

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

City of Saint Paul Saint Paul, Minnesota

Management and Compliance Report

Year Ended December 31, 2021

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.

Office of the State Auditor
525 Park Street, Suite 500
Saint Paul, Minnesota 55103
(651) 296-2551
state.auditor@osa.state.mn.us
www.osa.state.mn.us

This document can be made available in alternative formats upon request. Call 651-296-2551 [voice] or 1-800-627-3529 [relay service] for assistance; or visit the Office of the State Auditor’s web site: www.osa.state.mn.us.

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

Year Ended December 31, 2021



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**

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
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	4
Schedule of Findings and Questioned Costs	8
Corrective Action Plan	13
Summary Schedule of Prior Audit Findings	15
Schedule of Expenditures of Federal Awards	17
Notes to the Schedule of Expenditures of Federal Awards	22



**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 25, 2023. 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 component units, 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*.

Report on 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.

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 a combination of deficiencies, in internal control over financial

reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

Report on 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 – bid laws, depositories of public funds and public 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 Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Saint Paul's response to the internal control finding identified in our audit and described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

January 25, 2023

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR



**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 Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Saint Paul's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Saint Paul's major federal programs for the year ended December 31, 2021. 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.

In our opinion, the City of Saint Paul complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Saint Paul and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Saint Paul's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City of Saint Paul’s basic financial statements include the operations of the Port Authority of the City of Saint Paul and the Saint Paul Regional Water Services component units, which expended \$3,836,400 and \$8,830,961, respectively, in federal awards, which are not included in the City of Saint Paul’s Schedule of Expenditures of Federal Awards during the year ended December 31, 2021. Our compliance audit, described in the “Opinion on Each Major Federal Program,” does not include the operations of the Port Authority of the City of Saint Paul and the Saint Paul Regional Water Services component units because they had separate single audits in accordance with the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Saint Paul’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Saint Paul’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Saint Paul’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Saint Paul’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances; and

- obtain an understanding of the City of Saint Paul’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Saint Paul’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance, and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Saint Paul’s response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Saint Paul’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We

consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-002 and 2021-003, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Saint Paul's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Saint Paul's response was not subjected to the other 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 City of Saint Paul as of and for the year ended December 31, 2021, and have issued our report thereon dated January 25, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

January 25, 2023

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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? **No**
- Significant deficiencies identified? **Yes**

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

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified**

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

The major federal programs are:

Assistance Listing Number	Name of Federal Program or Cluster
14.218	CDBG – Entitlement Grants Cluster
14.231	Emergency Solutions Grant Program
14.231	COVID-19 – Emergency Solutions Grant Program
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction Cluster
21.023	COVID-19 – Emergency Rental Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
81.086	Conservation Research and Development

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

The threshold for distinguishing between Types A and B programs was \$1,113,890.

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

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

2021-001 Identification of Federal Awards

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Financial Reporting

Severity of Deficiency: Significant Deficiency

Criteria: Title 2 U.S. *Code of Federal Regulations* § 200.510(b) states that the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with § 200.502, basis for determining federal awards expended.

Condition: The City did not properly identify amounts expended for the Conservation Research and Development federal award program (Assistance Listing Number 81.086) in the population of expenditures provided for audit.

Context: All expenditures reimbursed with federal funds are subject to audit as part of the City's single audit.

Effect: The Conservation Research and Development expenditures were not identified as federal expenditures until the final SEFA was received at the end of the audit. The federal expenditures exceeded the Type A threshold. Federal expenditures exceeding the threshold are to be audited once every three years. It was not audited in the previous two years, so it was required to be audited this year, resulting in additional audit costs and time.

Cause: The grant was administered by two departments. The fact that the expenditures were federal and should be included on the SEFA was not communicated to the person completing the preliminary SEFA.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Recommendation: We recommend the City review its policies and procedures for the preparation of its financial statements to ensure that all amounts are properly reported in the financial statements.

