

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT
PREPARED AS A RESULT OF THE AUDIT OF THE

CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA

YEAR ENDED DECEMBER 31, 2007

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 160 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 730 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

Year Ended December 31, 2007



Management and Compliance Report

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

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**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

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**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

Schedule 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of the City of Saint Paul.
- B. Deficiencies in internal control were disclosed by the audit of the financial statements of the City of Saint Paul and are reported in the "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*." Both of the significant deficiencies are material weaknesses.
- C. No instances of noncompliance material to the financial statements of the City of Saint Paul were disclosed during the audit.
- D. A significant deficiency relating to the audit of the major federal award programs is reported in the "Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133." The significant deficiency is not a material weakness.
- E. The Auditor's Report on Compliance for the major federal award programs for the City of Saint Paul expresses an unqualified opinion.
- F. A finding relative to a major federal award program for the City of Saint Paul was reported as required by Section 510(a) of OMB Circular A-133.
- G. The major programs are:
 - Emergency Shelter Grants Program CFDA #14.231
 - Community Development Block Grants/Brownfields
 - Economic Development Initiative CFDA #14.246
 - Highway Planning and Construction CFDA #20.205
 - Urban Areas Security Initiative CFDA #97.008
 - Homeland Security Grant Program CFDA #97.067

H. The threshold for distinguishing between Types A and B programs was \$535,546.

I. The City of Saint Paul was determined to be a low-risk auditee.

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

INTERNAL CONTROL

ITEMS ARISING THIS YEAR

07-1 Notes and Loans Receivable

During our audit procedure confirming the notes and loans receivable balance, we received five confirmations with a discrepancy between what the borrowers stated as their principal balance at November 30, 2007, and the balance that the HRA had recorded on the Nortridge System as of the same date. According to the Nortridge System, the cumulative principal balance of these five confirmations was \$2,914,926, while the borrowers reported principal balances totaling \$2,148,695, a difference of \$766,231. In accordance with the stated terms and conditions, the loan principals had been either partially or completely forgiven. The loan officers/project managers were responsible for communicating with the proper accounting personnel to adjust the loan balances to ensure that the Nortridge System reflected the proper receivable balances outstanding. However, due to a lack of communication or a communication breakdown, this information was not properly received, and the Nortridge System was not accordingly adjusted.

The discrepancies between the borrowers' and the HRA's records that existed as of November 30 potentially could have carried over indefinitely beyond the date of the financial statements. A material audit adjustment was made, as identified in Finding 07-2, to correct the overstated loans receivable for the year-end December 31, 2007, financial statements.

We recommend that the HRA review internal controls currently in place, especially relating to communication, and then design and implement procedures to improve internal controls to timely detect and prevent inaccuracies in the Nortridge System and misstatements in the financial statements.

Client's Response:

In less than a four-month span from December 2007 through March 2008, the department's three senior accounting staff members retired. Retirees included Planning and Economic Development's (PED) two supervisory accountants, and our operations and parking accountant. Three new staff learning PED's business and accounting practices, coupled with a new, earlier timeframe for preparing subsequent year budgets for the Mayor and City Council, has made preparing for the 2007 audit particularly challenging. In addition, GASB issuance of several new accounting standards has significantly increased complexity of financial statements, thus putting more pressure on our new staff. While our operations budget will not provide for an increase in accounting staff to deal with these and other accounting demands, PED remains committed to working diligently to review financial statements prior to the audit.

By July 31, 2008, we will implement a new loan review servicing system to ensure Nortridge loan balances are correct. This new procedure will include cross-checks among the Loan Servicing Group, Project Managers, the Nortridge Loan Administrator, and HRA's lead accountant. (All other loans files are handled annually by HRA Loan Servicing for such items as insurance and other administrative requirements. Each Project Manager also conducts an annual loan portfolio review.)

