

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

Metropolitan Council Twin Cities Area, Minnesota

Agreed-Upon Procedures

Year Ended December 31, 2022

Description of the Office of the State Auditor

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The OSA performs around 90 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office maintains the following seven divisions:

- **Audit Practice:** Helps ensure fiscal integrity by conducting financial and compliance audits of local governments and the federal compliance audit of the State of Minnesota.
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Metropolitan Council Twin Cities Area, Minnesota

Year Ended December 31, 2022



Office of the State Auditor

Agreed-Upon Procedures

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



**Independent Accountant's Report on
Applying Agreed-Upon Procedures
Federal Funding Allocation Data**

Metropolitan Council
Twin Cities Area, Minnesota

Federal Transit Administration

We have performed the procedures, enumerated below, to the Federal Funding Allocation Data included in the Metropolitan Council's National Transit Database (NTD) report for the year ended December 31, 2022. Such procedures, which were established by the Federal Transit Administration (FTA) in Exhibit 80 of the *2022 NTD Policy Manual* and were agreed to by the Metropolitan Council, were applied solely to assist in evaluating whether the financial and non-financial data supporting and included in the NTD report and will be reported for the Federal Funding Allocation Data for the year ended December 31, 2022, is presented in conformity with the requirements of the *Uniform System of Accounts*, as specified in Title 49 U.S. Code of Federal Regulations (CFR) Part 630 and as presented in the *2022 NTD Policy Manual* based on the following assertions by the Metropolitan Council's management:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured, and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and will be maintained for the FTA review and audit for a minimum of three years following the FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by the FTA or otherwise meet the FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

The Metropolitan Council's management is responsible for the policies, practices, and related data supporting and included in the NTD report. The Metropolitan Council has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to assist the Metropolitan Council and the Federal Transit Administration in evaluating whether the financial and non-financial data supporting and included in the

NTD report and to be reported for the Federal Funding Allocation Data for the year ended December 31, 2022, is presented in conformity with the requirement of the *National Transit Database Reporting System and Uniform System of Accounts*, as specified in Title 49 CFR Part 630, and as presented in Exhibit 80 of the *2022 NTD Policy Manual*. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures described in this report were applied separately to each of the information systems used to develop the reported fixed guideway and high intensity busway directional route miles, actual vehicle revenue miles, passenger miles traveled, and operating expenses of the Metropolitan Council's purchased transportation service motor bus, demand response, and vanpool modes for the year ended December 31, 2022.

The agreed-upon procedures and associated findings are as follows:

1. We applied specific procedures tailored to the Metropolitan Council, listed as Procedures 2 through 27 of this report, based on the FTA's suggested procedures for the Federal Funding Allocation Data Review as set forth in the *2022 NTD Policy Manual*.
2. The procedures to be applied to each applicable mode and type of service, directly operated, and purchased transportation are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in Title 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

We discussed with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data the procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in Title 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual* (Policy Manual, Federal Funding Allocation Test *a*).

3. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - the extent to which the transit agency followed the procedures on a continuous basis, and
 - whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in Title 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual*.

We discussed with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data the procedures related to the system for reporting and maintaining data in accordance with NTD requirements. We inquired whether the Metropolitan Council followed such procedures on a continuous basis and whether it believed such procedures result in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in Title 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual*. We were informed that, to the best of its knowledge, the Metropolitan Council has followed such procedures on a continuous basis and that the procedures result in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in Title 49 CFR Part 630 and as presented in the *2022 NTD Policy Manual* (Policy Manual, Federal Funding Allocation Test *b*).

4. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form(s).

Personnel assigned the responsibility of supervising the preparation and maintenance of NTD data were asked about the retention policy followed by the Metropolitan Council with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics forms. While the Metropolitan Council was not able to submit the Federal Funding Allocation Statistics forms, source documents were used to prepare the other NTD forms that create the Federal Funding Allocation Statistics forms. We were informed that source documents are retained for at least three years following the FTA's acknowledged receipt of the NTD report (Policy Manual, Federal Funding Allocation Test c).

5. Based on a description of the transit agency's procedures from Procedures 2 and 3 above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

Based on a description of the Metropolitan Council's procedures obtained in Procedures 2 and 3 above, the following source documents were identified that will be retained by the Metropolitan Council for a minimum of three years:

- general ledger support,
- invoices,
- ridership reports (passenger miles traveled support),
- vehicle mileage reports (revenue and service miles),
- vehicle hours reports (revenue and service hours),
- purchased transportation contracts, and
- fixed guideway segment support.