View of Responsible Official: Concur

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

2021-002 Matching and Reporting

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of Energy

Program: 81.086 Conservation Research and Development

Award Number and Year: DE-FOA-0002197, 2020

Pass-Through Agency: American Lung Association

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. Additionally, Title 2 U.S. *Code of Federal Regulations* § 200.306 states an in-kind transaction must be in compliance with the allowable cost principles. The grant agreement with the American Lung Association requires the City to secure in-kind support of \$245,300 by the end of the grant period, which is December 31, 2023.

Condition: For the two quarterly reports tested, the in-kind match reported were not supported with payroll or other records. The original calculation and supporting payroll records were not maintained, and the recalculation of the amount did not agree with what was reported.

Questioned Costs: \$1,771

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Context: The City of Saint Paul received a grant for the Advanced Vehicle Technologies Research Project from the American Lung Association. The City received \$1.1 million in 2021, with a total amount expected to be received of \$3,650,237 by December 31, 2023.

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

Effect: The City reported \$1,771 more than the actual in-kind match. This represents six percent of the total match reported to date.

Cause: There were changes in staffing during the grant period. The support for the in-kind match was not maintained and the new staff could not re-create the calculation.

Recommendation: We recommend the City maintain documentation to support all amounts reported.

View of Responsible Official: Acknowledge

2021-003 Reporting

Prior Year Finding Number: N/A

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Compliance and Compliance

Severity of Deficiency: Significant Deficiency and Other Matter

Federal Agency: U.S. Department of the Treasury

Program: 21.023 COVID-19 – Emergency Rental Assistance Program

Award Number and Year: N/A

Pass-Through Agency: Direct

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. In addition, the instructions to the Federal Financial Report (SF-425) states, “cash disbursements” are equal to the amount of the federal cash disbursements. Lastly, U.S. Treasury Reporting Guidance for the Emergency Rental Assistance (ERA) Program requires ERA recipients to certify and submit reports on each ERA award separately.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Condition: The following items were noted during testing:

- Two quarterly ERA1 compliance reports tested could not be reconciled to supporting documentation.
- Two quarterly ERA1 SF-425 reports tested could not be reconciled to supporting documentation.
- One monthly ERA1 performance report tested could not be reconciled to supporting documentation.

Questioned Costs: None.

Context: The City of Saint Paul received the following ERA funding from the U.S. Department of the Treasury: \$9.2 million established by Section 501 of the Consolidated Appropriations Act of 2021 (“ERA1” funds), and \$4.6 million established by Section 3201 of the American Rescue Plan Act of 2021 (“ERA2” funds). The City expended approximately \$9.4 million in total of these funds in 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 did not complete reports in accordance with U.S. Department of the Treasury guidance.

Cause: For the ERA1 reports, City staff informed us there was an issue with the U.S. Treasury website where they could not delete the incorrect data. For the ERA performance reports, the data was compiled by a former staff member, and current staff were unable to determine how the information was derived.

Recommendation: We recommend the City maintain documentation to support the data reported to the U.S. Department of the Treasury.

View of Responsible Official: Acknowledge



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

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number: 2021-001

Finding Title: Identification of Federal Awards

Name of Contact Person Responsible for Corrective Action:

Josh Hern, Accountant IV

Corrective Action Planned:

The Office of Financial Services will work with each department that has grants to verify all Federal awards and related expenditures are properly estimated for the Schedule of Expenditures of Federal Awards for those grants prior to providing the estimate for audit. The Office of Financial Services will work with departments to monitor and report any significant deviations or omissions from the original estimates and report these changes in a timely manner.

Anticipated Completion Date:

March 31, 2023

Finding Number: 2021-002
Finding Title: Matching and Reporting
Program: Conservation Research and Development (Assistance Listing # 81.086)

Name of Contact Person Responsible for Corrective Action:

Russ Stark, Chief Resilience Officer
Erin Kayser, Transportation Planning Manager
Terri Spencer, Accountant V

Corrective Action Planned:

Public Works will work with the Office of Financial Service to establish and maintain internal control procedures to accurately track, and report time spent by Public Works and the Office of the Mayor staff in support of the project. Quarterly reports to the American Lung Association will include increased level of detail to support the labor hours reported.