Finally, a reminder directive from the PED Director's Office will be communicated to all PED staff requiring a prompt response by all PED staff to any/all requests from the State Auditor. Team Leaders will ensure compliance with this directive as well.

07-2 Audit Adjustments

A control deficiency 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 misstatements of the financial statements on a timely basis. Statement on Auditing Standards No. 112 states that one control deficiency that shall be regarded as at least a significant deficiency is identification by the auditor of a material misstatement in the financial statements that was not initially identified by the entity's internal controls, even if management subsequently corrects the misstatement.

During our audit, we identified the following material adjustment:

- Notes and loans receivable, net of allowance, decreased by \$189,811, and the related operating expenses were increased by the same amount in the HRA Loan Enterprise Fund.

The proposed audit adjustment was reviewed and approved by the appropriate staff and is reflected in the financial statements. However, by definition, independent external auditors cannot be considered part of the HRA's internal control.

We recommend the HRA strengthen and monitor the internal controls related to notes and loans receivable to improve the detection of misstatements in the financial statements.

Client's Response:

Implementation of internal controls related to the cause of Finding 07-1 (i.e., new loan review servicing system) will correct the factors which resulted in Finding 07-2, audit adjustments.

PREVIOUSLY REPORTED ITEM RESOLVED

Restatement (06-1)

The City made a prior period adjustment to the January 1, 2006, net asset balances for the Sewer Utility Enterprise Fund and the business-type activities.

Resolution

The City was not required to make any prior period adjustments to its January 1, 2007, net asset balances as previously reported in its financial statements.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

INTERNAL CONTROL

ITEM ARISING THIS YEAR

07-3 Davis-Bacon Act - Highway Planning and Construction (CFDA #20.205)

When required by the Davis-Bacon Act, all laborers and mechanics employed by the contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project.

One of the construction projects, Como Bikeway Project, financed by Highway Planning and Construction funds, was administered by the City's Public Works Traffic Engineering Division. The project manager of the Como Bikeway Project believed that the City's Human Rights Department was monitoring compliance with the Davis-Bacon Act. The project manager, upon learning that the City's Human Rights Department was not responsible for monitoring compliance with the Davis-Bacon Act for this project, obtained information on the process for monitoring compliance with the Davis-Bacon Act from the Public Works Street Construction Engineering Division and then began to monitor the Como Bikeway Project for compliance with the Davis-Bacon Act.

We recommend that the Department of Public Works review its system for monitoring projects for compliance with the Davis-Bacon Act, when applicable.

Corrective Action Plan (Department of Public Works):

Contact Person(s):

Rhonda Gillquist, Accountant IV
(651) 266-6070

Dan Haakm, Assistant City Engineer
(651) 266-6084

Corrective Action Plan:

During the audit of the 2007 Year End Financial Statements by the State Auditor, it was discovered that the monitoring for compliance of prevailing wages for the Como Avenue Bike Lane project was not being done by the project manager. The project manager mistakenly believed that this monitoring was done by the City's Human Rights Department.

Upon learning of the need to perform wage monitoring, the project manager obtained the necessary payroll documentation and completed the monitoring. Unfortunately, the contract has been completed and the project manager was not able to conduct field interviews. All of the payrolls for the specific time period for the main contractor have been checked. There were no findings of non-compliance for the contractor's payrolls. All payroll documentation for the subcontractors will also be obtained and checked.

Schedule 1
(Continued)

To ensure that this does not occur in the future, training will be provided to project managers on the requirements of monitoring for compliance of prevailing wages for all federally-funded projects. The need to monitor wages will also be reviewed at pre-construction meetings with contractors.

Anticipated Completion Date:

Anticipated completion date for the project manager's review of all payroll documentation is June 30, 2008.

Anticipated completion date for training of staff new to project management is September 30, 2008. Staff training will continue on an as-needed basis.

Staff will attend Minnesota Department of Transportation (Mn/DOT) training when available.



