

CITY OF BLOOMINGTON  
HENNEPIN COUNTY, MINNESOTA

Special Purpose Audit Reports on

Single Audit,  
Internal Controls, and  
Compliance with Laws and Regulations

Year Ended  
December 31, 2019

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CITY OF BLOOMINGTON  
HENNEPIN COUNTY, MINNESOTA

**Table of Contents**

	Page
Schedule of Expenditures of Federal Awards	1-2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-7
Independent Auditor's Report on Minnesota Legal Compliance	8
Schedule of Findings and Questioned Costs	9-10

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CITY OF BLOOMINGTON

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Passed Through to Subrecipients	Noncash Assistance
<b>U.S. Department of Housing and Urban Development</b>				
Direct Program				
Section 8 Housing Choice Vouchers	14.871	\$ 4,669,694		
Community Development Block Grants/Entitlement Grants	14.218	700,978	\$ 122,281	
<b>U.S. Department of Health and Human Services</b>				
Passed through National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	2,169		
Passed through City of Edina				
Public Health Emergency Preparedness	93.069	\$ 49,693		
Passed through City of Richfield				
Public Health Emergency Preparedness	93.069	47,365		
Passed through State of Minnesota				
Public Health Emergency Preparedness	93.069	<u>67,366</u>		
Subtotal for Public Health Emergency Preparedness		164,424		
Passed through State of Minnesota				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	294,820		
Maternal and Child Health Services Block Grants to States	93.994	150,273		
Temporary Assistance for Needy Families	93.558	172,735		
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	3,400		
Immunization Cooperative Agreements	93.268	5,150		
Universal Newborn Hearing Screening	93.251	1,275		
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314	375		
Passed through Hennepin County				
Medical Assistance Program	93.778	12,870		
<b>U.S. Department of Education</b>				
Passed through State of Minnesota				
Special Education – Grants for Infants and Families	84.181	648		
<b>U.S. Department of Agriculture</b>				
Passed through State of Minnesota				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2,275,013		\$ 1,556,500
WIC Farmers' Market Nutrition Program (FMNP)	10.572	1,025		

CITY OF BLOOMINGTON

Schedule of Expenditures of Federal Awards (continued)  
Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Federal Expenditures	Passed Through to Subrecipients	Noncash Assistance
<b>U.S. Department of Justice</b>				
Direct Program				
Bulletproof Vest Partnership Program	16.607	16,793		
Body Worn Camera Policy and Implementation Program	16.835	198,336		
Passed through State of Minnesota				
Crime Victim Assistance	16.575	73,948		
Passed through Hennepin County				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.804	33,104		
<b>U.S. Department of Homeland Security</b>				
Direct Program				
Homeland Security Biowatch Program	97.091	900		
Assistance to Firefighters Grant	97.044	79,109		
Passed through State of Minnesota				
Homeland Security Grant Program	97.067	214,211		
<b>Executive Office of the President – Office of National Drug Control Policy</b>				
Direct Program				
High Intensity Drug Trafficking Areas Program	95.001	27,787		
<b>U.S. Department of Transportation</b>				
Passed through State of Minnesota				
Highway Planning and Construction	20.205	2,145,945		
Recreational Trails Program	20.219	81,750		
National Priority Safety Program	20.616	109,850		
Passed through Metropolitan Airports Commission				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	55,547		
Total federal awards		<u>\$11,492,129</u>		

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, when applicable. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

Note 2: All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The City has elected to use the 10 percent de minimis indirect cost rate.

Note 4: As part of its Section 8 Housing Choice Vouchers Program, the City administered portable vouchers totaling \$322,380 and related administration fees totaling \$20,566 as the receiving public housing authority (PHA) for various other initial PHAs throughout the United States. The City does not consider these amounts received from the initial PHAs to be subrecipient payments, and therefore, are excluded from the Section 8 Housing Choice Vouchers Program amount on the previous page.



PRINCIPALS

Thomas A. Karnowski, CPA  
Paul A. Radosevich, CPA  
William J. Lauer, CPA  
James H. Eichten, CPA  
Aaron J. Nielsen, CPA  
Victoria L. Holinka, CPA/CMA  
Jaclyn M. Huegel, CPA  
Kalen T. Karnowski, CPA

INDEPENDENT AUDITOR'S 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

To the City Council and Management  
City of Bloomington, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bloomington, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2020.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(continued)

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City'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*.

## PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
June 22, 2020



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Thomas A. Karnowski, CPA  
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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR**  
**EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL**  
**OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council and Management of  
City of Bloomington, Minnesota

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited the City of Bloomington, Minnesota’s (the City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2019. The City’s major federal programs are identified in the Summary of Audit 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 each of the City’s major federal programs 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 City’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 each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

(continued)

## **OPINION ON EACH MAJOR FEDERAL PROGRAM**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to on the previous page that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to on the previous page. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 a 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 attention by 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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.

(continued)

**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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 22, 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 basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
June 22, 2020

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INDEPENDENT AUDITOR'S REPORT  
ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management  
City of Bloomington, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bloomington, Minnesota (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2020.

**MINNESOTA LEGAL COMPLIANCE**

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 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 City'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 compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

*Malloy, Montague, Karnowski, Radosevich & Co., P.A.*

Minneapolis, Minnesota  
June 22, 2020

CITY OF BLOOMINGTON

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2019

**A. SUMMARY OF AUDIT RESULTS**

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

**Financial Statements**

What type of auditor's report is issued?     X     Unmodified  
       Qualified  
       Adverse  
       Disclaimer

Internal control over financial reporting:

Material weakness(es) identified?        Yes     X     No  
 Significant deficiency(ies) identified?        Yes     X     None reported  
 Noncompliance material to the financial statements noted?        Yes     X     No

**Federal Awards**

Internal controls over major federal award programs:

Material weakness(es) identified?        Yes     X     No  
 Significant deficiency(ies) identified?        Yes     X     None reported

Type of auditor's report issued on compliance for major programs?     X     Unmodified  
       Qualified  
       Adverse  
       Disclaimer

Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)?        Yes     X     No

Programs tested as major programs:

Program or Cluster	CFDA No.
U.S. Department of Housing and Urban Development Section 8 Housing Choice Vouchers	14.871

Threshold for distinguishing between type A and B programs:     \$     750,000

Does the auditee qualify as a low-risk auditee?     X     Yes        No

CITY OF BLOOMINGTON

Schedule of Findings and Questioned Costs (continued)  
Year Ended December 31, 2019

**B. FINANCIAL STATEMENT FINDINGS**

None.

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**D. MINNESOTA LEGAL COMPLIANCE FINDINGS**

None.

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