

State of Minnesota



**Office of the State Auditor**

Julie Blaha  
State Auditor

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**Minneapolis Park and Recreation Board  
(A Component Unit of the  
City of Minneapolis, Minnesota)**

Management and Compliance Report

Year Ended December 31, 2019

## **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 100 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 Minnesota’s local 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.

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

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**Minneapolis Park and Recreation Board  
(A Component Unit of the  
City of Minneapolis, Minnesota)**

Year Ended December 31, 2019



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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JULIE BLAHA  
STATE AUDITOR

# 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)

## **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, the discretely presented component unit, 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, 2019, and the related notes to the financial statements, which collectively comprise the Park and Recreation Board's basic financial statements, and have issued our report thereon dated August 4, 2020. Our report includes a reference to other auditors who audited the financial statements of the Minneapolis Parks Foundation, as described in our report on the Park and Recreation Board's financial statements. This report does not include the results of the other auditors testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards*.

### **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 and Recreation Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park and Recreation Board's internal control over financial reporting.

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

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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**

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 contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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 and Recreation Board's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

## **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 Cities* and the results of that testing, and not to provide an opinion on the effectiveness of the Park and Recreation 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 and Recreation Board's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 4, 2020

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JULIE BLAHA  
STATE AUDITOR

# 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)

## **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 and Recreation Board's major federal program for the year ended December 31, 2019. 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 and Recreation Board's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, 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 its major federal program for the year ended December 31, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001. Our opinion on the major federal program is not modified with respect to this matter.

The Minneapolis Park and Recreation Board's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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 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 and Recreation Board's internal control over compliance with the types of requirements that could have a direct and material effect on the 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 and Recreation Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001, that we consider to be a significant deficiency.

The Minneapolis Park and Recreation Board's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The 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.

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.

#### **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, the discretely presented component unit, 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, 2019, and the related notes to the financial statements, which collectively comprise the Park and Recreation Board's basic financial statements. We have issued our report thereon dated August 4, 2020, 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 the 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.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

August 4, 2020

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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? **No**
- Significant deficiencies identified? **None reported**

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

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

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

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

The major federal program is:

Outdoor Recreation – Acquisition, Development and Planning CFDA No. 15.916

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***

None.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Finding Number: 2019-001

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Outdoor Recreation – Acquisition, Development and Planning: Procurement, Suspension and Debarment

**Program:** U.S. Department of the Interior, Outdoor Recreation – Acquisition, Development and Planning (CFDA No. 15.916), Award No. P15AP00179/27-01398, 2014

**Pass-Through Agency:** Minnesota Department of Natural Resources

**Criteria:** Federal requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. Title 2 U.S. *Code of Federal Regulations* § 180.300 describes a required verification process. Prior to entering into the transaction, one of the following must be performed: (1) checking SAM exclusions, (2) collecting a certification, or (3) adding a clause or condition to the covered transaction. The Minneapolis Park and Recreation Board follows the City of Minneapolis' purchasing policy, which requires federally-funded contracts be verified for suspension or debarment by the project manager and to have a clause or condition added into the contract.

**Condition:** Based upon review of the City's policies and procedures for contract management, language related to suspension and debarment is required to be included in all federally-funded contracts and the department's project manager is responsible for verifying that vendors are not suspended or debarred prior to entering into a contract. One of the two contracts tested did not include language for suspension or debarment in accordance with City policy and also did not have documentation to show that suspension or debarment was checked prior to entering into the contract.

**Questioned Costs:** Not applicable.

**Context:** Departments are required to alert the City's Purchasing Department if a contract is federally funded.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The Minneapolis Park and Recreation Board did not ensure that its contractors on projects funded with federal awards had been suspended or debarred by the federal government.

**Cause:** Project Managers changed during the project. The original Project Manager was aware of the requirements and their roles and responsibilities; however that knowledge did not get transferred during the transition to the new Project Manager.

**Recommendation:** We recommend the Minneapolis Park and Recreation Board review the written policies and procedures in place and communicate with program managers their responsibility to check for suspension and debarment. Procedures to ensure compliance with the requirements over suspension and debarment should be completed prior to awarding contracts to contractors or subrecipients on federally-funded projects, and documentation should exist to support the monitoring of and compliance with this requirement. We further recommend that the Minneapolis Park and Recreation Board continue to communicate with the City of Minneapolis Purchasing Department and alert them when a project is federally funded.

**View of Responsible Official:** Concur

**IV. PREVIOUSLY REPORTED ITEMS RESOLVED**

- 2015-002 Disaster Grants – Public Assistance (Presidentially Declared Disasters): Cash Management
- 2017-001 Financial Condition
- 2018-001 Audit Adjustment

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**Minneapolis  
Park & Recreation Board**

**REPRESENTATION OF THE  
MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**Administrative Offices**

2117 West River Road North  
Minneapolis, MN 55411-2227

**Northside Operations Center**

4022 1/2 North Washington Avenue  
Minneapolis, MN 55412-1742

**Southside Operations Center**

3800 Bryant Avenue South  
Minneapolis, MN 55409-1000

**Phone**

612-230-6400

**Fax**

612-230-6500

[www.minneapolisparks.org](http://www.minneapolisparks.org)

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Finding Number: 2019-001**

**Finding Title: Procurement, Suspension and Debarment**

**Program: Outdoor Recreation – Acquisition, Development and  
Planning (CFDA # 15.196)**

Name of Contact Person Responsible for Corrective Action:

Julia Wiseman, Finance Director

Corrective Action Planned:

A new process will be implemented by Planning Staff to check the federal SAM database to ensure that subrecipients of federal funds are registered. In addition to checking the name of the contracting firm, the name of the owner of the organization will also be checked for debarment, suspension or disqualification. Verification by Capital Project Accountant.

