

# State of Minnesota



## Office of the State Auditor

Julie Blaha  
State Auditor

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### **City of Saint Paul Saint Paul, Minnesota**

Management and Compliance Report

Year Ended December 31, 2020

## **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 100 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 Minnesota’s local 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, 2020



**Office of the State Auditor**

Management and Compliance Report

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

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

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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

The Honorable Melvin Carter, Mayor,  
and Members of the City Council  
City of Saint Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2020, 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 2, 2021. Our report includes a reference to other auditors who audited the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority and the Port Authority of the City of Saint Paul, as described in our report on the City's financial statements. This report does not include the results of the other auditors' 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 of the financial statements, we considered the City of Saint Paul's internal control over financial reporting as a basis for designing 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting 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 combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2020-002 to be a material weakness and item 2020-001 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Saint Paul'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 financial statements. 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**

In connection with our audit, nothing came to our attention that caused us to believe that the City of Saint Paul failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

### **City of Saint Paul's Response to Findings**

The City of Saint Paul's responses to the internal control findings identified in our audit are described in the Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting 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 over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

December 2, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

The Honorable Melvin Carter, Mayor,  
and Members of the City Council  
City of Saint Paul, Minnesota

**Report on Compliance for the Major Federal Program**

We have audited the City of Saint Paul's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2020. 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.

The City of Saint Paul's basic financial statements include the operations of the Port Authority of the City of Saint Paul component unit, which expended \$4,174,480 in federal awards during the year ended December 31, 2020, which are not included in the City of Saint Paul's Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of the Port Authority of the City of Saint Paul component unit because other auditors were engaged to perform a single audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City of Saint Paul'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; and the audit



requirements of the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Basis for Qualified Opinion on the COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019)***

As described in the accompanying Schedule of Findings and Questioned Costs, the City of Saint Paul did not comply with requirements regarding CFDA No. 21.019, COVID-19 – Coronavirus Relief Fund as described in finding number 2020-003 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

***Qualified Opinion on the COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Saint Paul complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the COVID-19 – Coronavirus Relief Fund for the year ended December 31, 2020.

***Other Matters***

The City of Saint Paul's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the City of Saint Paul 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 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 the attention of 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-003, that we consider to be a material weakness.

The City of Saint Paul's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Paul, Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 2, 2021, which contained unmodified opinions on those financial statements. We did not audit the financial statements of the Saint Paul RiverCentre Convention and Visitors Authority and the Port Authority of the City of Saint Paul component units, which were audited by other auditors. Our audit was conducted 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 (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*/s/Julie Blaha*

JULIE BLAHA  
STATE AUDITOR

*/s/Dianne Syverson*

DIANNE SYVERSON, CPA  
DEPUTY STATE AUDITOR

December 2, 2021

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

**Federal Awards**

Internal control over major programs:

- Material weaknesses identified? **Yes**
- Significant deficiencies identified? **None reported**

Type of auditor's report issued on compliance for major federal programs: **Qualified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes**

The major federal program is:

COVID-19 – Coronavirus Relief Fund

CFDA No. 21.019

The threshold for distinguishing between Types A and B programs was \$1,745,080.

City of Saint Paul qualified as a low-risk auditee? **No**

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 2018

Land Held for Resale

**Criteria:** Land held for resale is reported as an asset at the net realizable value for all assets acquired before 2009 and at cost of purchase for all assets purchased after 2009 in the fund which acquired it, per the Housing and Redevelopment Authority (HRA) of the City of Saint Paul's policy. Supporting documentation for the valuation of land held for resale should be prepared and retained by the HRA of the City of Saint Paul.

**Condition:** During the audit of the HRA of the City of Saint Paul's land held for resale, 18 properties were tested by verifying the value at which they were recorded in the system as of December 31, 2019. The HRA of the City of Saint Paul was unable to provide documentation supporting the value of five of the properties tested. This problem still existed for the year ended December 31, 2020.

**Context:** It is unknown whether or not the values of these properties are reported in accordance with the HRA of the City of Saint Paul's policy.

**Effect:** There is an increased risk that the HRA of the City of Saint Paul's land held for resale asset values are reported incorrectly or not in accordance with the HRA of the City of Saint Paul's policy.

**Cause:** The primary staff responsible for maintaining the land held for resale inventory and the staff who worked on these particular properties with missing information have both retired. Current staff taking over this duty had difficulty locating the proper documentation to support the valuation of these land held for resale properties.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Recommendation:** We recommend the HRA of the City of Saint Paul strengthen internal controls over the valuation of its land held for resale inventory. Documentation should be prepared and retained to support the land held for resale values reported.

