CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE, 30, 2015

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program Expenditures
U.S. Department of Agriculture:			
Iowa Department of Public Health:			
WIC Grant	10.557	588-1P-I01	$ 30,622
FSNE Grant	10.561	588-1P-I01	16,264
			46,886
Total U.S. Department of Agriculture			46,886
U.S. Department of Housing and Urban Development:			
Direct:			
Community Development Block Grant	14.218	B-13/14-MC-190001	1,151,304
HOME	14.239	B-13/14-MC-19-0204	334,178
Fair Housing Assistance Program	14.401	FF207K137012	118,504
	14.401	FF207K147012	49,030
	14.401	N/A	5,859
			173,393
Leased Housing Authority Grant	14.871	IA024VO	5,055,383
	14.871	IA024FSH197A014	70,482
			5,125,865
Lead Based Paint Hazard Control/HUD	14.900	IALHB0548-13	310,714
			7,095,454
Iowa Department of Economic Development:			
Community Development Block Grant - Housing Disaster Recovery	14.228	08-DRH-008	4,141,180
	14.228	08-DRH-208	12,112,066
Community Development Block Grant - Disaster Recovery Infrastructure	14.228	08-DRI-216CR	64,423
	14.228	08-DRIEF-297	155,908
	14.228	08-DRIEF-200CR	883,809
	14.228	08-DRIEF-202CR	22,997
	14.228	08-DRIEF-293	299,650
	14.228	08-DRIEF-295	83,187
Community Development Block Grant - Property Acquisition	14.228	08-DRHB-229	7,779,026
	14.228	08-DRI106-201	31,182
	14.228	08-DRPG-206	4,290
			25,577,718
Total U.S. Department of Housing and Urban Development			32,673,172
U.S. Department of Interior			
State Historical Society of Iowa			
Historic Preservation Fund Grants-In-Aid	15.904	2014-03	10,000
Total U.S. Department of Interior			10,000
U.S. Department of Justice:			
Direct:			
US Marshall's Task Force	16.111	M-14 D29-0-00039	2,833
	16.111	M-15-D29-0-000037	15,471
			18,304
Equitable Sharing Program	16.922	N/A	141,609
			159,913
Governor's Office:			
Interdiction	16.710	10-HotSpots/Interdiction-06	2,000
Linn County, Iowa:			
JAG	16.738	2013-H4138-IA-DJ	19,658
	16.738	2014-H1677-IA-DJ	13,081
			32,739

(Continued)

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FISCAL YEAR ENDED JUNE, 30, 2015

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program Expenditures
Iowa Department of Public Safety:			
Internet Crimes Against Children	16.543	NA	2,307
Total U.S. Department of Justice			196,959
U.S. Department of Transportation:			
Direct:			
Airport Improvement Program	20.106	3-19-0012-46	3,003,651
	20.106	3-19-0012-47	2,545,771
	20.106	3-19-0012-48	1,291,175
			6,840,597
Bus Department Grants	20.500	IA-03-0096-00	697,740
	20.507	IA-90-X505-00	2,604,986
			3,302,726
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	HDP-1187(711)--71-57	105,715
	20.205	STP-U-1187(703)--70-57	4,559
	20.205	STP-U-1187(772)--70-57	64,870
	20.205	NHSX-100-1(55)--8S-57	252,243
	20.205	NHSX-100-1(56)--8S-57	130,741
	20.205	HDP-100-1(73)--71-57	45,354
	20.205	STP-A-1187(765)--86-57	29,721
	20.205	SRTS-U-1187(755)-8U-57	953
	20.205	SRTS-U-1187(760)-8U-57	94,451
	20.205	SRTS-U-1187(766)--8U-57	3,384
	20.205	SRTS-U-1187(774)--8U-57	89,522
	20.205	BROS-1187(767)8J-57	19,245
	20.205	STP-U-1187(775)--70-57	834,000
	20.205	ER-1187(720)--8R-57	2,451
	20.205	ER-1187(722)--8R-57	201
	20.205	ER-1187(724)--8R-57	252
	20.205	ER-1187(725)--8R-57	199
	20.205	ER-1187(732)--8R-57	123
	20.205	ER-1187(735)--8R-57	47
	20.205	ER-1187(738)--8R-57	1,702
			1,679,733
Bus Department Grants	20.509	IA-95-X018-194-13	690,650
	20.509	IA-95-X018-118-13	160,503
			851,153
	20.513	IA-16-X005-118-15	112,054
	20.521	IA-57-X009-118-14	70,117
	20.526	IA-34-X002-118-13	491,181
			1,524,505
Iowa Department of Public Safety:			
Alcohol Incentive Grant	20.600	15-405d-M6OT, Task 12	23,498
	20.600	14-405d-M6OT, Task 12	8,036
			31,534
Total U.S. Department of Transportation			13,379,095
National Endowment for the Arts			
Promotion of the Arts - Grants to Organizations and Individuals	45.024	14-4100-7070	20,000
Total National Endowment for the Arts			20,000