The Office of Financial Services will coordinate with the Mayor's Office to create a system of hour tracking to replace previously insufficient reports. Staff time spent will be justified using this newly established system, as well as qualitative descriptions of time spent, including meeting dates and milestone completion.

Anticipated Completion Date:

March 31, 2023

Finding Number: 2021-003
Finding Title: Reporting
Program: COVID-19 – Emergency Rental Assistance (Assistance Listing # 21.023)

Name of Contact Person Responsible for Corrective Action:

Sarah Zorn, Principal Project Manager
Rachel Finazzo Doll, Project Manager

Corrective Action Planned:

Staff is in the process of closing out the ERA1 grant and in doing so will have an accurate listing of expenditures both by month and by quarter. This expenditure data will be representative of Infor financial system records showing funds sent to subrecipients and to pay for staff time and expenses, as well as funds paid out by the subrecipients to (and returned from) landlords, tenants and utility companies.

Anticipated Completion Date:

April 30, 2023



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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Finding Number: 2020-001
Year of Finding Origination: 2018
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. This problem still existed for the year ended December 31, 2020.

Summary of Corrective Action Previously Reported: 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.

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

Finding Number: 2020-002
Year of Finding Origination: 2020
Finding Title: Audit Adjustment

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

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2020-003

Year of Finding Origination: 2020

Finding Title: Subrecipient Monitoring

Program: COVID-19 – Coronavirus Relief Fund (Assistance Listing No. 21.019)

Summary of 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.

Summary of Corrective Action Previously Reported: 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.

Status: Fully Corrected. Not required for current year federal expenditures.

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, 2021**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct				
CDBG – Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 6,209,660	\$ 1,559,041
COVID-19 – Community Development Block Grants/Entitlement Grants (Total Community Development Block Grants/Entitlement Grants 14.218 \$7,385,912)	14.218		1,176,252	92,431
Emergency Solutions Grant Program	14.231		843,738	841,869
COVID-19 – Emergency Solutions Grant Program (Total Emergency Solutions Grant Program 14.231 \$3,928,859)	14.231		3,085,121	3,055,596
Home Investment Partnerships Program	14.239		<u>2,947,929</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 14,262,700</u>	<u>\$ 5,548,937</u>
U.S. Department of the Interior National Park Service				
Direct				
Mississippi National River and Recreation Area State and Local Assistance	15.941		<u>\$ 6,427</u>	<u>\$ -</u>
U.S. Department of Justice				
Direct				
COVID-19 – Coronavirus Emergency Supplemental Funding Program	16.034		\$ 269,554	\$ -
Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$605,792)	16.738		598,642	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		325,639	-
Smart Prosecution Initiative	16.825		138,562	-
Comprehensive Opioid Abuse Site-Based Program	16.838		89,133	-
Passed Through Minnesota Department of Public Safety				
Missing Children's Assistance	16.543	SWIFT 109610	3,202	-
Crime Victim Assistance	16.575	A-CVS-2020-STPAULCL-155	57,522	-
Edward Byrne Memorial Justice Assistance Grant Program (Total Edward Byrne Memorial Justice Assistance Grant Program 16.738 \$605,792)	16.738	A-JAG-2020-STPAULAO-054	7,150	-

