

# STATE OF MINNESOTA

## Office of the State Auditor



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

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**MANAGEMENT AND COMPLIANCE REPORT**  
**MINNEAPOLIS PARK AND RECREATION BOARD**  
**(A COMPONENT UNIT OF THE**  
**CITY OF MINNEAPOLIS, MINNESOTA)**

**YEAR ENDED DECEMBER 31, 2015**

## **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 150 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 700 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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**MINNEAPOLIS PARK AND RECREATION BOARD  
(A COMPONENT UNIT OF THE  
CITY OF MINNEAPOLIS, MINNESOTA)**

**Year Ended December 31, 2015**



**Management and Compliance Report**

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

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**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

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**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for the major federal program: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal program is:

Disaster Grants - Public Assistance (Presidentially  
Declared Disasters)

CFDA No. 97.036

The threshold for distinguishing between Types A and B programs was \$750,000.

The Minneapolis Park and Recreation Board qualified as a low-risk auditee? **No**

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

### INTERNAL CONTROL

#### PREVIOUSLY REPORTED ITEM NOT RESOLVED

Finding 2014-001

#### Audit Adjustment

**Criteria:** 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** During our audit, a material audit adjustment was identified; this was reviewed and approved by the Minneapolis Park and Recreation Board staff and is reflected in the financial statements. By definition, however, independent external auditors cannot be considered part of the Minneapolis Park and Recreation Board's internal control.

**Context:** Under modified accrual accounting, revenues are recognized when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Minneapolis Park and Recreation Board's policy considers revenues to be available if collected within 60 days after the current fiscal year-end. In the prior year, an audit adjustment of \$903,370 was made to the Permanent Improvement Capital Projects Fund to reclassify revenue received after 60 days to unavailable revenue in accordance with modified accrual accounting and the Minneapolis Park and Recreation Board's policy. In the current year, this same revenue was reversed out of the receivable twice - once as revenue and once as unavailable revenue. The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

**Effect:** The following material misstatement detected as a result of audit procedures was corrected by management: in the Permanent Improvement Capital Projects Fund, a prior year receivable was incorrectly reversed causing receivables and related revenues to be understated by \$903,370.

**Cause:** Oversight.

**Recommendation:** We recommend the Minneapolis Park and Recreation Board review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements on a timely basis. The updated controls should include review of the balances and supporting documentation by a qualified individual to identify potential misstatements.

Client's Response:

*The Finance Department has added a Capital Projects Accountant position that will be hired by the fourth quarter of 2016. The primary responsibilities of this position are the set-up, accounting, monitoring, and billing of capital projects to ensure proper reporting of revenues and expenditures and to ensure expenditures are eligible and within the scope of grant requirements.*

ITEM ARISING THIS YEAR

Finding 2015-001

Application Access

**Criteria:** 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 of the financial statements on a timely basis.

**Condition:** During our testing of application access controls, we identified five Minneapolis Park and Recreation Board employees who had left employment in 2015, but their access to the ActiveNet application had not been removed.

**Context:** ActiveNet is recreation management software utilized by the Minneapolis Park and Recreation Board for many of its revenue sources such as activity fees, facility reservation fees, concessions, and golf course green fees. The application is accessible externally in order for the public to make reservations or register for activities. Minneapolis Park and Recreation Board employees' access to the application originates with supervisors and is granted by the IT Department. There is also an ActiveNet Steering Committee that has been working on formulating and implementing a regular maintenance plan for access.

**Effect:** When terminated employees maintain access to Minneapolis Park and Recreation Board applications, it increases the risk that malicious damage to the Minneapolis Park and Recreation Board's data, fraud, or misstatements may occur.

**Cause:** Prior to the Information Technology Services Department taking over the management of ActiveNet accounts, all accounts were created and managed by specific authorized staff at the site level. These staff were not always notified when employees left the organization.

**Recommendation:** We recommend the Minneapolis Park and Recreation Board implement policies and procedures to remove access for terminated employees and ensure that reconciliations between terminated employees and current users are performed in a timely manner.