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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*

Mayor and Members of the City Council
City of Saint Paul, Minnesota

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 Saint Paul, Minnesota, as of and for the year ended December 31, 2007, and have issued our report thereon dated July 25, 2008. Our report was modified to include references to other auditors. We conducted our audit 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. Other auditors audited the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority, which represent 2 percent, less than 1 percent, and 18 percent, respectively, and the Port Authority of the City of Saint Paul, which represent 28 percent, 12 percent, and 20 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units, as described in our report on the City of Saint Paul's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Saint Paul RiverCentre Convention and Visitors Authority and the Port Authority of the City of Saint Paul were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Saint Paul's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We considered the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 07-1 and 07-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Saint Paul's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, both of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Saint Paul's financial statements are free of 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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that, for the items tested, the City of Saint Paul complied with the material terms and conditions of applicable legal provisions.

The City of Saint Paul's written responses to the material weaknesses identified in our audit have been included in the Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor, the City Council, the City's management, others within the City of Saint Paul, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 25, 2008

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and Members of the City Council
City of Saint Paul, Minnesota

Compliance

We have audited the compliance of the City of Saint Paul, Minnesota, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The City of Saint Paul's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City of Saint Paul's financial statements include the operations of the Housing and Redevelopment Authority (HRA) of the City of Saint Paul, a component unit of the City, which expended \$1,565,113 in federal awards during the year ended December 31, 2007, which are not included in the Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the HRA because it had a separate single audit in accordance with OMB Circular A-133.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Those standards 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 of Saint Paul'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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Saint Paul complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the City of Saint Paul is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City of Saint Paul's internal control that might be significant deficiencies or material weaknesses as defined below. However as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency in internal control over compliance in the accompanying Schedule of Findings and Questioned Costs as item 07-3 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Saint Paul's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Schedule of Expenditures of Federal Awards

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 Saint Paul, Minnesota, as of and for the year ended December 31, 2007, and have issued our report thereon dated July 25, 2008. We did not audit the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority, which represent 2 percent, less than 1 percent, and 18 percent, respectively, and the Port Authority of the City of Saint Paul, which represent 28 percent, 12 percent, and 20 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Saint Paul's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The City of Saint Paul's corrective action plan to the federal award finding identified in our audit is included in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's corrective action plan and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, the City Council, the City's management, others within the City of Saint Paul, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 25, 2008

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**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Commerce			
Direct Grant			
Investments for Public Works and Economic Development Facilities	11.300	\$ 301,193	\$ -
U.S. Department of Housing and Urban Development			
Direct Grants			
Community Development Block Grants/Entitlement Grants	14.218	\$ 10,741,311	\$ 4,388,638
Emergency Shelter Grants Program	14.231	241,166	217,596
Community Development Block Grants/Brownfields Economic Development Initiative (BEDI; Section 108)	14.246	419,321	-
Total U.S. Department of Housing and Urban Development		\$ 11,401,798	\$ 4,606,234
U.S. Department of the Interior			
Direct Grant			
Rivers, Trails and Conservation Assistance Lilydale Park Trail Connection	15.921	\$ 97,000	\$ -
U.S. Department of Justice			
Direct Grants			
Services for Trafficking Victims	16.320	\$ 163,567	\$ -
Missing Children's Assistance - Internet Crimes Against Children Grants to Encourage Arrest Policies and Enforcement of Protection Orders - First Light, Accountability, Response, and Enforcement (FLARE)	16.543	305,418	-
Public Safety Partnership and Community Policing Grants	16.590	168,891	-
Cops More Technology	16.710	99,451	-
Cops More 2002	16.710	1,854	-
Secure Our Schools	16.710	14,983	-
Gang Resistance Education and Training (G.R.E.A.T.) Program	16.737	6,158	-
Edward Byrne Memorial Justice Assistance Grant Program Justice Assistance	16.738	249,348	-
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Block Grants	16.523	9,515	-
Title V - Delinquency Prevention Program	16.548	60,000	-
Edward Byrne Memorial Formula Grant Program			
African American Immigrant and Muslim Healing Initiative	16.579	65,919	-
Anti-Gang Initiative			
Youth Gang Intervention	16.744	11,845	-
Passed Through National Association of Police Athletic/Activities Leagues			
Part E - Developing, Testing, and Demonstrating Promising New Programs			
Youth Enrichment Program	16.541	7,500	-