The sample months of March, June, and October were haphazardly selected for the year ended December 31, 2022, and we observed that each type of source document exists for each of these periods, with one exception. For the van pool mode, data for the vehicle revenue hours was not maintained (Policy Manual, Federal Funding Allocation Test d).

6. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

We discussed the system of internal controls with the Metropolitan Council's staff. We inquired as to whether individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy, and reasonableness, and how often such reviews are performed. We were informed that individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents and data summaries for completeness, accuracy, and reasonableness on a regular basis (Policy Manual, Federal Funding Allocation Test e).

7. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

For the sample months of March, June, and October 2022, we haphazardly selected a sample of one provider for each mode and ascertained that supervisors' signatures or other evidence of independent review were present as required by a system of internal controls (Policy Manual, Federal Funding Allocation Test f).

8. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form(s). Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

While the Metropolitan Council was not able to submit the Federal Funding Allocation Statistics forms, source documents were used to prepare the other NTD forms that create the Federal Funding Allocation Statistics forms. We obtained from staff the worksheets utilized by the Metropolitan Council to prepare the final data that will be transcribed on the Federal Funding Allocation Statistics forms. We compared the periodic data included on the worksheets to the periodic summaries prepared by the Metropolitan Council and proved the arithmetical accuracy of the summaries. We identified the following exceptions:

- For demand response mode, we determined the amounts used for total cost of service and total unlinked passenger trips did not agree with the source data.
- For vanpool mode, we determined the amounts used for vehicle revenue hours and operating expenses did not agree with the source data (Policy Manual, Federal Funding Allocation Test g).

9. Discuss the procedure for accumulating and recording passenger miles traveled data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2022 NTD Policy Manual*.

We discussed with the Metropolitan Council's staff the procedure for accumulating and recording passenger miles traveled data in accordance with NTD requirements. We were informed that for both the Metropolitan Council's motor bus and vanpool modes, the procedures used are designed to estimate passenger miles traveled based on statistical sampling meeting the FTA's 95 percent confidence and 10 percent precision requirements. We were informed that the Metropolitan Council uses a 100 percent count of actual passenger miles traveled for its demand response mode (Policy Manual, Federal Funding Allocation Test h).

10. Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for passenger miles traveled data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating passenger miles traveled data every third year rather than annually. Specifically:

- The public transit agency serves an urbanized area with a population less than 500,000 according to the most recent census.
- The public transit agency directly operates fewer than 100 revenue vehicles operated in maximum service (in any size urbanized area).
- Service purchased from a seller is included in the transit agency's NTD report.
- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and plus or minus 10 percent precision requirements.
- Determine how the transit agency estimated annual passenger miles traveled for the current report year.

We discussed with staff the eligibility of the Metropolitan Council to conduct statistical sampling for passenger miles traveled data every third year. We were informed that the Metropolitan Council is eligible to conduct statistical sampling for passenger miles traveled data every third year because it directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (in any size urbanized area). The FTA waived the sampling requirement for 2022 due to the coronavirus (COVID-19) pandemic and instructed entities to use their most recent sampling data (2017) for 2020 through 2022.

For motor bus and vanpool modes, the Metropolitan Council used FTA-approved sampling methods that met the 95 percent confidence and 10 percent precision requirements.

We inspected the NTD documentation for motor bus and vanpool modes for the most recent sampling year (2017). For the current report year, the Metropolitan Council estimated annual passenger miles traveled for motor bus and vanpool modes by using average trip length as determined in 2017 and multiplying it by actual unlinked passenger trips reported for 2022.

The Metropolitan Council uses a 100 percent count of actual passenger miles traveled for its demand response mode (Policy Manual, Federal Funding Allocation Test *i*).

11. Obtain a description of the sampling procedure for estimation of passenger miles traveled data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording passenger miles traveled data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame(s). Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

We determined in Procedure 10 that the Metropolitan Council is eligible to conduct statistical sampling to estimate passenger miles traveled data every third year; however, the FTA waived the sampling requirement for 2022 due to the COVID-19 pandemic and instructed entities to use their most recent sampling data (2017). We determined the extent the Metropolitan Council followed the stated sampling procedures for motor bus and vanpool modes for the 2017 sampling year, which was the most recent sampling year. We obtained from staff a description of the sampling procedures for the estimation of passenger miles traveled data used by the Metropolitan Council and a copy of the Metropolitan Council's working papers used to select the actual sample of runs for recording passenger miles traveled data. We confirmed that average trip length was used for all modes, and we determined that the universe of runs was used as the sampling frame.

We inquired of the methodologies used to randomly select specific runs from the total population of runs and concluded that the methodologies resulted in a random selection of runs. We inquired about the procedures used to replace a missed sample run with a randomly selected replacement run and concluded that the replacement run was randomly selected. The Metropolitan Council followed the stated sampling procedures for its motor bus and vanpool modes for the 2017 sampling year.

The Metropolitan Council uses a 100 percent count of actual passenger miles traveled for its demand response mode. We obtained from staff a description of the procedures and the working papers used to compile passenger miles traveled data. The Metropolitan Council followed the stated procedures for its demand response mode (Policy Manual, Federal Funding Allocation Test *j*).

12. Select a random sample of the source documents for accumulating passenger miles traveled data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summary.

We determined in Procedure 10 that the Metropolitan Council is eligible to conduct statistical sampling to estimate passenger miles traveled data every third year. We determined the extent the Metropolitan Council followed the stated sampling procedures for motor bus and vanpool modes in Procedure 11 for the 2017 sampling year, which was the most recent sampling year. We selected a sample for each mode using a random number generator. The sample sizes selected were 11 for vanpool and 26 for motor bus.

During testing of the 2017 sampling, we documented omissions and data entry errors in electronic spreadsheets used to compile passenger miles traveled data, as follows:

- The passenger count for one vanpool route was entered incorrectly on the spreadsheets used by the Metropolitan Council to accumulate sampling results, which resulted in the incorrect calculation of passenger miles traveled.
- Two motor bus routes were not included on the spreadsheets used by the Metropolitan Council to accumulate sampling results.

These errors were corrected, resulting in vanpool mode passengers increasing by one.

The Metropolitan Council uses a 100 percent count of actual passenger miles traveled for its demand response mode. We randomly selected a sample of 25 source documents used for accumulating passenger miles traveled. We determined the data was complete and the computations were accurate. The Metropolitan Council does not accumulate passenger miles traveled data into accumulation periods (Policy Manual, Federal Funding Allocation Test *k*).

13. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

We discussed with staff the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of vehicle revenue miles. We were informed that the Metropolitan Council does not operate charter, school bus, or other ineligible services for motorbus or vanpool modes. However, ineligible service (food pickup from grocery stores and delivery to food shelves during the COVID-19 pandemic) was supplied for the demand response mode in 2022. The ineligible service was tracked separately in the database so that it could be excluded from vehicle revenue miles calculations.

We tested a sample of source documents from the haphazardly selected months of March, June, and October 2022 for each provider and were able to determine that ineligible food/grocery service vehicle miles were excluded in the vehicle revenue miles calculation for all providers for all months tested (Policy Manual, Federal Funding Allocation Test *l*).

14. For actual vehicle revenue miles data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:
 - If actual vehicle revenue miles are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed vehicle revenue miles. Test the arithmetical accuracy of the summary.
 - If actual vehicle revenue miles are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
 - If actual vehicle revenue miles are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

We discussed with the Metropolitan Council's staff the procedures for collecting and recording vehicle revenue mile data. We were informed that the Metropolitan Council calculates motor bus mode vehicle revenue miles based on schedules. Adjustments are made for significant scheduling changes. Missed trips are reported by providers and monitored by the Metropolitan Council. We traced and compared total actual vehicle revenue miles and actual vehicle miles and checked for mathematical accuracy and found them to be correct. No exceptions were found.

We were informed that the demand response service providers use the Metropolitan Council's Trapeze scheduling software to set up and record their trips. The software schedules the trips, and actual information is entered based on driver-input data as the trip is run. Odometer readings are tracked when the driver pulls out of the garage, at the first pick up, at the last drop off, and at return to the garage. The Metropolitan Council uses Business Intelligence (reporting software) to summarize data from Trapeze. Both software systems exclude deadhead miles systematically. We randomly selected a sample of 25 demand response routes to recalculate and compare the revenue miles and deadhead miles to the run itinerary from Trapeze. We were able to observe odometer readings for first pick up through last drop off and to the garage each day as well as confirm that total miles for the day exceeded revenue miles. No exceptions were found.

We were informed that the Metropolitan Council calculates vanpool mode vehicle non-revenue (deadhead) miles on a trip-by-trip basis based on odometer readings. Each trip is recorded from home to work or work to home, which is all revenue miles. We recalculated vehicle revenue miles for all trips and determined that deadhead miles were excluded from vehicle revenue mile data. No exceptions were found (Policy Manual, Federal Funding Allocation Test *m*).

