

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT FOR THE METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

YEAR ENDED DECEMBER 31, 2010

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

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

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

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

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

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

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

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

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

**METROPOLITAN COUNCIL OF
THE TWIN CITIES AREA**

Year Ended December 31, 2010



Management and Compliance Report

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

This page was left blank intentionally.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

TABLE OF CONTENTS

	<u>Page</u>
Schedule of Findings and Questioned Costs	1
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>	4
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	7
Schedule of Expenditures of Federal Awards	10
Notes to the Schedule of Expenditures of Federal Awards	15

This page was left blank intentionally.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2010

I. SUMMARY OF AUDITOR'S RESULTS

- A. Our report expresses unqualified opinions on the basic financial statements of the Metropolitan Council.
- B. No matters involving internal control over financial reporting were reported in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
- C. No instances of noncompliance material to the financial statements of the Metropolitan Council were disclosed during the audit.
- D. A significant deficiency relating to the audit of the major federal award programs is reported in the "Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133." It is not a material weakness.
- E. The Auditor's Report on Compliance for the major federal award programs for the Metropolitan Council expresses an unqualified opinion.
- F. A finding relative to a major federal award program for the Metropolitan Council was reported in accordance with Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Section 8 Housing Choice Vouchers	CFDA #14.871
Federal Transit Cluster	
Capital Investment Grants	CFDA #20.500
Capital Investment Grants - ARRA	CFDA #20.500
Formula Grants	CFDA #20.507
Formula Grants - ARRA	CFDA #20.507
Capitalization Grants for Clean Water Cluster	
Capitalization Grants for Clean Water - State	
Revolving Funds	CFDA #66.458
Capitalization Grants for Clean Water - State	
Revolving Funds - ARRA	CFDA #66.458

H. The threshold for distinguishing between Types A and B programs was \$3,000,000.

I. The Metropolitan Council was not determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM RESOLVED

Audit Adjustments (07-1)

Our audit identified material adjustments that were reviewed and approved by the appropriate Council staff and reflected in the financial statements.

Resolution

No material audit adjustments were identified during our audit of the financial statements for the year ended December 31, 2010.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

10-1 Federal Transit Cluster (CFDA Nos. 20.500, 20.500 - ARRA, 20.507, and 20.507 - ARRA) - Subrecipient Monitoring

During 2010, the Metropolitan Council passed Federal Transit Cluster funding through to ten subrecipients including cities, counties, and other local units of government. The Council currently has a manual in place that provides guidance to staff and subrecipients regarding subrecipient monitoring and compliance. We were provided with evidence that subrecipients received clear identification of the compliance requirements relative to the Federal Transit Cluster and that some monitoring activities were performed. However, the Council was unable to provide us with documentation that all necessary monitoring procedures were applied consistently. For example, there is no clear responsibility assigned to ensure that required subrecipient audits are performed, reviewed, and any findings properly resolved. In addition, if an audit is not required, there is no identification of the alternative subrecipient monitoring method, documentation, and responsibility.

The OMB Circular A-133 Compliance Supplement identifies that the Council, as the pass-through entity, is responsible for: (1) identifying to the subrecipient the federal award information and applicable compliance requirements, (2) monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers the federal award in compliance with federal requirements, (3) ensuring that required audits are performed and requiring the subrecipient to take timely and appropriate corrective action on any audit findings, and (4) evaluating the impact of subrecipient activities on the Council's ability to comply with applicable federal regulations.

Monitoring activities may take various forms, such as reviewing reports submitted by the subrecipient, performing site visits to the subrecipients to review financial and programmatic records and observe operations, reviewing the subrecipient's single audit or program specific audit results, and evaluating audit findings and the subrecipient's corrective action plan.

We recommend the Council establish and implement documented procedures to meet the subrecipient monitoring requirements.

Corrective Action Plan:

Contact Person(s):

*Ed Petrie, Metro Transit Director of Finance
Mary Bogie, Deputy Chief Financial Officer*

Corrective Action Planned:

The Metropolitan Council will review Council Training Manuals for consistency and update monitoring processes in compliance with OMB Circular A-133. Specifically, the Council will engage its Program Evaluation and Audit Division to perform similar review functions for Metro Transit grants as it does for subrecipients of Metropolitan Transportation Services grants.