(Continued)

CITY OF CEDAR RAPIDS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FISCAL YEAR ENDED JUNE, 30, 2015

Federal Grantor / Pass Though Grantor and Program Title	CFDA Number	Grant Number	Program Expenditures
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
Disease Control & Prevention Grants	93.283	588-1P-I01	5,459
Drug Abuse Information Grant	93.959	588-1P-I01	219,592
STD Grant	93.977	588-1P-I01	1,007
Diabetes	93.988	588-1P-I01	510
Dental Grant	93.994	588-1P-I01	11,876
			238,444
Division of Health Protection:			
Health Protection Grant/Immunization	93.268	588-1P-I01	21,419
Health Protection Grant/Immunization	93.940/93.917	588-1P-I01	2,465
			23,884
Total U.S. Department of Health and Human Services			262,328
U.S. Department of Homeland Security:			
Iowa Homeland Security & Emergency Management:			
State Homeland Security Program	97.067	EMW-2012-SS-00028-13	5,212
	97.067	HSGP-13-SHSP-11	151,163
	97.067	HSGP-13-SHSP-14	202,252
	97.067	Video Project Part 1	50,000
	97.067	HSGP-14-SHSP-30-001	45,361
			453,988
Iowa Department of Economic Development:			
FEMA	97.036	FEMA-IA-DR1763	10,747,066
	97.036	FEMA-IA-DR4126	245,304
	97.036	FEMA-IA-DR4187	111,926
			11,104,296
Hazard Mitigation Grant Program	97.039	HMGP-DR-1763-0150-01	2,784,727
			13,889,023
Total U.S. Department of Homeland Security			14,343,011
Total Expenditures of Federal Awards			$ 60,931,451

See Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Cedar Rapids, Iowa and the Eastern Iowa Airport, a discretely presented component unit for the year ended June 30, 2015. The accompanying schedule of expenditures of federal awards does not include the federal grant activity of the Cedar Rapids/Linn County Solid Waste Agency, a separately reported on discretely presented component unit. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies expended during the year is included in the schedule. 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) and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Significant Accounting Policies

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue under the modified accrual basis for governmental funds and accrual basis for proprietary funds. Expenditures of federal awards are recognized in the accounting period when the liability is incurred for expenditures/expenses funded through federal awards. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or the OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City of Cedar Rapids, Iowa provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	$ 273,933
Community Development Block Grant	14.228	1,250,914
HOME	14.239	123,614
Fair Housing Assistance Program	14.401	17,750

City of Cedar Rapids, Iowa

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

Comment Number	Comment	Status	Corrective Action or Other Explanation
None			

CEDAR RAPIDS

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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

To the Honorable Mayor and
Members of the City Council
City of Cedar Rapids, Iowa
Cedar Rapids, Iowa

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 Cedar Rapids, Iowa (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2015. The City's June 30, 2014 financial statements have been restated due to the implementation of GASB Statement No. 68 and No. 71 to recognize a net pension liability and deferred outflows of resources of the governmental activities, business-type activities, each major enterprise fund, the aggregate remaining fund information and the aggregate discretely component units.

Our report includes reference to other auditors who audited the financial statements of Cedar Rapids Public Library Foundation, a discretely presented component unit of the City, as described in our report on the City's financial statements. The financial statements of Cedar Rapids Public Library Foundation were not audited in accordance with *Government Auditing Standards*.

The City of Cedar Rapids, Iowa's basic financial statements include the Cedar Rapids/Linn County Solid Waste Agency, a discretely presented component unit of the City. This report does not include the results of our testing of internal control over financial reporting and on compliance and other matters for the Cedar Rapids/Linn County Solid Waste Agency, a discretely presented component unit of the City, as these results are reported on separately by us.