15. For rail modes, review the recording and accumulation sheets for actual vehicle revenue miles and determine that locomotive miles are not included in the computation.

We inquired of Metropolitan Council personnel and determined that the Metropolitan Council does not have rail modes. Thus, locomotive miles are not included in the computation for vehicle revenue miles (Policy Manual, Federal Funding Allocation Test *n*).

16. If fixed guideway or high intensity busway directional route miles are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet the FTA definition of fixed guideway or high intensity busway in that the service is:

- Rail, trolleybus, ferryboat, or aerial tramway; or
- Bus (motor bus, commuter bus, or bus rapid transit) service operating over exclusive or controlled access rights-of-way; and
 - Access is restricted;
 - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway; and
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (i.e., vanpools, carpools) must demonstrate safe operation.

We discussed with the personnel responsible for maintaining and reporting the NTD data the procedures for accumulating and reporting fixed guideway and high intensity busway directional route miles. We were informed that the Metropolitan Council's purchased transportation motor bus operation meets the FTA definition of fixed guideway or high intensity busway service. As such, the motor bus service is operating over exclusive or controlled access rights-of-way where (1) access is restricted; (2) there is a legitimate need for

restricted access as demonstrated by peak period level of service D or worse on the parallel adjacent highways; and (3) restricted access is enforced for freeways, and priority lanes used by other high occupancy vehicles (HOV) demonstrate safe operation (Policy Manual, Federal Funding Allocation Test o).

17. Discuss the measurement of fixed guideway and high intensity busway directional route miles with the person reporting NTD data and determine that they computed mileage in accordance with FTA definitions of fixed guideway and high intensity busway and directional route miles. Inquire of any service changes during the year that resulted in an increase or decrease in directional route miles. If a service change resulted in a change in overall directional route miles, re-compute the average monthly directional route miles, and reconcile the total to the fixed guideway and high intensity busway directional route miles reported on the Federal Funding Allocation Statistics form(s).

We discussed with the personnel responsible for reporting the Metropolitan Council's NTD data the measurement of fixed guideway and high intensity busway directional route miles. We were informed that fixed guideway and high intensity busway directional route miles is computed in accordance with the FTA definition of fixed guideway directional route miles. While the Metropolitan Council was not able to submit the Federal Funding Allocation Statistics forms, source documents were used to prepare the other NTD forms that create the Federal Funding Allocation Statistics forms. In 2022, there was a service change that resulted in a decrease in directional route miles. We reconciled the total directional route miles to the total directional route miles that will be reported on the Federal Funding Allocation Statistics form for motor bus. No exceptions were found (Policy Manual, Federal Funding Allocation Test p).

18. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a fixed guideway segment(s), the following apply:
 - Report directional route miles for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the fixed guideway and high intensity busway segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the fixed guideway and high intensity busway directional route miles lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. The FTA will make a determination on how to report the directional route miles.

We inquired of the personnel responsible for reporting the Metropolitan Council's NTD data whether there were any temporary interruptions in transit service that occurred during the report year and if the interruptions were due to maintenance or rehabilitation improvements to a fixed guideway and high intensity busway segment. We were informed that there were no interruptions in transit service that lasted more than 12 months, and there were no interruptions due to maintenance or rehabilitation improvements to a fixed guideway and high intensity busway segment (Policy Manual, Federal Funding Allocation Test q).

19. Measure fixed guideway and high intensity busway directional route miles from maps or by retracing route.

We inquired of the personnel responsible for maintaining and reporting the Metropolitan Council's NTD data about additions to fixed guideway and high intensity busway directional route miles. We were informed the Metropolitan Council did not add any new segments for 2022. We compared the 2021 reported segments to the 2022 reported segments and confirmed there were no additions (Policy Manual, Federal Funding Allocation Test r).

20. Discuss whether other public transit agencies operate service over the same fixed guideway and high intensity busway as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the directional route miles for the segment of fixed guideway and high intensity busway are reported only once to the NTD on the Federal Funding Allocation form(s). Each transit agency should report

the actual vehicle revenue miles, passenger miles traveled, and operating expense for the service operated over the same fixed guideway and high intensity busway.

We inquired of the personnel responsible for reporting the Metropolitan Council's NTD data whether other public transit agencies operate service over the same fixed guideway and high intensity busway segments as the Metropolitan Council. We were informed that Metro Transit, University of Minnesota Transit, the City of Plymouth, SouthWest Transit, and the Minnesota Valley Transit Authority operate service over some of the same fixed guideway and high intensity busway segments. The Metropolitan Council identifies all segments over which it operates, but only claims those over which it exclusively operates (Policy Manual, Federal Funding Allocation Test s).