**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (Continued)			
Passed Through Ramsey County, Minnesota Edward Byrne Memorial Justice Assistance Grant Program Narcotics Control Program - Surveillance	16.738	104,227	-
Total U.S. Department of Justice		\$ 1,268,676	\$ -
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation Highway Planning and Construction Federal Highway Administration Central Corridor Grant	20.205	\$ 1,824,894	\$ -
	20.500	145,223	-
Passed Through Minnesota Department of Public Safety Highway Safety Cluster State and Community Highway Safety Speed Limit Enforcement Grant Night Cap Grant Alcohol, Traffic Safety, and Drunk Driving Prevention Incentive Grants - Safe and Sober	20.600	9,233	-
	20.600	11,144	-
	20.601	52,119	-
Total U.S. Department of Transportation		\$ 2,042,613	\$ -
U.S. Equal Employment Opportunity Commission			
Direct Grant Employment Discrimination - State and Local Fair Employment Practices Equal Employment Opportunity - EEOC	30.002	\$ 51,089	\$ -
Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities			
Passed Through Minnesota Department of Education and the Friends of the Library Grants to States Institute of Museum and Library	45.310	\$ 2,745	\$ -
Passed Through the College of St. Catherine Laura Bush 21st Century Librarian Program Teaching-Learning Library	45.313	65,439	-
Total Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities		\$ 68,184	\$ -

**CITY OF SAINT PAUL
SAINT PAUL, MINNESOTA**

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures	Passed Through to Subrecipients
Corporation for National and Community Service			
Direct Grant			
Volunteers in Service to America (VISTA)			
AmeriCorps	94.013	\$ 218,556	\$ -
U.S. Department of Homeland Security			
Passed through Minnesota Department of Public Safety			
Urban Areas Security Initiative	97.008	\$ 388,032	\$ -
Homeland Security Grant Program			
Law Enforcement Terrorism Prevention Program	97.067	31,085	-
State Homeland Security Grant Program	97.067	48,055	-
Urban Areas Security Initiative	97.067	805,638	-
Urban Areas Security Supplemental	97.067	964,269	-
Buffer Zone Protection Program			
Homeland Security Part II Equipment	97.078	165,348	-
Total U.S. Department of Homeland Security		\$ 2,402,427	\$ -
Total Federal Awards		\$ 17,851,536	\$ 4,606,234

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the City of Saint Paul. It does not include \$1,565,113 (See Note 4 below) in federal awards expended by the Housing and Redevelopment Authority (HRA), a component unit of the City, which had a separate single audit. The City of Saint Paul's reporting entity is defined in Note II to the basic financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the City of Saint Paul. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis.
3. Pass-through grant numbers were not assigned by the pass-through agencies.
4. In the City's Comprehensive Annual Financial Report, the Schedule of Intergovernmental Revenue All Funds (Schedule 36) indicates \$19,133,987 of federal revenue. The federal awards on this schedule are \$17,851,536, a difference of \$1,282,451. The federal intergovernmental revenue related to the Federal Highway Administration grant (CFDA No. 20.205) was \$2,094,407, with related expenditures of \$1,824,894, a difference of \$269,513. The HRA Federal and State Programs Fund had \$961,192 of federal intergovernmental revenue, and the HRA Loan Enterprise Fund had \$51,746 of federal intergovernmental revenue. In addition, the HRA Parking Enterprise Fund is reporting a capital contribution of \$552,175 for the construction of the West End Multi-Modal Hub (Smith Avenue Transit Ramp).