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.

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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.

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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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 communication is not suitable for any other purpose.

RSM US LLP

Davenport, Iowa
December 28, 2015

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RSM US LLP

Report on Compliance for the Major Federal Program and
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Cedar Rapids, Iowa
Cedar Rapids, Iowa

Scope
The City of Cedar Rapids, Iowa's basic financial statements include the operations of the Cedar Rapids/Linn County Solid Waste Agency (Solid Waste) and the Cedar Rapids Public Library Foundation (Foundation), discretely presented component units, and Courthouse II Parent, LLC and affiliated entities (Courthouse) and Paramount Theatre Manager LLC and affiliated entities (Paramount), blended component units. Our audit, described below, did not include the operations of Foundation, Courthouse, Paramount or Solid Waste because they are not subjected to the requirements described in OMB Circular A-133.

Report on Compliance for the Major Federal Program
We have audited the City of Cedar Rapids, Iowa's (City) compliance with the types of compliance requirements described in Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2015. The City'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 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 the City'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; Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, the Uniform Guidance and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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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 City's compliance.

Opinion on the Major Federal Program
In our opinion, the City 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 June 30, 2015.

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 above. 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 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 Uniform Guidance and OMB Circular A-133, 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Davenport, Iowa
December 28, 2015

City of Cedar Rapids, Iowa

Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiencies identified?	☐ Yes	☑ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☑ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	☐ Yes	☑ No
Significant deficiencies identified?	☐ Yes	☑ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	☐ Yes	☑ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs: $1,827,943

Auditee qualified as low-risk auditee?	☑ Yes	☐ No

(Continued)

II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted *Government Auditing Standards*

A. Internal Control

None reported

B. Instances of Noncompliance

None reported

III. Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported

C. Instances of Noncompliance

None reported

IV. Other Findings Related to Required Statutory Reporting

IV-A-15: Certified Budget

Finding: Disbursements during the year ended June 30, 2015 exceed the amount budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation: The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response and corrective action plan: The City incurred additional debt service costs associated with the Municipalities Continuing Disclosure Cooperative Initiative (MCDC Initiative) that were unanticipated. The City will continue to amend the budget in accordance with Chapter 331.435 of the Code of Iowa as needed for future fiscal years.

IV-B-15 Questionable Expenditures

We noted no expenditures for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as this is defined in the Attorney General's opinion dated April 25, 1979.

IV-C-15 Travel Expense

No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-15 Business Transactions

No business transactions between the City and City officials or employees were noted.

IV-E-15 Bond Coverage

Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-15 Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-G-15 Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy.

IV-H-15 Revenue Notes

No instances of noncompliance with the outstanding revenue bonds provisions were noted.

IV-I-15 Annual Urban Renewal Report

The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

IV-J-15 Deficit Fund Balances/Net Position

Finding: The Community Development Block Grants Fund, a special revenue fund, the DoubleTree by Hilton and Golf Fund, enterprise funds, have deficit fund balances/net positions of $41,412, $1,697,757 and $102,443, respectively, as of June 30, 2015.

Recommendation: The City should monitor fund balance/net position to ensure funds are not operating at a deficit fund balance/net position.

Response and corrective action plan: The Community Development Block Grant Fund deficit balance is due to the non-exchange revenues that are subject to deferral. These revenues will be recognized in future years. The DoubleTree by Hilton Fund deficit balance is due to some of the reconstruction costs for the hotel not being capitalized due to the type of expenses that were incurred. The City anticipates this deficit balance to decrease over the next few years as the outstanding debt is paid down and cash reserves are built up. The Golf Fund deficit balance is being reviewed by City management and a long term solution to how golf will be financed in the future will be put in place.

City of Cedar Rapids, Iowa

Corrective Action Plan
Year Ended June 30, 2015

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
IV-A-15	The expenditures in the debt service funtion exceeded the amount budgeted	See response and corrective action plan at IV-A-15	Finance Director	June 2016
IV-J-15	The Community Development Block Grants Fund, DoubleTree by Hilton Fund and Golf Fund had deficit balances of $41,412, $1,697,757, and $102,443, respectively, as of June 30, 2015	See response and corrective action plan at IV-J-15	Finance Director	June 2016