21. Review the fixed guideway and high intensity busway segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2022 report year with the persons reporting NTD data. This is the commencement date of revenue service for each fixed guideway and high intensity busway segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the original date of revenue service if the transit agency is not the original operator. If a segment was added for the 2022 report year, the Agency Revenue Service Date must occur within the transit agency's 2022 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the seven-year age requirement for fixed guideway and high intensity busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

We discussed with the personnel responsible for reporting the Metropolitan Council's NTD data the information reported on the Fixed Guideway/High Intensity Busway Segments form. We were informed that the commencement date is the date when revenue service began. We determined that the Metropolitan Council correctly entered the required data on the Fixed Guideway/High Intensity Busway Segments form and that reported fixed guideway and high intensity busway segments are grouped by like characteristics (Policy Manual, Federal Funding Allocation Test t).

22. Compare Operating Expenses with audited financial data after reconciling items are removed.

While the Metropolitan Council was not able to submit the Federal Funding Allocation Statistics forms, source documents were used to prepare the other NTD forms that create the Federal Funding Allocation Statistics forms. We reconciled operating expenses that will be reported on the Federal Funding Allocation Statistics forms of the NTD report to operating expense information in the Metropolitan Council's audited financial statements after taking into account adjusting items in accordance with the procedures discussed in the *2022 NTD Policy Manual* (Policy Manual, Federal Funding Allocation Test u).

23. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation-generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form.

We inquired of the personnel responsible for reporting the Metropolitan Council's NTD data about the amount of purchased transportation fare revenues. We reconciled purchased transportation fare revenues as reported on the Contractual Relationship form to purchased transportation fare revenues reported on the Sources of Funds – Funds Expended and Funds Earned form and to worksheets supporting these amounts (Policy Manual, Federal Funding Allocation Test v).

24. If the transit agency's report contains data for purchased transportation services and the procedures in this auditor's review were not applied to the purchased transportation services, obtain a copy of the Independent

Auditor Statement for Federal Funding Allocation Data regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditor's review and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.

We inquired of staff whether the Metropolitan Council's NTD report contains data for purchased transportation services and were informed that it does. The Metropolitan Council provides most of the required data and provides training/review of data that comes from purchased transportation providers. Therefore, an additional certification of the purchased transportation services Federal Funding Allocation Data by an independent auditor is not required (Policy Manual, Federal Funding Allocation Test w).

25. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.

We inspected the contracts for purchased transportation services and read them to determine that the contracts specify the specific public transportation services to be provided; the monetary consideration obligated by the Metropolitan Council for the service; the period covered by the contract and that this period is the same as, or a portion of, the period covered by the Metropolitan Council's NTD report; and are signed by representatives of both parties to the contract. No exceptions were found.

We inquired of staff regarding the retention of the executed contracts and determined that copies of the contracts are retained for a minimum of three years (Policy Manual, Federal Funding Allocation Test x).

26. If the transit agency provides service in more than one urbanized area, or between an urbanized area and a non-urbanized area, inquire of the procedures for allocation of statistics between urbanized areas and non-urbanized areas. Obtain and review the fixed guideway segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

We inquired of staff whether the Metropolitan Council provides service in more than one urbanized area or between an urbanized area and a non-urbanized area. We were informed that the Metropolitan Council provides service to one urbanized area and a non-urbanized area for its demand response mode. We inquired of staff about the procedures for allocation of statistics between the urbanized area and the non-urbanized area. We inspected the worksheets, route maps, and urbanized area boundaries used for allocating the statistics and determined that the stated procedure was followed and the computations are correct (Policy Manual, Federal Funding Allocation Test y).

27. Compare the data reported on the Federal Funding Allocation Statistics form(s) to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual vehicle revenue miles, passenger miles traveled, or operating expenses data that have increased or decreased by more than ten percent, or fixed guideway directional route mile data that have increased or decreased, interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

We inquired of staff on the Federal Funding Allocation Statistics forms and were informed that the form was unavailable for data entry in the 2022 report. This was confirmed with information provided in the NTD

frequently asked questions on the FTA website, and the system was reviewed to confirm the forms were unable to be submitted (Policy Manual, Federal Funding Allocation Test z).

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We were engaged by the Metropolitan Council to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial and non-financial data supporting and included in the NTD report and will be reported for the Federal Funding Allocation Data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Metropolitan Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Metropolitan Council and the FTA and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Julie Blaha

Julie Blaha
State Auditor

June 26, 2023