Anticipated Completion Date:

September 30, 2011

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

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*

Council Members
Metropolitan Council of the Twin Cities Area

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Council, a component unit of the State of Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated June 27, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Metropolitan Sports Facilities Commission, as described in our report on the Metropolitan Council's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Metropolitan Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council'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 combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Metropolitan Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our study included all of the listed categories, except tax increment financing because the Metropolitan Council does not utilize tax increment financing.

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

This report is intended solely for the information and use of the Metropolitan Council members, audit committee, management, others within the Metropolitan Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 27, 2011

This page was left blank intentionally.



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Council Members
Metropolitan Council of the Twin Cities Area

Compliance

We have audited the Metropolitan Council's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The Metropolitan Council's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

This *Report On Compliance With Requirements That Could Have A Direct And Material Effect On Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133* dated January 17, 2012, replaces the previously issued report dated June 27, 2011. The report was reissued to consider the effects of additional procedures necessary to test the Metropolitan Council's internal controls over and compliance with requirements that could have a direct and material effect on the Federal Transit Cluster and the Capitalization Grants for Clean Water State Revolving Funds programs. The results of the additional procedures did not require any changes to the previously issued report.

The Metropolitan Council's basic financial statements include the operations of the Metropolitan Sports Facilities Commission component unit, which expended no federal awards during the year ended December 31, 2010. Our audit, described below, did not include the operations of the Metropolitan Sports Facilities Commission because the Commission was audited by other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Metropolitan Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Metropolitan Council complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of the Metropolitan Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council'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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 10-1. 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 attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Council, a component unit of the State of Minnesota, as of and for the year ended December 31, 2010, and have issued our report thereon dated June 27, 2011. We did not audit the financial statements of the Metropolitan Sports Facilities Commission component unit as of and for the year ended December 31, 2010. Those financial statements were audited by other auditors. Our audit was performed for the purpose of forming opinions on the Metropolitan Council's financial statements that collectively comprise the Council's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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. The SEFA 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 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 basic financial statements as a whole.

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

This report is intended solely for the information and use of the Metropolitan Council members, audit committee, management and others within the Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

January 17, 2012, except as to the Schedule of Expenditures
of Federal Awards, which is as of June 27, 2011

This page was left blank intentionally.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct			
Shelter Plus Care	14.238	MN0046C5K010801	\$ 176,375
Shelter Plus Care	14.238	MN0046C5K010802	479,038
Shelter Plus Care	14.238	MN0068C5K030801	13,114
Shelter Plus Care	14.238	MN0068C5K030802	120,782
Shelter Plus Care	14.238	MN46C400001	432,092
Shelter Plus Care	14.238	MN46C407001	30,724
Shelter Plus Care	14.238	MN0010C5K000801	499,159
Shelter Plus Care	14.238	MN0010C5K000802	669,753
Total CFDA #14.238			\$ 2,421,037
Section 8 Housing Choice Vouchers	14.871	MN163VO/MN163AF	\$ 50,529,704
Passed Through City of Minneapolis			
Housing Opportunities for Persons with AIDS	14.241	C-23762 #4	\$ 184,254
Housing Opportunities for Persons with AIDS	14.241	C-28344	248,608
Total CFDA #14.241			\$ 432,862
Total U.S. Department of Housing and Urban Development			\$ 53,383,603
U.S. Department of the Interior			
Direct			
National Spatial Data Infrastructure Cooperative Agreements Program	15.809	G10AC00239	\$ 19,130
U.S. Department of Transportation			
Direct			
Federal Transit Administration			
Highway Planning and Construction			
2004 Urban Guarantee Section 133	20.205	MN-90-X201	\$ 162,932
Federal Transit Cluster			
Federal Transit Capital Investment Grants			
2002 Section 5309	20.500	MN-03-0057	\$ 3,373
2000 Section 5309	20.500	MN-03-0066	87,138
2003 Section 5309	20.500	MN-03-0085	(6,824)
2003 Section 5309	20.500	MN-03-0086	2,589
2000 Section 5309	20.500	MN-03-0087	(13,818)
2003 Section 5309	20.500	MN-03-0083	(1,044)
2003 Section 5309	20.500	MN-03-0104	942
2004 - 2005 Section 5309	20.500	MN-03-0105	77,245
2003 - 2004 Section 5309	20.500	MN-03-0106	190,220
2004 - 2005 Section 5309	20.500	MN-03-0123	3,028,812