Client's Response:

*The Information Technology Services Department has taken over management of ActiveNet accounts and has included it in the standard departure procedure. The department is working with the ActiveNet Steering Committee to perform a full audit of all accounts and verify that all active accounts are associated with current staff.*

#### PREVIOUSLY REPORTED ITEM RESOLVED

##### **Recording of Capital Assets (2014-002)**

Several discrepancies were identified during our audit of capital assets. In two instances, assets were found to have been recorded twice; in one instance, amounts were capitalized that were not yet the Minneapolis Park and Recreation Board's assets; and in one instance, a project that was finalized was not reclassified from work in progress to infrastructure.

##### **Resolution**

No significant discrepancies were identified in the current year audit of capital assets.

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

#### ITEM ARISING THIS YEAR

Finding 2015-002

#### Disaster Grants - Public Assistance (Presidentially Declared Disasters): Cash Management, Reporting, and Special Tests and Provisions

**Program:** U.S. Department of Homeland Security's Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036), Award # 4182DRMNP00000001, 2014

**Pass-Through Agency:** Minnesota Department of Public Safety

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. In addition, the Minneapolis Park and Recreation Board was required to comply with the provisions for Cash Management, Reporting, and Special Tests and Provisions in Part 3 of the 2015 OMB *Compliance Supplement*.

**Condition:** Inquiry of Minneapolis Park and Recreation Board employees revealed that the organization was not aware of how reimbursement of eligible expenditures was to occur or what procedures should be followed in order to receive reimbursement. A request for reimbursement of eligible expenditures had not occurred, and an accounting of the projects had not been provided to the State of Minnesota as required. The cash management, reporting, and special tests and provisions requirements affected only the large FEMA projects.

**Questioned Costs:** None.

**Context:** Based on inquiry of project managers and finance staff, each group believed the other was submitting the reimbursement reports. It was also determined that the only reimbursement that had occurred to date was when the State of Minnesota automatically made initial payments when the project worksheets were approved.

**Effect:** Reimbursement reports were not filed as required by state and federal grant requirements. As a result, at the end of 2015, the Minneapolis Park and Recreation Board has approximately \$1.5 million of eligible federal expenditures that have been paid but have not been requested for reimbursement. If reimbursement for eligible expenditures is not requested, the Minneapolis Park and Recreation Board may find it difficult to manage cash flow.

**Cause:** The project manager was not aware of how reimbursement was occurring and thought the Finance Department was filing the required reimbursement reports.

**Recommendation:** We recommend the Minneapolis Park and Recreation Board implement procedures and internal controls to provide reasonable assurance for compliance with cash management, reporting, and special tests and provisions requirements.

Corrective Action Plan:

Name of Contact Person Responsible for Corrective Action:

*Julia Wiseman, Finance Director and Sue Fosse, Accounting Supervisor*

Corrective Action Planned:

*The Finance Department has added a Capital Projects Accountant position that will be hired by the fourth quarter of 2016. The primary responsibilities of this position are the set-up, accounting, monitoring, and billing of capital projects to ensure proper reporting of revenues and expenditures and to ensure expenditures are eligible and within the scope of grant requirements.*

Anticipated Completion Date:

*December 31, 2016*

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

MINNESOTA LEGAL COMPLIANCE

ITEM ARISING THIS YEAR

Finding 2015-003

Prompt Payment of Invoices

**Criteria:** As stated in Minn. Stat. § 471.425, the Park Board is required 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.

**Condition:** Four of the 20 invoices tested for compliance with this statute in conjunction with our testing of internal controls over financial reporting and federal award programs were not paid within 35 days.

**Context:** Minneapolis Park and Recreation Board employees must first approve invoices before submitting them for processing and payment by the City of Minneapolis Finance and Property Services Department.

**Effect:** Making payment on invoices after 35 days of completed delivery of the goods or services or the receipt of the invoice, whichever is later, is not in compliance with Minn. Stat. § 471.425.

**Cause:** There has been a large turnover in staff of the Minneapolis Park and Recreation Board's Planning Department.

**Recommendation:** We recommend the Park Board review statutory requirements with employees to ensure timely approval, processing, and payment of invoices in accordance with Minn. Stat. § 471.425.

Client's Response:

*The Finance Department increased the number of Account Clerks with responsibility for processing requisitions. By the end of 2016, the department will have 1.5 additional FTEs. The department is also working towards a more centralized requisition process to improve efficiencies.*

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REBECCA OTTO  
STATE AUDITOR

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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***

### Independent Auditor's Report

Board of Commissioners  
Minneapolis Park and Recreation Board  
Minneapolis, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements, and have issued our report thereon dated June 10, 2016.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Minneapolis Park and Recreation Board's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 Park Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park Board's internal control over financial reporting.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness and an item that we consider to be a significant deficiency.

