

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

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

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

YEAR ENDED DECEMBER 31, 2008

## **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, 2008**



**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, 2008**

**I. SUMMARY OF AUDITOR'S RESULTS**

- A. Our report expresses unqualified opinions on the basic financial statements of the City of Saint Paul.
- B. Significant 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*." Two 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. No matters involving internal control over compliance relating to the audit of the major federal award program were 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."
- E. The Auditor's Report on Compliance for the major federal award program 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 program is:
  - Edward Byrne Memorial State and Local Law Enforcement  
Assistance Discretionary Grant Program
  - CFDA #16.580
- H. The threshold for distinguishing between Types A and B programs was \$1,661,079.
- I. The City of Saint Paul was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS NOT RESOLVED

07-1 Notes and Loans Receivable

During our audit procedure confirming the notes and loans receivable balance, we received confirmations that noted discrepancies between what the borrowers stated as their principal balance and the balance that the Housing and Redevelopment Authority (HRA) has recorded on the Nortridge System as of the same date. According to the Nortridge System, the cumulative principal balance of the confirmations was higher than what the borrowers reported on the returned confirmations. 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. An audit adjustment was made to correct the year-end December 31, 2008, financial statements. While the 2008 audit adjustment was not material, the underlying communication problem has not been adequately addressed.

We recommend that the HRA review internal controls currently in place, especially relating to communication, and 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 July 2008, the Department of Planning and Economic Development (PED) instituted a loan review servicing system to ensure that the Nortridge System loan balances are correct. This system has made great strides in making timely and accurate changes to loan balances since then. To further enhance the system, PED will do a re-review of outstanding loan balances of forgivable loans before November 30 with the appropriate project managers.*



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. One control deficiency that typically is considered significant is identification by the auditor of a material misstatement in the financial statements not initially identified by the entity's internal controls.

During our audit, we proposed the following adjustments that resulted in significant changes to the City's financial statements:

- Due from other governments increased by \$2,983,177, deferred revenue increased by \$1,660,763, unearned revenue decreased by \$824,690, and revenue increased by \$2,147,104 in the Capital Improvement Projects Capital Projects Fund.
- Contracts payable and related expenditures increased by \$496,000 in the Capital Improvement Projects Capital Projects Fund.
- Reserved for encumbrances increased by \$3,122,460 with a related decrease in the unreserved, undesignated fund balance in the Capital Improvement Projects Capital Projects Fund.
- Land held for resale increased by \$1,800,000 on the "Value of Properties Owned by the HRA between 1/1/08 and 12/31/08" report, which is the basis for the land held for resale balance reported on the financial statements, in the HRA Loan Enterprise Fund.

The inability to detect a material misstatement in the financial statements increases the likelihood that the financial statements would not be fairly presented.

We recommend the City, and HRA where applicable, modify internal controls over financial reporting to detect misstatements in the financial statements.

Client's Response:

In response to due from other governments:

*During the 2008 audit of the Capital Projects Funds, it was discovered that Public Works had not been properly recognizing Municipal State Aid revenue as a government-mandated non-exchange transaction in accordance with GASB Statement 33. This revenue was recorded only to the extent that a request for these funds was made by the City to the State of Minnesota. After being informed of this requirement, Public Works has adjusted our working papers to include a column to capture these funds when they are made available to us by the State. We will be recording the appropriate due from other governmental units and corresponding deferred revenue to account for this in the future.*

In response to contracts payable:

*An outstanding balance on one of our contracts in the amount of \$496,000 did not get recorded as a contract payable but was instead carried as a reserve for encumbrance. This payable was not recorded at the close of 2008 because the contract was under dispute due to possible litigation. After communication with the project manager and the contractor, we were able to determine the amount still owed on the contract and subsequently recorded the liability. This was an unusual occurrence, and we do not anticipate this occurring in the future. In the future, we will work with the contractor to determine the amount owed if a contract is in dispute at year-end.*

In response to reserved for encumbrances:

*An error was made in calculating the reserve for encumbrance for outstanding contracts payable related to Parks capital projects.*

*Parks will create a multiple-staff review mechanism to ensure all outstanding encumbrances are properly recorded and conduct periodic sampling of posted figures to ensure consistency and accuracy.*

In response to land held for resale:

*In order to detect misstatements in the financial statements, the PED accounting staff will do a thorough review of documents and reports provided to the State Auditor for their use in performing the audit, prior to forwarding the documents and reports.*

*This review will consist of:*

- a. Ascertaining that reports such as the “Value of Property Owned by the HRA” report have correct opening balances, have correctly noted all transactions that have taken place during the year, have correctly valued those transactions, and have the proper valuation of the property at year-end.*
- b. Reviewing these reports for accuracy and ascertaining that the general ledger entries properly reflect transactions which have affected the values in the report.*
- c. Questioning the appropriate project managers involved with projects which involve use of HRA funds and government grants for construction to ascertain whether or not:
  - i. The property involved is currently owned by the HRA.*
  - ii. The property will be fully or partially owned by the HRA in the future.*
  - iii. The costs incurred by HRA funds are to be transferred to another non-HRA fund, capitalized by the HRA, or treated as operating expenses.**

*No report will be released to the State Auditor until all accountants have completed their review and have posted the transactions to the general ledger, ensuring that valuations in the reports agree with ledger balances.*

ITEM ARISING THIS YEAR

08-1 Land Held For Resale

During our audit of land held for resale, we identified two properties that were each revalued during 2008 from a net realizable value of \$900,000 to a net realizable value of \$0 on the “Value of Properties Owned by the HRA between 1/1/08 and 12/31/08” report. According to the real estate specialist responsible for the report mentioned above, the net realizable value of the two properties should not have been revalued.

Due to a lack of review over the report mentioned above, the revaluation error was not discovered, and 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 understated land held for resale balance for the year-end December 31, 2008, financial statements.

We recommend that the HRA review internal controls currently in place, and design and implement procedures, including monitoring, to improve internal controls to timely detect and prevent inaccuracies in property valuation records and misstatements in the financial statements.

Client's Response:

*The "Value of Property Owned by the HRA" report will not be released to the State Auditor until the PED accountants responsible for the HRA funds have performed a review of the report. This review will consist of:*

- a. Ascertaining that the report has the correct opening balances.*
- b. Ascertaining that the report contains all transactions that should be reflected in the report.*
- c. Ascertaining that the transactions were correctly valued.*
- d. Ascertaining that the properties have the proper valuation at year-end.*

*In addition, PED and the City's Office of Financial Services staff will meet to formalize a property valuation policy. Such policy will be implemented immediately upon approval of said policy.*

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

**A. COMPLIANCE**

ITEM ARISING THIS YEAR

08-2      Allowable Costs - Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program (CFDA #16.580)

Questioned Costs: \$1,380

The City reimbursed an employee for travel costs incurred for attending a conference in New York, New York. Included in the reimbursement were charges related to hotel costs for July 20 through July 25, 2008. The hotel costs

*Schedule 1*  
*(Continued)*

reimbursed, excluding taxes, were \$230 per night, for a total of \$1,380. The maximum Federal per diem rate for New York City, excluding taxes, was \$220 per night.

In accordance with the special conditions of the grant agreement between the City and the U. S. Department of Justice, the City agreed to comply with the financial administrative requirements set forth in the current edition of the Office of Justice Programs (OJP) Financial Guide. Part III - Chapter 7: Allowable Costs, includes guidance on costs related to conferences and workshops. This requires that, for all OJP-funded contracts for events that include 30 or more participants (both Federal and non-Federal), lodging costs for any number of attendees requiring lodging must not exceed the Federal per diem rate for lodging. In the event the lodging rate is not the Federal per diem rate or less, none of the lodging costs associated with the event would be allowable costs to the award.

We recommend that the City, in accordance with the OJP Financial Guide, reimburse the Federal government the \$1,380 that was charged to the grant related to hotel costs.

Corrective Action Plan:

Contact Person:

*Lori Lee, Accounting Manager*  
*(651) 266-8822*

Corrective Action Plan:

*The City reviewed the Office of Justice Programs (OJP) Financial Guide - Part III - Chapter 7: Allowable Costs; Conferences and Workshops at the time of reimbursement and determined that this expenditure did not fall under this section because it was not an OJP-funded event. Instead, the City applied the guidance under the Travel section of the OJP guide. The travel section allows recipients to follow their own established travel rates, with the qualification that the Office of the Chief Financial Officer (OCFO) reserves the right to determine the reasonableness of those rates. The City of Saint Paul's travel policy allows lodging expense to be reimbursed for either the actual amount paid, or for the average single (one person) room rate as shown in the Runzheimer Meal-Lodging Cost Index for the City stayed in plus 10 percent, whichever is less.*

*The City will report the finding to the Department of Justice, Office of Justice Program State Policy Advisor and request a determination.*

Anticipated Completion Date:

*September 1, 2009.*

**B. INTERNAL CONTROL**

**PREVIOUSLY REPORTED ITEM RESOLVED**

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

A construction project, financed by Highway Planning and Construction funds and administered by the City's Public Works Traffic Engineering Division, was not monitored for compliance with the Davis-Bacon Act, due to the project manager believing that the City's Human Rights Department was performing the monitoring for compliance with the Davis-Bacon Act.

**Resolution**

The City obtained the necessary payroll documentation and completed the monitoring. All issues for the project were resolved, except no on-site interviews with contractor employees were able to be performed since the project was completed. The City provided training to employees involved with federally funded projects as to the procedures for monitoring compliance with the Davis-Bacon Act.

**IV. OTHER FINDINGS AND RECOMMENDATIONS**

None.



REBECCA OTTO  
STATE AUDITOR

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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, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 23, 2009. 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, 1 percent, and 17 percent, respectively; and the Port Authority of the City of Saint Paul, which represent 30 percent, 12 percent, and 25 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 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, 07-2, and 08-1 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, of the significant deficiencies described above, we consider items 07-2 and 08-1 to be 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 significant deficiency and 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 23, 2009

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REBECCA OTTO  
STATE AUDITOR

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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 its major federal program for the year ended December 31, 2008. The City of Saint Paul's major federal program is 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 its major federal program 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 and the Port Authority of the City of Saint Paul, component units of the City, which expended \$2,284,133 and \$644,382, respectively, in federal awards during the year ended December 31, 2008, 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. Our audit also did not include the operations of the Port Authority because other auditors were engaged to perform 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 its major federal program for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 08-2.

#### 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.

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.

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.

Our consideration of the internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### 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, 2008, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 23, 2009. We did not audit the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority, which represent 2 percent, 1 percent, and 17 percent, respectively; and the Port Authority of the City of Saint Paul, which represent 30 percent, 12 percent, and 25 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 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 23, 2009

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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, 2008**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Housing and Urban Development</b>			
Direct Grants			
Community Development Block Grants/Entitlement Grants	14.218	\$ 8,667,909	\$ 3,224,259
Emergency Shelter Grants Program	14.231	338,726	332,270
Community Development Block Grants/Brownfields Economic Development Initiative (BEDI; Section 108)	14.246	300,641	300,641
Economic Development Initiative - Special Project, Neighborhood Initiative and Miscellaneous Grants Ames Lake	14.251	148,500	148,500
<b>Total U.S. Department of Housing and Urban Development</b>		<b>\$ 9,455,776</b>	<b>\$ 4,005,670</b>
<b>U.S. Department of Justice</b>			
Direct Grants			
Services for Trafficking Victims	16.320	\$ 212,019	\$ -
Missing Children's Assistance - Internet Crimes Against Children	16.543	395,375	-
National Institute of Justice Research, Evaluation and Development Project Grants - Solving Cold Cases with DNA	16.560	89,382	-
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program			
2008 Republican National Convention Security	16.580	39,300,973	-
Stop Armed Gang Activity	16.580	116,089	-
Grants to Encourage Arrest Policies and Enforcement of Protection Orders - First Light, Accountability, Response, and Enforcement (FLARE)	16.590	74,687	-
Bulletproof Vest Partnership Program	16.607	10,664	-
Public Safety Partnership and Community Policing Grant Secure Our Schools	16.710	210,370	-
Gang Resistance Education and Training (G.R.E.A.T.) Program	16.737	116,561	-
Edward Byrne Memorial Justice Assistance Grant Program Justice Assistance	16.738	465,542	59,471
Paul Coverdell Forensic Science Improvement	16.742	46,418	-
Passed Through Minnesota Department of Public Safety			
Juvenile Accountability Block Grants	16.523	23,462	-
Enforcing Underage Drinking Laws Program			
Title V - Delinquency Prevention Program	16.548	60,000	-
Edward Byrne Memorial Formula Grant Program African American Immigrant and Muslim Healing Initiative	16.579	137,503	-
Enforcing Underage Drinking - Alternate Enforcing Activities	16.727	2,500	-
Passed Through Boys and Girls Club of the Twin Cities			
Gang Resistance Education and Training (G.R.E.A.T.) Program	16.737	6,614	-
Passed Through Ramsey County, Minnesota			
Edward Byrne Memorial Justice Assistance Grant Program Narcotics Control Program - Surveillance	16.738	85,000	-
<b>Total U.S. Department of Justice</b>		<b>\$ 41,353,159</b>	<b>\$ 59,471</b>

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

*Schedule 2*  
*(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Transportation</b>			
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction			
Federal Highway Administration	20.205	\$ 1,234,730	\$ -
Non-Motorized Transportation Pilot Program	20.205	17,409	-
Federal Transit - Capital Investment Grants			
Central Corridor Grant	20.500	1,021,436	-
Passed Through Minnesota Department of Natural Resources			
Recreational Trails Grant Program	20.219	37,168	-
Passed Through Minnesota Department of Public Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated			
State and Community Highway Safety			
Night Cap Grant	20.608	12,835	-
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			
Safe and Sober	20.601	48,409	-
<b>Total U.S. Department of Transportation</b>		<b>\$ 2,371,987</b>	<b>\$ -</b>
<b>U.S. Department of Treasury</b>			
Passed Through Neighborhood Reinvestment Corporation			
National Foreclosure Mitigation Counseling Program	21.000 PL110-161-95X1350	<b>\$ 252,450</b>	<b>\$ 252,450</b>
<b>U.S. Office of Library Services, Institute of Museum and Library Services, and National Foundation on the Arts and the Humanities</b>			
Passed Through Minnesota Department of Education and the Friends of the Library			
Grants to States			
Institute of Museum and Library	45.310	\$ 35,000	\$ -
Passed Through College of St. Catherine			
Laura Bush 21st Century Librarian Program			
Teaching-Learning Library	45.313	54,474	-
<b>Total U.S. Office of Library Services, Institute of Museum and Library Services, and National Foundation on the Arts and the Humanities</b>		<b>\$ 89,474</b>	<b>\$ -</b>
<b>Corporation for National and Community Service</b>			
Direct Grant			
Volunteers in Service to America (VISTA)			
AmeriCorps	94.013	<b>\$ 208,560</b>	<b>\$ -</b>



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

*Schedule 2*  
*(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Homeland Security</b>			
Passed through Minnesota Department of Public Safety			
Homeland Security Grant Program			
Homeland Security Grant	97.067	\$ 287,335	-
Urban Areas Security Initiative	97.067	1,247,286	-
Buffer Zone Protection Program			
Homeland Security Part II Equipment	97.078	103,289	-
<b>Total U.S. Department of Homeland Security</b>		<b>\$ 1,637,910</b>	<b>\$ -</b>
<b>Total Federal Awards</b>		<b>\$ 55,369,316</b>	<b>\$ 4,317,591</b>

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 \$2,284,133 (See Note 4 below) and \$644,382 in federal awards expended by the Housing and Redevelopment Authority (HRA) and Port Authority, respectively, component units of the City, which had separate single audits. 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 \$60,153,726 of federal revenue. The federal awards on this schedule are \$55,369,316, a difference of \$4,784,410. The federal intergovernmental revenue related to the Edward Byrne Memorial Justice Assistance grant (CFDA No. 16.738) was \$416,967, with related expenditures of \$465,542, a difference of (\$48,575) due to the spend down of interest earned on the grant revenue. The federal intergovernmental revenue related to the Federal Highway Administration grant (CFDA No. 20.205) was \$3,783,582, with related expenditures of \$1,234,730, a difference of \$2,548,852. The HRA Federal and State Programs Fund had \$2,236,594 of federal intergovernmental revenue, and the HRA Loan Enterprise Fund had \$47,539 of federal intergovernmental revenue.
5. CFDA Nos. 20.205 and 20.219 are part of the Highway Planning and Construction cluster.