>

**CITY OF MINNEAPOLIS
MINNEAPOLIS, MINNESOTA**

**Schedule 2
(Continued)**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security			
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support Program	97.004	\$ 744,295	\$ -
Urban Areas Security Initiative	97.008	43,326	-
Assistance To Firefighters Grant	97.044	135,922	-
State and Local All Hazards Emergency Operations Planning	97.051	33,538	-
Citizen Corps	97.053	23,370	-
Community Emergency Response Teams	97.054	<u>11,710</u>	<u>-</u>
Total Department of Homeland Security		<u>\$ 992,161</u>	<u>\$ -</u>
Total Federal Awards		<u>\$ 73,642,881</u>	<u>\$ 12,305,326</u>

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.
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.