

STATE OF MINNESOTA

Office of the State Auditor



Patricia Anderson
State Auditor

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

YEAR ENDED DECEMBER 31, 2004

Description of the Office of the State Auditor

The Office of the State Auditor serves as a watchdog for Minnesota taxpayers by helping to ensure financial integrity, accountability, and cost-effectiveness in local governments throughout the state.

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 250 financial and compliance audits per year and has oversight responsibilities for over 4,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits for 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 over 700 public pension funds; and

Tax Increment Financing, Investment and Finance - 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 Employee's Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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**METROPOLITAN COUNCIL OF
THE TWIN CITIES AREA**

Year Ended December 31, 2004



Management and Compliance Report

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

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METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

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METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004**

I. SUMMARY OF AUDITOR’S RESULTS

- A. Our report expresses an unqualified opinion on the basic financial statements of the Metropolitan Council.
- B. Reportable conditions in internal control were disclosed by the audit of financial statements of the Metropolitan Council and are reported in the “Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.” None were material weaknesses.
- C. No instances of noncompliance material to the financial statements of the Metropolitan Council were disclosed during the audit.
- D. Reportable conditions relating to the audit of the major federal award programs are reported in the “Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.” None were material weaknesses.
- E. The Auditor’s Report on Compliance for the major federal award programs for the Metropolitan Council expresses an unqualified opinion.
- F. Findings relative to major federal award programs for the Metropolitan Council were reported as required by Section 510(a) of OMB Circular A-133.
- G. The major programs are:

Public and Indian Housing	CFDA #14.850
Section 8 Housing Choice Vouchers	CFDA #14.871
Federal Transit Capital Improvement Grants	CFDA #20.500
Federal Transit Capital and Operating Assistance Formula Grants	CFDA #20.507
Capitalization Grant for Clean Water - State Revolving Funds	CFDA #66.458

- H. The threshold for distinguishing between Types A and B programs was \$3,000,000.
- I. The Metropolitan Council was determined not to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

01-3 Year-End Financial Statement Process

In previous years, we have noted areas where additional efforts were needed to improve the year-end financial reporting process. As changes and improvements occurred, the focus of items noted evolved from overall reporting process issues to more specific issues related to Metro Transit information. For the current year audit, there was improvement in the bus and light rail cash flows statements. There were also areas, which have been discussed with staff, related to the bus and light rail trial balances and certain accounts therein where additional analysis, explanation, or documentation would further improve the financial reporting process.

We recommend these remaining improvements related to account and fund analysis required for financial reporting be completed. We anticipate these improvements would resolve this comment in the future.

Client's Response:

Metro Transit has made steady progress improving the overall timeliness and accuracy of their year-end financial reporting. This is most notably reflected in the significant reduction of the number of correcting and adjusting entries received for the current year as compared to previous years.

We will incorporate recommended changes to further improve our financial reporting processes in the areas discussed with the auditors.

ITEM ARISING THIS YEAR

04-1 **Software Licensing**

The Council has no documented process to monitor software use or compliance with software licensing requirements. Inquiries into the Council's procedures to monitor software licensing revealed that the Council does not track software packages being used on each individual computer. Therefore, the Council is unable to determine that it is in compliance with software licensing requirements.

We recommend the Council develop written procedures to monitor software use and to provide assurance that all software is properly licensed.

Client's Response:

Contact Person: Ken Hasledalen

Council IT staff are developing a process for monitoring software/hardware using recommendations from our internal auditors. During July and August, IS staff created an inventory of all software agreements that includes how used, where used, and the terms of the agreements. It is expected that a new process for controlling hardware/software be implemented by the end of calendar year 2005.

Estimated Completion Date: December 2005

PREVIOUSLY REPORTED ITEM RESOLVED

Bus Titles (03-1)

Capital asset additions testing for Metropolitan Transportation Services – Opt Outs revealed that buses purchased and capitalized by the Council were not titled in its name. This was the case for 37 of 50 and 6 of 16 bus purchases tested for 2003 and 2002, respectively. A title could not be located at all for one bus purchased in 2003.