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

Page 10

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Transportation			
Direct			
Federal Transit Administration			
Federal Transit Cluster			
Federal Transit Capital Investment Grants (Continued)			
2005 Section 5309	20.500	MN-03-0126	259,614
2006 Section 5309	20.500	MN-03-0200	17,594,582
2006 Section 5309	20.500	MN-04-0014	50,569
2006 Section 5309	20.500	MN-04-0015	862,341
2006 Section 5309	20.500	MN-04-0017	723,680
2006 Section 5309	20.500	MN-04-0018	1,479,360
2006 Section 5309	20.500	MN-05-0018	1,888,022
2007 Section 5309	20.500	MN-04-0012	7,720,211
2007 - 2008 Section 5309	20.500	MN-04-0026	262,867
Total CFDA #20.500			\$ 34,209,879
Federal Transit Cluster			
Federal Transit Capital Investment Grants -- ARRA			
2009 Section 5309	20.500	MN-56-0001	\$ 1,851,573
Federal Transit Cluster			
Federal Transit Formula Grants			
2009 Section 5307	20.507	MN-77-0001	\$ 1,037,772
2002 Section 5307	20.507	MN-90-X164	43,573
2002 Section 5307	20.507	MN-90-X172	6,568
2002 Section 5307	20.507	MN-90-X177	247,708
2003 Section 5307	20.507	MN-90-X185	213
2000 Section 5307	20.507	MN-90-X189	13,328
2002 - 2003 Section 5307	20.507	MN-90-X190	218,493
2004 Section 5307	20.507	MN-90-X199	182,954
2003 Section 5307	20.507	MN-90-X204	24,788
2003 - 2005 Section 5307	20.507	MN-90-X215	284,279
2006 Section 5307	20.507	MN-90-X219	37,365
2005 Section 5307	20.507	MN-90-X224	195,261
2006 Section 5307	20.507	MN-90-X226	20,068
2006 Section 5307	20.507	MN-90-X230	557,952
2006 Section 5307	20.507	MN-90-X235	1,180,960
2006 Section 5307	20.507	MN-90-X238	4,722,070
2007 Section 5307	20.507	MN-90-X242	235,915
2007 - 2008 Section 5307	20.507	MN-90-X249	353,723
2007 - 2008 Section 5307	20.507	MN-90-X260	3,000,274
2010 Section 5307	20.507	MN-90-X274	8,455,652
2007 Section 5307	20.507	MN-95-X002	2,072
2008 Section 5307	20.507	MN-95-X006	73,995
2008 Section 5307	20.507	MN-95-X007	84,140
2008 Section 5307	20.507	MN-95-X010	169,034

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Transportation			
Direct			
Federal Transit Administration			
Federal Transit Cluster			
Federal Transit Formula Grants (Continued)			
2009 - 2010 Section 5307	20.507	MN-95-X019	824,818
2007 Section 5307	20.507	MN-95-X001-00	2,697,552
2007 Section 5307	20.507	MN-95-X001-00	99,495
2006 Section 5307	20.507	MN-90-217	163,043
2006 Section 5307	20.507	MN-90-241	1,278,445
2007 - 2008 Section 5307	20.507	MN-90-249	257,437
2007 - 2008 Section 5307	20.507	MN-90-250	4,699,790
2009 - 2010 Section 5307	20.507	MN-90-271	3,063,362
Total CFDA #20.507			\$ 34,232,099
Federal Transit Cluster			
Federal Transit Formula Grants -- ARRA			
2006 Section 5307	20.507	MN-90-241	\$ 1,780,280
2009 Section 5307	20.507	MN-96-002	47,715,255
2009 Section 5307	20.507	MN-96-002	13,891
Total CFDA #20.507 -- ARRA			\$ 49,509,426
Transit Services Programs Cluster			
Job Access/Reverse Commute (JA/RC)			
2002 Section 5307	20.516	MN-37-X006	\$ 47,859
2006 Section 5307	20.516	MN-37-011	109,524
2006 Section 5307	20.516	MN-37-011	653,140
Total CFDA #20.516			\$ 810,523
Transit Services Programs Cluster			
New Freedom Program			
2006 - 2008 New Freedom	20.521	MN-57-X002	\$ 47,097
Alternatives Analysis			
2008 Section 5339	20.522	MN-39-0002	\$ 405,386
2009 Section 5339	20.522	MN-39-0003	225,803
Total CFDA #20.522			\$ 631,189
Passed Through Minnesota Department of Transportation			
Highway Planning and Construction			
Congestion Mitigation/Air Quality (CMAQ)			
2009 Section 5307	20.205	95122	\$ 187,201

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Transportation			
Passed Through Minnesota Department of Transportation (Continued)			
Metropolitan Transportation Planning Planning 2010 - Section 5303	20.505	95995	\$ <u>2,943,756</u>
Federal Transit Cluster			
Federal Transit Formula Grants Northstar Commuter Rail Funding Grant	20.507	MN-03-X201	\$ <u>2,851,219</u>
Formula Grants for Other Than Urbanized Areas 2010 Section 5311	20.509	95832	\$ <u>493,074</u>
Formula Grants for Other Than Urbanized Areas -- ARRA 2010 Section 5311	20.509	MN-96-017	\$ <u>1,204,305</u>
Transit Services Programs Cluster Job Access/Reverse Commute (JA/RC) 2009 Section 5307	20.516	MN-37-012	\$ <u>49,573</u>
Total U.S. Department of Transportation			\$ <u>129,183,846</u>
U.S. Environmental Protection Agency			
Passed Through Minnesota Public Facilities Authority			
Capitalization Grants for Clean Water - State Revolving Funds Cluster			
Capitalization Grants for Clean Water - State Revolving Funds	66.458	MPFA-08-0099-R-FY10	\$ 30,564,400
Capitalization Grants for Clean Water - State Revolving Funds	66.458	MPFA-08-0098-R-FY10	<u>15,224,427</u>
Total CFDA #66.458			\$ <u>45,788,827</u>
Capitalization Grants for Clean Water - State Revolving Funds -- ARRA	66.458	ARRA-09-0098-R-FY10	<u>3,434,978</u>
Total U.S. Environmental Protection Agency			\$ <u>49,223,805</u>

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010 (Continued)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Number	Expenditures
U.S. Department of Homeland Security			
Federal Emergency Management Agency (FEMA) Passed Through Minnesota Department of Public Safety Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	<u>\$ 139,339</u>
Homeland Security Grant Program	97.067	HSGP-23526-2008-10873	<u>\$ 69,061</u>
Rail and Transit Security Grant Cluster			
Rail and Transit Security Grant Program	97.075	2006-RL-T6-006	\$ 86,002
Rail and Transit Security Grant Program	97.075	2007-RL-T7-0002	47,577
Rail and Transit Security Grant Program	97.075	2008-RL-T8-0014	259,440
Rail and Transit Security Grant Program	97.075	2009-RA-T9-0050	<u>10,295</u>
Total CFDA #97.075			<u>\$ 403,314</u>
Rail and Transit Security Grant Cluster			
Rail and Transit Security Grant Program -- ARRA	97.113	2009-RA-RA0088	<u>\$ 350,501</u>
Total U.S. Department of Homeland Security			<u>\$ 962,215</u>
Total Federal Awards			<u>\$ 232,772,599</u>

This page was left blank intentionally.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2010

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Metropolitan Council. The Council's reporting entity is defined in Note I.A. to the financial statements.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan Council under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Metropolitan Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Metropolitan Council.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the Metropolitan Council. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

4. Subrecipients

Of the expenditures presented in the schedule, the Metropolitan Council provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
20.500	Federal Transit Capital Investment Grants	\$ 4,764,454
20.507	Federal Transit Formula Grants	2,448,701
20.516	Job Access/Reverse Commute	207,294
20.521	New Freedom Program	47,097
20.522	Alternatives Analysis	515,581
Total		<u>\$ 7,983,127</u>

5. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.