

CITY OF BLOOMINGTON, MINNESOTA

SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND INDEPENDENT
AUDITOR'S REPORTS

For The Year Ended December 31, 2015

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CITY OF BLOOMINGTON, MINNESOTA
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MINNESOTA LEGAL COMPLIANCE REPORT

To the Honorable Mayor and
Members of the City Council
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 City of Bloomington, Minnesota as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated June 14, 2016.

The Minnesota Legal Compliance Audit Guide for Cities promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that City of Bloomington, Minnesota failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Cities. 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 City of Bloomington, Minnesota's noncompliance with the above referenced provisions.

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 communication is not suitable for any other purpose.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 14, 2016

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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 Honorable Mayor and
Members of the City Council
City of Bloomington, Minnesota

We have audited, in accordance with the 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, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Bloomington, Minnesota's basic financial statements and have issued our report thereon dated June 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bloomington, Minnesota'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 of Bloomington, Minnesota's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomington, Minnesota'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomington, Minnesota'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Redpath and Company, LTD." The signature is written in black ink and is positioned above the printed name of the firm.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 14, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Honorable Mayor and
Members of the City Council
City of Bloomington, Minnesota

Report on Compliance for Each Major Federal Program

We have audited City of Bloomington, Minnesota's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Bloomington, Minnesota's major federal programs for the year ended December 31, 2015. City of Bloomington, Minnesota's major federal programs are 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 the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bloomington, Minnesota'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 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 of Bloomington, Minnesota'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 of Bloomington, Minnesota's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bloomington, Minnesota, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of the City of Bloomington, Minnesota 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 City of Bloomington, Minnesota'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 of Bloomington, Minnesota'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 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.

Report on Schedule of Expenditures of Federal Awards Required by 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 of Bloomington, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Bloomington, Minnesota's basic financial statements. We issued our report thereon date June 14, 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 basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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.



REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 14, 2016

CITY OF BLOOMINGTON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity ID Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Housing and Urban Development:				
Section 8 Housing Choice Vouchers Program	14.871	N/A - Direct	\$4,320,697	\$ -
Community Development Block Grant	14.218	N/A - Direct	313,484	12,249
Passed through Hennepin County, Minnesota:				
HOME Investment Partnerships Program	14.239	N/A - none noted	223,669	-
Total U.S. Department of Housing and Urban Development			4,857,850	12,249
U.S. Department of Health and Human Services:				
Passed through National Association of County and City Health Officials:				
Medical Reserve Corps Small Grant Program	93.008	N/A - none noted	359	-
Passed through Minnesota Health Department:				
Public Health Emergency Preparedness	93.069	N/A - none noted	127,518	-
Maternal and Child Health Federal Consolidated Programs	93.994	N/A - none noted	162,065	-
Temporary Assistance to Needy Families	93.558	N/A - none noted	147,359	-
Immunization Grants	93.268	N/A - none noted	9,760	-
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	N/A - none noted	300	-
Universal Newborn Hearing Screening	93.251	N/A - none noted	2,275	-
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	N/A - none noted	214,994	-
Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	N/A - none noted	111,527	-
Passed through Hennepin County, Minnesota:				
Medical Assistance Program	93.778	N/A - none noted	18,000	-
Total U.S. Department of Health and Human Services			794,157	0
U.S. Department of Education:				
Passed through State of Minnesota:				
Special Education-Grants for Infants and Families	84-181A	N/A - none noted	2,492	-
Total U.S. Department of Education			2,492	0
U.S. Department of Agriculture:				
Passed through Minnesota Health Department:				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	N/A - none noted	2,532,940	-
WIC Farmers' Market Nutrition Program (FMNP)	10.572	N/A - none noted	1,200	-
Passed through Regents of the University of Minnesota:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	201616Q390342	2,482	-
Total U.S. Department of Agriculture			2,536,622	0
U.S. Department of Justice:				
Passed through State of Minnesota:				
Bulletproof Vest Partnership Program	16.607	N/A - none noted	15,643	-
Total U.S. Department of Justice			15,643	0
U.S. Department of Homeland Security:				
Passed through State of Minnesota:				
Homeland Security Grant Program	97.067	N/A - none noted	48,853	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A - none noted	120,571	-
Total U.S. Department of Homeland Security			169,424	0

CITY OF BLOOMINGTON, MINNESOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity ID Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Transportation:				
Passed through State of Minnesota:				
Highway Planning and Construction	20.205	N/A - none noted	\$2,691,218	\$ -
Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A - none noted	44,590	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A - none noted	61,041	-
Total U.S. Department of Transportation			<u>2,796,849</u>	<u>0</u>
Total Expenditures of Federal Awards			<u>\$11,173,037</u>	<u>\$12,249</u>

See notes to schedule of expenditures of federal awards

Notes to the schedule of expenditures of federal awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Bloomington, Minnesota 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 City of Bloomington, Minnesota, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bloomington, Minnesota.

Note 2. Summary of Significant Accounting Principles

a.) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following as applicable, either the cost principles in OMB Circular A-87, cost principles for Federal, 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.

b.) The City of Bloomington, Minnesota has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Noncash Assistance

Passed through the State of Minnesota
WIC Vouchers

10.557

\$1,922,499

Note 4. Section 8 Housing Choice Vouchers Portability Vouchers

As part of its Section 8 Housing Choice Vouchers Program, the City of Bloomington, Minnesota administered portable vouchers totaling \$128,892 and related administration fees totaling \$10,128, as the receiving public housing authority (PHA) for various other initial PHAs throughout the United States. The City of Bloomington, Minnesota 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 above.

CITY OF BLOOMINGTON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2015

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements

- | | | | | |
|--|------------|-----|---|----|
| A. Type of auditors’ report issued: | Unmodified | | | |
| B. Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | _____ | Yes | X | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | X | No |
| C. Noncompliance material to financial statements noted? | _____ | Yes | X | No |

Federal Awards

- | | | | | |
|---|-------|-----|---|---------------|
| D. Internal control over major programs: | | | | |
| • Material weakness(es) identified? | _____ | Yes | X | No |
| • Significant deficiencies identified that are not considered to be material weaknesses? | _____ | Yes | X | None reported |
| E. Type of auditors’ report issued on compliance for major programs: | | | | |
| F. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | _____ | Yes | X | None reported |
| G. Identification of major programs: | | | | |

Name of Federal Program	CFDA Number
Section 8 Housing Choice Vouchers Program	14.871
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557

H. Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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- | | | | | |
|--|-------|-----|---|----|
| I. Auditee qualified as a low-risk auditee | _____ | Yes | X | No |
|--|-------|-----|---|----|

CITY OF BLOOMINGTON, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no financial statement findings for 2015.

SECTION III – FEDERAL AWARD FINDINGS

There are no federal award findings for 2015.

SECTION IV – PRIOR YEAR FINDINGS

There were no federal award findings for 2014.

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