Resolution

All buses owned by the Metropolitan Council are now titled in the Council's name, and all titles are on file.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

03-2 Public and Indian Housing - Family Affordable Housing Program - Eligibility and Reporting - CFDA #14.850

HUD Family Affordable Housing Program (FAHP) requirements include third-party verifications of income, assets, and other information; annual re-examinations; and information regarding rent reasonableness. In addition, information on program participants should match between original file documentation and the same information reported to HUD.

We reviewed a representative sample of 20 FAHP participant files for 13 attributes and noted exceptions in 17 files, as follows:

Items similar to those identified in the previous year:

- Two files reviewed did not contain the necessary third party verifications. In both instances, no support was found for assets listed on the rent calculation worksheets. Ideally, the Council should receive verifications of income, assets, childcare, school, family size, and medical information directly from a third party.
- Two files reviewed did not contain verification or documentation of the social security number of household members six years old and older.
- One file did not contain an updated HUD Form 9886, *Authorization for Release of Information*. HUD requires a current Form 9886 to be signed by all members of a household over the age of 18 before third-party verifications are requested.
- For three files reviewed, re-examinations were not conducted in a timely manner. The required annual re-examinations were between one and six weeks late. HUD requires re-examination of tenant eligibility and rent determinations at least annually.

Schedule 1
(Continued)

- In fifteen files, HUD Form 50058, *Family Report*, reported incorrect data. Six forms reported incorrect dates of birth; one form reported an incorrect social security number; one form reported an incorrect utility allowance; and one form reported an incorrect childcare expense amount. There was also one instance where Form 50058 was not updated when a member of a household moved out, and five instances where incorrect assets or income were reported. In all instances, the incorrect data had no effect on eligibility or rent determinations.

Eight of these errors occurred because the process used to update information on HUD Form 50058 was not being followed correctly. Cedar Management, the Council's contracted program administrator of the Family Affordable Housing Program, uses its own software for billing purposes but also needs to input the data into the Council's software in order to complete the HUD 50058 forms. During our testing we found that the command to update the information on the Council's software was not being used properly; this resulted in incorrect information being carried through to HUD Form 50058.

New items identified during the current year's audit:

- For four files reviewed, the tenant rent calculated by auditors differed from the amount calculated by the Council. In one file, the participant's new income amount was verified by a third party but was not changed on the rent calculation sheet. One rent calculation sheet included a \$480 dependent allowance when the dependent was no longer living in the household. Two rent calculation sheets reported incorrect information on assets. The effect of these errors on rent determinations was immaterial.
- For six files reviewed, the required Status 214 Citizenship form was included in the files but did not contain the names of all family members. Also, one form was missing a signature. The incorrect data had no effect on eligibility or rent determinations.

We recommend the Metropolitan Council's Family Affordable Housing Program take the following corrective actions:

- Review with staff and, if necessary, provide training relevant to the written policies and procedures addressing third-party verifications of income, assets, and other information to ensure the Council is meeting the requirements set by HUD. Efforts should be made and documented to independently obtain third-party verifications.

Schedule 1
(Continued)

- Make corrections to files where documentation is known to be missing, incomplete, or incorrect. For future applications, such documents should either be obtained at the time of application or be received before applicants are accepted into the program. For all files, at the time of recertification, such documentation should be reviewed and updated as necessary.
- Recalculate and correct tenant rent where differences have been identified. Tenants should be reimbursed or otherwise credited for overpayments.
- Ensure re-examinations are conducted in a timely manner since changes in family income and composition may occur that necessitate adjustments in rent.

We also recommend the Council review and strengthen its current internal quality control procedures as they relate to the FAHP. Internal quality control reviews performed by other knowledgeable and qualified staff would likely identify and lead to the timely correction of deficiencies similar to those noted above.

Corrective Action Plan:

Contact Person:

*Terri Smith
Family Affordable Housing Program
(651) 602-1187*

Corrective Action Plan:

Corrections to participant files were made in April 2005 for all items noted in the audit.

After ongoing and extensive effort to ensure quality work by the previous management company employed by the Metropolitan Council, a new management company, Kingwood Management, was hired effective July 1, 2005. This change was initiated in an effort to eliminate or minimize any future findings. Monitoring and quality control will continue with the new management company to ensure compliance with the federal regulations, file requirements and Metropolitan Council expectations.