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 Park Board's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Minneapolis Park and Recreation Board's financial statements are free from 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**

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested in connection with the audit of the Park Board's financial statements: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the Minneapolis Park and Recreation Board does not administer any tax increment districts. The testing of compliance with the provisions for the other categories was performed in conjunction with the audit of the financial statements for the City of Minneapolis.

In connection with our audit, nothing came to our attention that caused us to believe that the Minneapolis Park and Recreation Board failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, except as described in the Schedule of Findings and Questioned Costs as item 2015-003. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Park Board's noncompliance with the above referenced provisions.

## **Minneapolis Park and Recreation Board's Response to Findings**

The Minneapolis Park and Recreation Board's responses to the internal control and legal compliance findings identified in our audit have been included in the Schedule of Findings and Questioned Costs. The Park Board's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Park Board's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Park Board's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 10, 2016

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REBECCA OTTO  
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## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

### Independent Auditor's Report

Board of Commissioners  
Minneapolis Park and Recreation Board  
Minneapolis, Minnesota

### **Report on Compliance for the Major Federal Program**

We have audited the Minneapolis Park and Recreation Board's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Park Board's major federal program for the year ended December 31, 2015. The Minneapolis Park and Recreation Board is a component unit of the City of Minneapolis, Minnesota. The Minneapolis Park and Recreation Board's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Minneapolis Park and Recreation Board's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Minneapolis Park and Recreation Board's 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Park Board's compliance with those requirements.

***Basis for Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)***

As described in the accompanying Schedule of Findings and Questioned Costs, the Minneapolis Park and Recreation Board did not comply with requirements regarding CFDA No. 97.036, Disaster Grants - Public Assistance (Presidentially Declared Disasters), as described in finding number 2015-002 for Cash Management, Reporting, and Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Park Board to comply with the requirements applicable to that program.

***Qualified Opinion on Disaster Grants - Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Minneapolis Park and Recreation Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA No. 97.036, Disaster Grants - Public Assistance (Presidentially Declared Disasters), for the year ended December 31, 2015.

**Report on Internal Control Over Compliance**

Management of the Minneapolis Park and Recreation Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Park Board's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Park Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-002 to be a material weakness.

The Minneapolis Park and Recreation Board's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs as a Corrective Action Plan. The Minneapolis Park and Recreation Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Minneapolis Park and Recreation Board, a component unit of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Park Board's basic financial statements. We have issued our report thereon dated June 10, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Minneapolis Park and Recreation Board's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis 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. Such information 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 underlying accounting and other records used to prepare the basic financial statements or to the basic 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 as a whole.

## **Purpose of This Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 10, 2016

**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>			
Passed Through City of Minneapolis Community Development Block Grants/Entitlement Grants	14.218	Not provided	<u>\$ 84,327</u>
<b>U.S. Department of the Interior</b>			
Passed Through Twin Cities Clean Cities Coalition Mississippi National River and Recreation Area State and Local Assistance	15.941	P13AP00046	<u>\$ 120</u>
<b>U.S. Department of Justice</b>			
Passed Through City of Minneapolis National Forum on Youth Violence Prevention	16.819	Not provided	<u>\$ 30,000</u>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	03089	\$ 773,344
Highway Planning and Construction	20.205	03719	<u>46,129</u>
<b>Total CFDA #20.205</b>			<b><u>\$ 819,473</u></b>
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC16-2016- MPLSPD-00006	<u>47,003</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 866,476</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters) <i>Of this amount, \$311,822 was incurred in a prior year.</i>	97.036	4182DRMNP00000002	<u>\$ 2,192,745</u>
<b>Total Federal Awards</b>			<b><u>\$ 3,173,668</u></b>

During 2015, no funds were passed through to subrecipients.

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**MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

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1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board, a discretely presented component unit of the City of Minneapolis, Minnesota. The Minneapolis Park and Recreation Board's reporting entity is defined in Note 2 to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Minneapolis Park and Recreation Board under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Minneapolis Park and Recreation Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Minneapolis Park and Recreation Board.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Minneapolis Park and Recreation Board. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Minneapolis Park and Recreation Board has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.