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Justice (Continued)				
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	34,551	-
Total U.S. Department of Justice			\$ 1,523,955	\$ -
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1030098	\$ 2,382,123	\$ -
Highway Planning and Construction	20.205	1033859	19,463	-
Highway Planning and Construction	20.205	1036677	356	-
Highway Planning and Construction	20.205	SP 164-080-017	528,642	-
Highway Planning and Construction	20.205	SP 164-090-014	29,313	-
(Total Highway Planning and Construction 20.205 \$2,959,897)				
Passed Through Minnesota Department of Public Safety Highway Safety Cluster				
State and Community Highway Safety	20.600	A-SPEED21-2021-SPEED-004	38,793	-
State and Community Highway Safety	20.600	A-ENFRC21-2021-SPPD-070	91,141	-
State and Community Highway Safety	20.600	A-ENFRC2-2022-SPPD-002	10,184	-
(Total State and Community Highway Safety 20.600 \$140,118)				
National Priority Safety Programs	20.616	A-ENFRC21-2021-SPPD-070	162,956	-
National Priority Safety Programs	20.616	A-ENFRC2-2022-SPPD-002	24,517	-
National Priority Safety Programs	20.616	A-OFFICR21-2021-STPAULCI-036	15,693	-
National Priority Safety Programs	20.616	A-OFFICR22-2022-SPPD-008	6,318	-
(Total National Priority Safety Programs 20.616 \$209,484)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC21-2021-SPPD-070	269,893	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC2-2022-SPPD-002	54,967	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR21-2021-STPAULCI-036	53,867	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR22-2022-SPPD-008	21,687	-
(Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated 20.608 \$400,414)				

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, 2021
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through Minnesota Department of Public Safety (Continued)				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	A-HMEP-2019- STPFIRE-028	14,200	-
Total U.S. Department of Transportation			\$ 3,724,113	\$ -
U.S. Department of the Treasury				
Direct				
Equitable Sharing	21.016		\$ 569,210	\$ -
COVID-19 – Emergency Rental Assistance Program	21.023		9,476,924	9,474,654
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	21.027		2,940,652	-
Passed Through Ramsey County				
COVID-19 – Coronavirus Relief Fund	21.019	WFS-CARES-093	5,397	-
Total U.S. Department of the Treasury			\$ 12,992,183	\$ 9,474,654
U.S. Institute of Museum and Library Services				
Direct				
COVID-19 – National Leadership Grants	45.312		\$ 149,929	\$ -
Passed Through Friends of the Saint Paul Public Library Grants to States (Total Grants to States 45.310 \$84,498)	45.310	LS-00-20-0024-20	50,581	-
Passed Through Saint Paul Public Schools Grants to States (Total Grants to States 45.310 \$84,498)	45.310	LS-00-18-0024-18	33,917	-
Total U.S. Institute of Museum and Library Services			\$ 234,427	\$ -
U.S. Environmental Protection Agency				
Passed Through Environmental Initiative				
National Clean Diesel Emissions Reduction Program	66.039	DERA 2332	\$ 76,750	\$ -
U.S. Department of Energy				
Passed Through American Lung Association				
Conservation Research and Development	81.086	DE-FOA-0002197	\$ 1,125,843	\$ -
U.S. Department of Health and Human Services				
Passed Through Minnesota Department of Health				
Injury Prevention and Control Research and State and Community Based Programs	93.136	1NU17CE924985- 01-00	\$ 126,496	\$ -

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
Corporation for National and Community Service				
Direct				
Volunteers in Service to America	94.013		\$ 201,302	\$ -
Passed Through ServeMinnesota				
AmeriCorps	94.006	20AFHMN0010001-20	138,817	-
Total Corporation for National and Community Service			\$ 340,119	\$ -
Executive Office of the President				
Passed Through North Central High Intensity Drug Trafficking Areas				
High Intensity Drug Trafficking Areas Program	95.001	G20ML0028A	\$ 48,873	\$ -
High Intensity Drug Trafficking Areas Program (Total High Intensity Drug Trafficking Areas Program 95.001 \$50,943)	95.001	G21ML0028A	2,070	-
Total Executive Office of the President			\$ 50,943	\$ -
U.S. Department of Homeland Security				
Direct				
Assistance to Firefighters Grant	97.044		\$ 112,497	\$ -
Port Security Grant Program	97.056		715,262	-
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		618,157	-
Passed Through Minnesota Department of Public Safety				
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036	DR-4442	54,572	-
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Total Disaster Grants - Public Assistance (Presidentially Declared Disasters) 97.036 \$200,812)	97.036	DR-4531	146,240	-
Emergency Management Performance Grants	97.042	A-EMPG-S-2020- STPAULEM-106	117,255	-
Emergency Management Performance Grants (Total Emergency Management Performance Grants 97.042 \$147,255)	97.042	A-EMPG-2021- STPAULEM-076	30,000	-