Estimated Completion Date:

Completed

ITEMS ARISING THIS YEAR

- 04-2 Federal Transit Capital Improvement Grants, CFDA #20.500; and Federal Transit Capital and Operating Assistance Formula Grants, CFDA #20.507 - Davis-Bacon Act

The Council had no documented monitoring process for determining compliance with the Davis-Bacon Act, which requires the Council to pay prevailing wage rates not less than those established by the U.S. Department of Labor on projects funded by federal dollars. Furthermore, the Council provided no evidence that it had actually performed procedures to determine compliance with the Davis-Bacon Act.

We recommend the Council develop written procedures for monitoring compliance with the Davis-Bacon Act. Documentation should exist to support the monitoring of and compliance with this requirement.

Corrective Action Plan:

Contact Person:

*Rich Rovang
Director, Engineering and Facilities
(612) 349-7684*

Corrective Action Plan:

Metro Transit will develop a documented monitoring plan, which will include documentation for the project files that will support the compliance requirements.

Estimated Completion Date:

December 2005

- 04-3 Capitalization Grant for Clean Water - State Revolving Funds - CFDA #66.458; Federal Transit Capital Improvement Grants, CFDA #20.500; and Federal Transit Capital and Operating Assistance Formula Grants, CFDA #20.507 - Procurement, Suspension, and Debarment

Federal Regulation 45 CFR 92.35 prohibits any state or agency from purchasing goods and services with federal money from vendors who have been suspended or debarred by the federal government. Compliance with this requirement can be determined by searching for the contractor or vendor in question on the "Excluded Parties List System" via the internet address <http://epls.arnet.gov/>.

In response to a prior year finding the Council developed written procedures for documenting the procurement, suspension and debarment process. However, three instances were noted where there was no evidence in the procurement file to support that the Council had actually performed the procedures to determine compliance with the procurement, suspension, and debarment requirements. We also found one instance where the Council had in fact determined that the contractor was not on the suspended or debarred list, but the determination was made only after the contract had been signed.

We recommend the Council verify compliance with the procurement, suspension, and debarment requirements by searching for the contractor or vendor on the "Excluded Parties List System." The search should be conducted before contracts are signed, and documentation of the Council's compliance with these requirements should be placed in the procurement files.

Corrective Action Plan:

Contact Person:

Jim Sipe
Manager, Contracts and Procurement
(651) 602-1149

Corrective Action Plan:

Contract and Procurement staff will be reminded to follow existing procedures that require: 1) timely verification that a contractor or vendor has not been suspended or debarred by the federal government by searching the "Excluded Parties List System" at <http://epls.arnet.gov/>; and 2) inclusion of evidence of timely verification in the procurement file.

Estimated Completion Date:

September 2005

PREVIOUSLY REPORTED ITEMS RESOLVED

Section 8 Housing Choice Vouchers - Eligibility, Reporting, and Special Tests and Provisions (Family Self-Sufficiency) - CFDA #14.871 (03-3)

The following summarizes prior year audit issues for the Section 8 program and corrective actions taken:

Third-Party Verifications

Two of the 40 Section 8 participant files reviewed had deficiencies in required third-party verifications for income, assets, or other information.

Resolution

All Section 8 participant files reviewed during the current audit contained the required third-party verifications.

Social Security Numbers

Six files reviewed did not contain verification or documentation of the social security numbers of household members six years old and older.

Resolution

For 2004, one of the 40 files reviewed did not contain verification of the social security number of a household member six years or older. The corrective actions taken by the Council have reduced the number of errors in this area to an acceptable level. We therefore consider this comment resolved.

HUD Form 9886

Three files reviewed contained HUD Form 9886, *Authorization for Release of Information*, but they were not properly dated.

Resolution

All Section 8 participant files reviewed during the current audit contained properly signed and dated HUD 9886 forms.

HUD Form 50058

Three files reviewed had deficiencies with HUD Form 50058, *Family Report*, including an incorrect social security number, an incorrect age, and incorrect information about the rental unit. These errors had no effect on eligibility or other outcomes.

Resolution

All Section 8 participant files reviewed during the current audit contained properly completed HUD 50058 forms.

Status 214 Citizenship Form

Ten files reviewed did not contain a Status 214 Citizenship form for one or more family members. All members of a family must be included on the form or have their own attestation that they are either U.S. citizens or non-citizens with eligible immigration status. Anyone unlawfully in the United States is ineligible to participate in the Section 8 program.