Anticipated Completion Date:

Construction season 2020

**President**

Jono Cowgill

**Vice President**

Latrisha Vetaw

**Commissioners**

Chris Meyer

Kale Severson

AK Hassan

Steffanie Musich

Brad Bourn

Meg Forney

Londel French

**Superintendent**

Al Bangoura

**Secretary to the Board**

Jennifer B. Ringold

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**Minneapolis  
Park & Recreation Board**

**Administrative Offices**

2117 West River Road North  
Minneapolis, MN 55411-2227

**Northside Operations Center**

4022 1/2 North Washington Avenue  
Minneapolis, MN 55412-1742

**Southside Operations Center**

3800 Bryant Avenue South  
Minneapolis, MN 55409-1000

**Phone**

612-230-6400

**Fax**

612-230-6500

[www.minneapolisparcs.org](http://www.minneapolisparcs.org)

**REPRESENTATION OF THE  
MINNEAPOLIS PARK AND RECREATION BOARD  
MINNEAPOLIS, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**Finding Number: 2018-001  
Finding Title: Audit Adjustment**

**Summary of Condition:** During the audit, a material audit adjustment was identified for loan proceeds; 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.

**Summary of Corrective Action Previously Reported:** The Minneapolis Park and Recreation Board secures mortgages on an infrequent basis. Care will be taken when this type of transaction occurs to ensure that proper general ledger entries are made at the time of issuance of the debt.

**Status:** Fully Corrected. Corrective action was taken.  
Was corrective action taken significantly different than the action previously reported?  
Yes \_\_\_\_\_ No  X

**Finding Number: 2017-001  
Finding Title: Financial Condition**

**Summary of Condition:** The financial condition of the Permanent Improvement Capital Projects Fund has improved from a fund balance of (\$11,243,834) as of December 31, 2017, to a fund balance of (\$4,905,008) as of December 31, 2018. While this is a significant improvement over the prior year, the fund balance is still negative. The fund continues to report a positive cash balance; however, this is mainly due to advances from other funds.

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Jennifer B. Ringold



**Summary of Corrective Action Previously Reported:** The Permanent Improvement Capital Projects Fund accounts for the capital and rehabilitation projects of the MPRB. Most of the projects in this fund are on a reimbursement basis and funding is not received until after the invoices are paid. A negative fund balance position is consistent for this fund, over the past ten years there has been a negative fund balance. The Capital Project Accountant made great progress in 2018 to improve the condition of the fund by over \$6.0 million with a fund balance of (\$4,905,008) as of December 31, 2018. Included in this negative fund balance are two significant items that are outside of the duties of the accountant which are West River Road mudslide FEMA appeal for (\$2.2 million) and the Webber Pool debt service for (\$700,000). The accountant will continue to manage the reimbursement process in order to ensure the timely reimbursement of expenditures.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

**Finding Number: 2015-002**

**Finding Title: Disaster Grants – Public Assistance (Presidentially Declared Disasters): Cash Management**

**Program: Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA No. 97.036)**

**Summary of Condition:** During testing, it was noted that one invoice was not paid prior to being submitted for reimbursement.

**Summary of Corrective Action Previously Reported:** The Capital Project Accountant has implemented a process to verify the check issued date before an invoice is submitted for reimbursements.

**Status:** Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes \_\_\_\_\_ No  X

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>
<b>U.S. Department of the Interior</b>			
Passed Through Minnesota Department of Natural Resources Outdoor Recreation – Acquisition, Development and Planning	15.916	P15AP00179/ 27-01398	<b>\$ 500,000</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety	20.600	A-ENFRC19-2019 MPLSPD-056	\$ 5,717
National Priority Safety Programs	20.616	A-ENFRC19-2019 MPLSPD-056	6,796
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019 MPLSPD-056	<u>15,950</u>
<b>Total U.S. Department of Transportation</b>			<b><u>\$ 28,463</u></b>
<b>U.S. Department of Homeland Security</b>			
Passed Through Minnesota Department of Public Safety Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	4182DRMN P00000001	<b><u>\$ 375,446</u></b>
<b>Total Federal Awards</b>			<b><u>\$ 903,909</u></b>

The Minneapolis Park and Recreation Board did not pass any federal awards through to subrecipients during the year ended December 31, 2019.

<b>Totals by Cluster</b>			
Total expenditures for Highway Safety Cluster			\$ 12,513

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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, 2019**

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Minneapolis Park and Recreation Board. The Park and Recreation Board's reporting entity is defined in Note 1 to the financial statements.

B. 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, 2019. 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.

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.

2. De Minimis Cost Rate

The Minneapolis Park and Recreation Board has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 480,479
Revenue received in 2019 for future years' expenditures	(76,570)
Timing differences between expenditures and related reimbursements	<u>500,000</u>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 903,909</u>