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Assistance Listing Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety (Continued)				
Homeland Security Grant Program	97.067	A-UASI-2019- STPAULCI-012	353,631	-
Homeland Security Grant Program	97.067	A-UASI-2020- STPAULCI-012	351,346	-
Homeland Security Grant Program	97.067	A-SHSP-2018- STPBOMB-011	(710)	-
Homeland Security Grant Program	97.067	A-SHSP-2019- STPBOMB-018	92,581	-
Homeland Security Grant Program (Total Homeland Security Grant Program 97.067 \$871,716)	97.067	A-SHSP-2020- STPBOMB-016	74,868	-
Total U.S. Department of Homeland Security			\$ 2,665,699	\$ -
Total Federal Awards			\$ 37,129,655	\$ 15,023,591
Totals by Cluster				
Total expenditures for CDBG – Entitlement Grants Cluster			\$ 7,385,912	
Total expenditures for Highway Planning and Construction Cluster			2,959,897	
Total expenditures for Highway Safety Cluster			349,602	

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

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. The City's reporting entity is defined in Note II to the financial statements. The schedule does not include \$3,836,400 in federal awards expended by the Port Authority of the City of Saint Paul component unit, which had a separate single audit performed by other auditors. The schedule also does not include \$8,830,961 in federal awards expended by the Saint Paul Regional Water Services component unit, which had a separate single audit.

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, 2021. 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, and proprietary funds use the full accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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	\$ 52,503,528
Expenditures of program income	
Community Development Block Grants/Entitlement Grants	1,486,593
Home Investment Partnerships Program	941,875
Expenditures occurring in 2020, but revenue recognized in 2021	
Community Development Block Grants/Entitlement Grants	(1,539,223)
Home Investment Partnerships Program	(37,299)
Crime Victim Assistance	(30,166)
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	(63,595)
Edward Byrne Memorial Justice Assistance Grant Program	(465,894)
Criminal and Juvenile Justice and Mental Health Collaboration Program	(266,613)
Public Safety Partnership and Community Policing Grants	(660,903)
COVID-19 – Coronavirus Emergency Supplemental Funding Program	(360,885)
Mississippi National River and Recreation Area State and Local Assistance	(243,737)
Highway Planning and Construction	(13,721,553)
COVID-19 – Coronavirus Relief Fund	(22,849)
Injury Prevention and Control Research and State and Community Based Programs	(5,813)
High Intensity Drug Trafficking Areas Program	(1,722)
Assistance to Firefighters Grant	(85,788)
Staffing for Adequate Fire and Emergency Response (SAFER)	(13)
Homeland Security Grant Program	(310,143)
Port Security Grant Program	(845,451)
Disaster Grants – Public Assistance (Presidentially Declared Disasters)	(955,347)
Expenditures occurring in 2021, but revenue deferred until 2022	
Community Development Block Grants/Entitlement Grants	303,389
COVID-19 – Emergency Solutions Grant Program	343
Edward Byrne Memorial Justice Assistance Grant Program	29,189
Smart Prosecution Initiative	39,845
Comprehensive Opioid Abuse Site-Based Program	168
Highway Planning and Construction	32,313
State and Community Highway Safety	10,184
National Priority Safety Programs	24,517
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	54,967
Equitable Sharing	413,941
COVID-19 – National Leadership Grants	57,671
Grants to States	49,059
Conservation Research and Development	454,474
Volunteers in Service to America	200,835
AmeriCorps	20,925
Emergency Management Performance Grants	117,255
Homeland Security Grant Program	5,578
	<hr/>
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 37,129,655</u>