Resolution

All Section 8 participant files reviewed during the current year contained properly completed Status 214 Citizenship forms.

Family Self-Sufficiency Program

The Council has family self-sufficiency participants in the Section 8 program. Based on a review of nine participant files, we noted that three balances on the family self-sufficiency subsidiary ledger were for participants who had either left the program voluntarily or were terminated for program violations and should have been removed from the system.

Resolution

All balances for family self-sufficiency participants who are no longer on the program have been removed from the subsidiary ledger.

**Capitalization Grant for Clean Water - State Revolving Funds -
Procurement, Suspension, and Debarment - CFDA #66.458 (03-4)**

The Council had no documented monitoring process for determining compliance with the procurement, suspension, and debarment requirements.

Resolution

Written procedures were developed to check the status of all contractors for contracts over \$25,000 against the Excluded Parties List System website, and to place a copy of the results of the status check in the procurement file.

IV. OTHER FINDINGS AND RECOMMENDATIONS

A. MINNESOTA LEGAL COMPLIANCE

PREVIOUSLY REPORTED ITEM RESOLVED

**State Prevailing Wages for the Public Facilities Authority (PFA) State
Revolving Funds Under the Capitalization Grant for Clean Water
(03-5)**

The Council had no documented monitoring process for determining compliance with the state labor wage provisions for its projects under PFA loan agreements. Furthermore, evidence was not available to support that the Council actually had performed procedures to determine compliance with this requirement.

Resolution

The Council has developed written procedures for monitoring compliance with the labor wage provisions. PFA loan files contained adequate documentation to support the monitoring of and compliance with this requirement.

B. MANAGEMENT PRACTICES

PREVIOUSLY REPORTED ITEM RESOLVED

Investment Accounting Practices (02-1)

Individual fund investment share balances are dependent on several factors that had not been adequately streamlined so final cutoff balances remained constant. Subsequent to allocations, investment-related account balances in funds receiving allocations did not always equal the offsetting amounts in the investment control funds. There were accumulated fund balances in some of the control funds that account for the investment pools. Investment reconciliations did not provide for proper identification of problems.

Resolution

Amounts in control accounts now reconcile to total investment-related account balances across funds and to supporting documentation with a few minor differences. Balances in control funds are now fully allocated across the pools. Fund balances are no longer accumulating in the control funds, and improvements have been made in the investment reconciliation process.

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PATRICIA ANDERSON
STATE AUDITOR

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING 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 Metropolitan Council as of and for the year ended December 31, 2004, and have issued our report thereon dated June 2, 2005. 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. Separate reports on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* issued by other auditors for the Metropolitan Sports Facilities Commission and the Metropolitan Radio Board are available.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Metropolitan Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 01-3 and 04-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the

financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions indicated above is a material weakness.

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 Local Government*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* contains five categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories.

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, and management, and is not intended to be, and should not be, used by anyone other than those specified parties.

/s/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: June 2, 2005



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Council Members
Metropolitan Council of the Twin Cities Area

Compliance

We have audited the compliance of the Metropolitan Council with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. 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.

The Metropolitan Council's financial statements include the operations of the Metropolitan Radio Board component unit, which expended \$1,321,226 in federal awards during the year ended December 31, 2004, which are not included in the schedule of expenditures of federal awards. Our audit, described below, did not include the operations of the Metropolitan Radio Board because it had a separate single audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Metropolitan Council's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 03-2, 04-2, and 04-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions indicated above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Metropolitan Council as of and for the year ended December 31, 2004, and have issued our report thereon dated June 2, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

This report is intended solely for the information and use of the Metropolitan Council members, audit committee, management, 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/Pat Anderson

PATRICIA ANDERSON
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

End of Fieldwork: June 2, 2005

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METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 2