**View of Responsible Official:** Concur

Finding Number: 2020-002

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Audit Adjustment

**Criteria:** A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Auditing standards define a material weakness as a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

**Condition:** A material audit adjustment was identified that resulted in significant changes to the City of Saint Paul's financial statements.

**Context:** The inability to detect material misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented. The adjustment was found in the audit; however, independent external auditors cannot be considered part of the City of Saint Paul's internal control.

**Effect:** The City Capital Projects Fund due from other governments and deferred inflows of resources – unavailable revenue increased by \$10,206,325 to record a receivable due from the Minnesota Department of Transportation. This audit adjustment was reviewed and approved by the appropriate Office of Financial Services and Public Works staff and is reflected in the financial statements.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Cause:** The City informed us that Public Works staff were not able to request reimbursement for project expenditures until 2021 due to issues with the Minnesota Department of Transportation's reporting system. This receivable was overlooked when the financial statement information was prepared.

**Recommendation:** We recommend the City of Saint Paul review internal controls currently in place and design and implement procedures to improve internal controls over financial reporting which will prevent, or detect and correct, misstatements in the financial statements. The updated controls should include an analysis of highway project expenditures to revenues received to review for potential receivables.

**View of Responsible Official:** Concur

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

Finding Number: 2020-003

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Subrecipient Monitoring

**Program:** U.S. Department of the Treasury's COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019), Award No. SLT0016, 2020

**Pass-Through Agency:** Minnesota Management and Budget

**Criteria:** Title 2 U.S. *Code of Federal Regulations* § 200.303 states that the auditee must establish and maintain effective internal control over the federal award that provides reasonable assurance that the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Also, Title 2 U.S. *Code of Federal Regulations* § 200.331 requires entities passing through federal funds to make case-by-case determinations whether each agreement it makes for the disbursement of federal program funds casts the party receiving the funds in the role of

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

a subrecipient or a contractor. Lastly, the City must comply with Title 2 U.S. *Code of Federal Regulations* § 200.332, which includes a list of award information required to be communicated to the subrecipient; evaluating the subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the award; and monitoring the activities of the subrecipient.

**Condition:** In the sample of four subrecipients tested, the City did not provide all award information, did not perform risk assessments, and did not monitor the subrecipients.

**Questioned Costs:** None.

**Context:** The City passed funds through to a total of nine subrecipients. If expenditures of subrecipients are found to be ineligible, it is the City's responsibility to recoup those costs and return any unspent funds to the Department of the Treasury.

The City informed us that it began monitoring procedures in February 2021.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

**Effect:** The City is not meeting all federal regulations pertaining to subrecipient monitoring. Also, the City cannot be assured that its subrecipients are administering federal awards in compliance with all applicable federal requirements.

**Cause:** The City did not complete a timely analysis over payments made to entities to determine if they were considered subrecipients or contractors.

**Recommendation:** We recommend the City document its determination of subrecipients, including guidance followed at the time of determination, include all required language in agreements with its subrecipients as documented in Title 2 U.S. *Code of Federal Regulations* § 200.332, and document risk assessments completed for those identified as subrecipients in order to determine the further monitoring procedures that should be performed.

**View of Responsible Official:** Concur



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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**IV. PREVIOUSLY REPORTED ITEM RESOLVED**

2019-002 Statements of Economic Interest



**City of Saint Paul**  
Mayor Melvin Carter

700 City Hall  
15 West Kellogg Boulevard  
Saint Paul, Minnesota 55102-1658

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**REPRESENTATION OF THE CITY OF SAINT PAUL  
SAINT PAUL, MINNESOTA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Finding Number: 2020-001**  
**Finding Title: Land Held for Resale**

Name of Contact Person Responsible for Corrective Action:

Rhonda Gillquist, HRA and PED Lead Accountant

Corrective Action Planned:

On June 23, 2021, a new land held for resale valuation policy was adopted by the HRA Board through RES 21-906. The system we use to maintain the land held for resale records is being transitioned to our GIS system. Once this transition is complete, we will ensure that our property documentation includes the appropriate valuations consistent with the new policy.

Anticipated Completion Date:

December 31, 2021

**Finding Number: 2020-002**  
**Finding Title: Audit Adjustment**

Name of Contact Person Responsible for Corrective Action:

Larry Michalitsch, PW Lead Accountant  
Jeff Bots, Accountant III  
Kevin Mannerter, Accountant IV

Corrective Action Planned:

Public Works will work with the Office of Financial Services to design and implement internal control procedures to analyze highway project revenues and expenditures to review for potential receivables.

Anticipated Completion Date:

March 31, 2022

**Finding Number: 2020-003**

**Finding Title: Subrecipient Monitoring**

**Program: COVID-19 – Coronavirus Relief Fund (CFDA No. 21.019)**

Name of Contact Person Responsible for Corrective Action:

Chris Rider, Senior Aide to Deputy Mayor

Dolly Lee, OFS Accountant IV

Laura Logsdon, Senior Budget Analyst

Rebecca Ryan, Library Public Services Manager

Ka Xiong-Moua, Library Accountant III

Corrective Action Planned:

The City will complete subrecipient monitoring on all nine pass-through entities that received COVID-19 – Coronavirus Relief Fund. If expenditures of subrecipients are found to be ineligible, the City will recoup those costs and return any unspent funds to the State of MN Management and Budget department, the pass-through agency which received funds directly from the US Department of Treasury.

Anticipated Completion Date:

December 31, 2021



**REPRESENTATION OF THE CITY OF SAINT PAUL  
SAINT PAUL, MINNESOTA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Finding Number: 2019-001**  
**Repeat Finding Since: 2018-001**  
**Finding Title: Land Held for Resale**

**Summary of Condition:** During the audit of the HRA of the City of Saint Paul’s land held for resale, 18 properties were tested by verifying the value at which they were recorded in the system as of December 31, 2019. The HRA of the City of Saint Paul was unable to provide documentation supporting the value of five of the properties tested.

**Summary of Corrective Action Previously Reported:** The HRA has recently centralized our asset management functions for better oversight. Property management staff were formerly part of the Housing team, and now that function is housed within the Finance and Administration team along with Accounting. We will review the current policy for land held for resale adopted in 2009 to determine if changes are needed. Once we have completed the policy review and any updates, we will ensure that our property documentation includes the appropriate value information consistent with the policy.

**Status:** Partially Corrected. Per the 2018 corrective action plan, the anticipated completion date was December 31, 2019, to review the current land held for resale adopted in 2009. This policy was reviewed by December 31, 2019, and it was determined that the policy needed to be updated to address systems that will ensure reliable value estimates and documentation not vulnerable to the staffing changes and retirements that were causal factors in the finding. Per the 2019 corrective action plan, the revised anticipated completion date was June 30, 2021, to update the land held for resale policy and ensure that our records include the appropriate documentation of value consistent with the policy. The HRA Board through RES 21-906, adopted a revised land held for resale valuation policy on June 23, 2021. Due to COVID-19, the revised anticipated completion date to ensure that our records include the appropriate documentation of value consistent with the revised valuation policy is December 31, 2021.

Was corrective action taken significantly different than the action previously reported?  
Yes \_\_\_\_\_ No  X

**Finding Number: 2019-002**  
**Repeat Finding Since: 2016**  
**Finding Title: Statements of Economic Interest**

**Summary of Condition:** Statements of economic interest for 16 of the 46 forms tested during the 2019 audit were not filed with the City Clerk’s Office by the last Monday in January, and two statement forms were not returned.

**Summary of Corrective Action Previously Reported:** Leadership staff from the Office of Financial Services, City Attorney’s Office, and Council departments will meet to revise the City’s ordinance to align more closely with Minnesota Statutes §§ 10A.01 and 10A.09. Revision of the ordinance will better identify officials required to complete a statement of economic interest form and change the means of enforcement.

On December 11, 2019, the City’s ordinance was revised to better identify officials required to complete a statement of economic interest form. Furthermore, the ordinance was revised to change the means of enforcement. The City Council will continue to pursue compliance with the ordinance, obtain statement of economic interest forms, and fully pursue compliance with the ordinance.

**Status:** Fully Corrected. Corrective action was taken.  
Was corrective action taken significantly different than the action previously reported?  
Yes \_\_\_\_\_ No   X

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 6,777,051	\$ 1,795,395
COVID-19 – Community Development Block Grants/Entitlement Grants	14.218		60,399	-
(Total Community Development Block Grants/Entitlement Grants 14.218 \$6,837,450)				
Emergency Solutions Grant Program	14.231		212,163	212,163
Home Investment Partnerships Program	14.239		1,988,991	-
Fair Housing Assistance Program – State and Local	14.401		275,000	-
Passed Through Minnesota Housing Finance Agency Housing Counseling Assistance Program	14.169	FY2017-11	<u>10,855</u>	<u>-</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>\$ 9,324,459</u></b>	<b><u>\$ 2,007,558</u></b>
<b>U.S. Department of the Interior National Park Service</b>				
Direct				
Mississippi National River and Recreation Area State and Local Assistance	15.941		<b><u>\$ 251,638</u></b>	<b><u>\$ -</u></b>
<b>U.S. Department of Justice</b>				
Direct				
COVID-19 – Coronavirus Emergency Supplemental Funding Program	16.034		\$ 396,507	\$ -
Public Safety Partnership and Community Policing Grants	16.710		137,628	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		462,436	-
(Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$490,236)				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		224,537	-
Equitable Sharing Program	16.922		858,383	-
Passed Through Minnesota Department of Public Safety Missing Children's Assistance	16.543	SWIFT 109610	3,998	-
Crime Victim Assistance	16.575	STPAULCL-155	98,084	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A-JAG-2020-STPAULAO-054	27,800	-
(Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$490,236)				

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Justice (Continued)</b>				
Passed Through Saint Paul and Ramsey County Domestic Abuse Intervention Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2016-WE-AX-0013	132,580	-
<b>Total U.S. Department of Justice</b>			<b>\$ 2,341,953</b>	<b>\$ -</b>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1030098	\$ 13,403,102	\$ -
Highway Planning and Construction	20.205	1033859	33,124	-
Highway Planning and Construction	20.205	1033987	178,733	-
Highway Planning and Construction	20.205	1036677	115,459	-
Highway Planning and Construction (Total Highway Planning and Construction 20.205 \$17,243,589)	20.205	SP 164-090-014	3,513,171	-
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC20-2020-SPPD-071	109,506	-
State and Community Highway Safety (Total State and Community Highway Safety 20.600 \$112,490)	20.600	A-ENFRC21-2021-SPPD-070	2,984	-
National Priority Safety Programs	20.616	A-OFFICR20-2020-STPAULCI-003	14,740	-
National Priority Safety Programs	20.616	A-OFFICR21-2021-SPPD-036	5,127	-
National Priority Safety Programs	20.616	A-ENFRC20-2020-SPPD-071	205,943	-
National Priority Safety Programs (Total National Priority Safety Programs 20.616 \$286,498)	20.616	A-ENFRC21-2021-SPPD-070	60,688	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR20-2020-STPAULCI-003	38,474	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR21-2021-SPPD-036	17,598	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC20-2020-SPPD-071	289,766	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated (Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$410,350)	20.608	A-ENFRC21-2021-SPPD-070	64,512	-
<b>Total U.S. Department of Transportation</b>			<b>\$ 18,052,927</b>	<b>\$ -</b>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of the Treasury</b>				
Passed Through Minnesota Management and Budget COVID-19 – Coronavirus Relief Fund	21.019	SLT0016	\$ 23,582,254	\$ 1,322,345
Passed Through Ramsey County COVID-19 – Coronavirus Relief Fund (Total COVID-19 – Coronavirus Relief Fund 21.019 \$23,679,418)	21.019	WFS-CARES-093	97,164	-
<b>Total U.S. Department of the Treasury</b>			<b>\$ 23,679,418</b>	<b>\$ 1,322,345</b>
<b>U.S. Institute of Museum and Library Services</b>				
Passed Through Friends of the Saint Paul Public Library Grants to States	45.310	LS-00-19-0024-19	\$ 58,315	\$ -
Passed Through Saint Paul Public Schools Grants to States	45.310	LS-00-18-0024-18	22,855	-
Grants to States (Total Grants to States 45.310 \$94,845)	45.310	LS-00-19-0024-19	13,675	-
<b>Total U.S. Institute of Museum and Library Services</b>			<b>\$ 94,845</b>	<b>\$ -</b>
<b>U.S. Environmental Protection Agency</b>				
Direct Brownfields Assessment and Cleanup Cooperative Agreements	66.818		\$ 5,506	\$ -
Passed Through Environmental Initiative National Clean Diesel Emissions Reduction Program	66.039	DERA 2332	201,233	-
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 206,739</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through Minnesota Department of Health Injury Prevention and Control Research and State and Community Based Programs	93.136	1-NU17CE924985- 01-00	<b>\$ 71,970</b>	<b>\$ -</b>
<b>Corporation for National and Community Service</b>				
Direct Volunteers in Service to America	94.013		\$ 235,409	\$ -
Passed Through ServeMinnesota AmeriCorps	94.006	20AFHMN0010001-20	105,513	-
AmeriCorps	94.006	17AFHMN0010005-19	174,435	-
AmeriCorps (Total AmeriCorps 94.006 \$447,504)	94.006	17ACHMN0010001-19	167,556	-
<b>Total Corporation for National and Community Service</b>			<b>\$ 682,913</b>	<b>\$ -</b>



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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

<b>Federal Grantor Pass-Through Agency Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grant Numbers</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>Executive Office of the President</b>				
Passed Through North Central High Intensity Drug Trafficking Areas				
High Intensity Drug Trafficking Areas Program	95.001	G20ML0028A	\$ 148,094	\$ -
High Intensity Drug Trafficking Areas Program (Total High Intensity Drug Trafficking Areas Program 95.001 \$210,347)	95.001	G19ML0028A	62,253	-
			<hr/>	<hr/>
<b>Total Executive Office of the President</b>			<b>\$ 210,347</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
<b>Direct</b>				
Assistance to Firefighters Grant	97.044		\$ 126,814	\$ -
Port Security Grant Program	97.056		849,143	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		513,552	-
<b>Passed Through Minnesota Department of Public Safety</b>				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR-4442	827,720	-
Emergency Management Performance Grants	97.042	STPAULEM-095	30,000	-
Emergency Management Performance Grants (Total Emergency Management Performance Grants 97.042 \$44,992)	97.042	A-EMPG-S-2020- STPAULEM-106	14,992	-
Pre-Disaster Mitigation	97.047	A-HM-PDM-2016- STPAULCI-02	16,603	-
Homeland Security Grant Program	97.067	A-UASI-2018- STPAULCI-012	518,486	-
Homeland Security Grant Program	97.067	A-UASI-2019- STPAULCI-012	304,425	-
Homeland Security Grant Program	97.067	A-SHSP-2019- STPBOMB-018	42,419	-
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$873,288)	97.067	A-SHSP-2018- STPBOMB-011	7,958	-
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<b>Total U.S. Department of Homeland Security</b>			<b>\$ 3,252,112</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 58,169,321</b>	<b>\$ 3,329,903</b>
<b>Totals by Cluster</b>				
Total expenditures for CDBG – Entitlement Grants Cluster			\$ 6,837,450	
Total expenditures for Highway Planning and Construction Cluster			17,243,589	
Total expenditures for Highway Safety Cluster			398,988	

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Saint Paul. This schedule does not include \$4,174,480 in federal awards expended by the Port Authority of the City of Saint Paul, a component unit of the City, which had a separate single audit. The City's reporting entity is defined in Note II to the basic financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Saint Paul under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Saint Paul, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Saint Paul.

Expenditures reported on the schedule are reported 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 full accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. De Minimis Cost Rate

The City of Saint Paul has elected to not use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

3. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 44,765,781
Expenditures of program income	
Community Development Block Grants/Entitlement Grants	621,310
Home Investment Partnerships Program	1,052,609
Expenditures occurring in 2019, but revenue recognized in 2020	
Community Development Block Grants/Entitlement Grants	(399,663)
Crime Victim Assistance	(44,276)
Grants to States	(35,283)
Brownfields Assessment and Cleanup Cooperative Agreements	(1,497)
Corporation for National and Community Services	(138,380)
High Intensity Drug Trafficking Areas Program	(608)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	(240,000)
Pre-Disaster Mitigation	(17,406)
Homeland Security Grant Program	(44,249)
Conservation Research and Development	(36,525)
Expenditures occurring in 2020, but revenue deferred until 2021	
Community Development Block Grants/Entitlement Grants	1,216,655
COVID-19 – Community Development Block Grants/Entitlement Grants	60,399
Home Investment Partnerships Program	38,367
Mississippi National River and Recreation Area State and Local Assistance	241,638
COVID-19 – Coronavirus Emergency Supplemental Funding Program	396,507
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	38,788
Public Safety Partnership and Community Policing Grants	137,628
Edward Byrne Memorial Justice Assistance Grant Program	467,636
Criminal and Juvenile Justice and Mental Health Collaborative Program	224,537
Highway Planning and Construction	7,309,090
State and Community Highway Safety	2,195
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	48,936
National Priority Safety Programs	12,132
COVID-19 – Coronavirus Relief Fund	97,164
Injury Prevention and Control Research and State and Community Based Programs	5,812
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	767,355
Emergency Management Performance Grants	12,742
Assistance to Firefighters Grant	88,984
Port Security Grant Program	777,908
Homeland Security Grant Program	259,947
Staffing for Adequate Fire and Emergency Response (SAFER)	5,405
Public Safety Partnership and Community Policing Grants	477,683
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Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 58,169,321</u>