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct Programs				
Shelter Plus Care Program	14.238	MN46C200024	\$ 334,348	\$ -
Shelter Plus Care Program	14.238	MN46C201012	(4,535)	-
Shelter Plus Care Program	14.238	MN46C207005	8,644	-
Shelter Plus Care Program	14.238	MN46C300001	83,682	-
Shelter Plus Care Program	14.238	MN46C300026	303,627	-
Shelter Plus Care Program	14.238	MN46C301023	101,291	-
Shelter Plus Care Program	14.238	MN46C307006	90,585	-
Shelter Plus Care Program	14.238	MN46C901007	100,870	-
Shelter Plus Care Program	14.238	MN46C901008	356,129	-
Total CFDA #14.238			\$ 1,374,641	\$ -
Public and Indian Housing - Family Affordable Housing Program				
Operating Subsidy (Low Rent)	14.850 (a)	MN16300104D	\$ 137,095	\$ -
Capital and Development Grants	14.850 (b)	MN46P16300195F	3,060,768	-
Total CFDA #14.850			\$ 3,197,863	\$ -
Section 8 Housing Choice Vouchers	14.871	MN163VO	\$ 52,910,829	\$ -
Public Housing Capital Fund Program	14.872	MN46P16350104	\$ 71,159	\$ -
Passed Through City of Edina Community Development Block Grant	14.218	N/A	\$ 180,000	\$ -
Passed Through Minnesota Housing Finance Agency Housing Opportunities for Persons with AIDS	14.241	02-HOPWA-3536	\$ 280,762	\$ -
Total U.S. Department of Housing and Urban Development			\$ 58,015,254	\$ -
U.S. Department of Justice				
Direct Program				
Emergency Preparedness Fund Supplemental Appropriations Act for Recovery and Response Territories of the United States	16.009	MN-40-X001	\$ 15,960	\$ -

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct Programs				
Federal Transit Administration				
Highway Planning and Construction				
Congestion Mitigation/Air Quality (CMAQ)				
1999 Section 5307	20.205	MN-90-X118	\$ 132,779	\$ -
2001 Section 5307	20.205	MN-90-X148	49,277	-
2001 Section 5307	20.205	MN-90-X149	273,652	-
2001 Section 5307	20.205	MN-90-X150	57,045	-
2001 Section 5307	20.205	MN-90-X152	158,881	-
2001 Section 5307	20.205	MN-90-X182	709,297	-
2003 Section 5307	20.205	MN-90-X184	334,000	-
2004 Section 5307	20.205	MN-90-X196	2,994,590	-
2004 Section 5307	20.205	MN-90-X197	2,255,947	-
Total CFDA #20.205			\$ 6,965,468	\$ -
Federal Transit Capital Improvement Grants				
1995 Section 5309	20.500	MN-03-0051	\$ 20,979	\$ -
1999 Section 5309	20.500	MN-03-0057	22,735	-
1999 Section 5309	20.500	MN-03-0062	26,679	-
2000 Section 5309	20.500	MN-03-0066	54,201,605	-
1999 Section 5309	20.500	MN-03-0067	343,612	-
2000 Section 5309	20.500	MN-03-0071	4,929	-
2000 Section 5309	20.500	MN-03-0072	86	-
2001 Section 5309	20.500	MN-03-0074	2,853,438	-
2001 Section 5309	20.500	MN-03-0075	830,037	-
2000-2001 Section 5309	20.500	MN-03-0083	5,596,291	-
2003 Section 5309	20.500	MN-03-0085	4,213,243	-
2003 Section 5309	20.500	MN-03-0086	56,069	-
2000-2001 Section 5309	20.500	MN-03-0087	(11)	-

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct Programs				
Federal Transit Administration				
Federal Transit Capital Improvement Grants (Continued)				
2002 Section 5309	20.500	MN-03-0096	188,000	-
2002-2003 Section 5309	20.500	MN-03-0097	2,098	-
Total CFDA #20.500			\$ 68,359,790	\$ -
Federal Transit Metro Planning Grants				
1993 Section 9 (Transfer from CMAQ and STP)	20.505	MN-90-X066	\$ 41,901	\$ -
1995 Section 9 (Now 49 USC 5307)	20.505	MN-90-X088	61,025	-
1997 Section 5307	20.505	MN-90-X104	(33)	-
Total CFDA #20.505			\$ 102,893	\$ -
Federal Transit Capital and Operating Assistance				
Formula Grants				
1996 Section 5307	20.507	MN-90-X096	\$ 84,875	\$ -
1999 Section 5307	20.507	MN-90-X124	226,103	-
2002 Section 5307	20.507	MN-90-X126	436,226	-
2000 Section 5307	20.507	MN-90-X128	20,002	-
2002 Section 5307	20.507	MN-90-X154	1,208,548	-
2002 Section 5307	20.507	MN-90-X157	340,069	-
2001 Section 5307	20.507	MN-90-X159	112,850	-
2002 Section 5307	20.507	MN-90-X164	41,083	-
2002 Section 5307	20.507	MN-90-X172	451,445	-
2002 Section 5307	20.507	MN-90-X174	200,899	-
2002 Section 5307	20.507	MN-90-X176	381,740	-
2002 Section 5307	20.507	MN-90-X177	3,453,900	-
2003 Section 5307	20.507	MN-90-X185	717,480	-
2003 Section 5307	20.507	MN-90-X188	1,327,189	-
2000 Section 5307	20.507	MN-90-X189	7,809	-

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct Programs				
Federal Transit Administration				
Federal Transit Capital and Operating Assistance				
Formula Grants (Continued)				
2002-2003 Section 5307	20.507	MN-90-X190	418,763	-
2003 Section 5307	20.507	MN-90-X192	7,826,619	-
2004 Section 5307	20.507	MN-90-X199	69,595	-
2003 Section 5307	20.507	MN-90-X204	6,000,000	-
2004 Section 5307	20.507	MN-90-MOA	14,225,163	-
2003 Section 5307	20.507	MN-90-193	663,792	663,792
2004 Section 5307	20.507	MN-90-193	313,796	313,796
2003 Section 5307	20.507	MN-90-175	1,327,258	-
2004 Section 5307	20.507	MN-90-175	2,672,742	-
2003 Section 5307	20.507	MN-90-200	<u>1,777,409</u>	<u>1,777,409</u>
Total CFDA #20.507			<u>\$ 44,305,355</u>	<u>\$ 2,754,997</u>
Job Access/Reverse Commute (JA/RC)				
1999 Section 5307	20.516	MN-37-X004	\$ 265,441	\$ -
2000 Section 5307	20.516	MN-37-X006	681,000	-
2002 Section 5307	20.516	MN-37-X006	<u>319,100</u>	<u>319,100</u>
Total CFDA #20.516			<u>\$ 1,265,541</u>	<u>\$ 319,100</u>
Passed Through Minnesota Department of Transportation				
Airport Improvement Program				
2000 Federal Aviation Administration				
Aviation Study	20.106	85002	<u>\$ 34,020</u>	<u>\$ -</u>
Highway Planning and Construction				
Federal Transit Administration Transportation				
Planning Grant				
2003	20.205	85933, MN-81-X005	\$ 2,510,793	\$ -
Minnesota Rideshare Program				
Rideshare/TDM 2003	20.205	84058, MN-90-X184	<u>2,506,735</u>	<u>-</u>
Total CFDA #20.205			<u>\$ 5,017,528</u>	<u>\$ -</u>

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

Schedule 2
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Contract Number/ Pass Through Grant Number	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through City of Minneapolis Federal Transit Capital Improvement Grants 1999 Section 5309	20.500	MN-03-0045	\$ 1,068,294	\$ -
Passed Through Ramsey County Federal Transit Capital and Operating Assistance Formula Grants 1998 Section 5307	20.507	MN-90-X123	\$ 261,616	\$ -
Total U.S. Department of Transportation			\$ 127,380,505	\$ 3,074,097
Environmental Protection Agency				
Direct Program Brownfield Job Training Cooperative Agreements	66.815	BP-97508301-0	\$ 185,206	\$ -
Passed Through Minnesota Public Facilities Authority Capitalization Grant for Clean Water - State Revolving Funds	66.458	MPFA-03-0014-R-FY04	22,322,988	-
Total Environmental Protection Agency			\$ 22,508,194	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety State Domestic Preparedness Equipment Support Program	97.004	TE-CX-01110-2000-9311	\$ 11,464	\$ -
Total Federal Awards			\$ 207,931,377	\$ 3,074,097

Notes to Schedule of Expenditures of Federal Awards

1. The Schedule of Expenditures of Federal Awards presents the activity of federal award programs expended by the Metropolitan Council. It does not include \$1,334,045 in federal awards expended by the Metropolitan Radio Board component unit, which has a separate single audit. The Council's reporting entity is defined in Note 1.A. to the basic financial statements.
2. The expenditures on this schedule are on the basis of accounting used by the individual funds of the Council. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis.