

# STATE OF MINNESOTA

## Office of the State Auditor



**Patricia Anderson**  
**State Auditor**

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

**YEAR ENDED DECEMBER 31, 2005**

## **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, 2005**



**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, 2005**

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

- A. Our report expresses an unqualified opinion on the basic financial statements of the Metropolitan Council.
- B. A reportable condition in internal control was disclosed by the audit of financial statements of the Metropolitan Council and is 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*." The reportable condition is not a material weakness.
- 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:

Shelter Plus Care Program	CFDA #14.238
Public and Indian Housing Program	CFDA #14.850
Section 8 Housing Choice Vouchers	CFDA #14.871
Capitalization Grants for Clean Water - State Revolving Funds	CFDA #66.458
- H. The threshold for distinguishing between Types A and B programs was \$2,725,660.
- 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

ITEM ARISING THIS YEAR

05-1 Bus Titles

Capital asset additions testing for Metropolitan Transportation Services – Opt Outs revealed that 5 of the 36 buses tested were capitalized by the Council but were not titled in its name. These buses are owned by the Council but are in possession of, and operated by, the Minnesota Valley Transit Authority (MVTA). The titles were also held by, and in the name of, the MVTA.

We recommend the Council follow prescribed policies and procedures to properly title its buses and to ensure those titles are maintained in a secure central location. This will assist in monitoring the appropriate purchase and disposition of the Council's bus fleet.

Client's Response:

Contact Person:

*Carol Becker*  
*Principal Financial Analyst*  
*651-602-1756*

Corrective Action Plan:

*The Council has secured titles for the five buses purchased through and in use by the Minnesota Valley Transit Authority (MVTA). Provider contracts include language requiring that buses be titled in the name of the Council. Where practical, Metropolitan Transit Services is performing the bus procurements for providers, eliminating the need to obtain and transfer titles from the provider.*

Estimated Completion Date:

*Complete.*

PREVIOUSLY REPORTED ITEMS RESOLVED

**Year-End Financial Statement Process (01-3)**

In previous years, we 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 year ended December 31, 2004 audit, there were areas related to the bus and light rail trial balances and certain accounts therein where additional analysis, explanation, or documentation would have further improved the financial reporting process.

**Resolution**

Metro Transit has improved the overall timeliness and accuracy of its year-end financial reporting process to the point where we consider this issue resolved.

**Software Licensing (04-1)**

The Council had 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 did not track software packages being used on each individual computer. Therefore, the Council was unable to determine that it was in compliance with software licensing requirements.

**Resolution**

The Council has completed a software inventory. All new software procurements and upgrades are documented and monitored by Information Services for compliance with software licensing requirements.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEMS 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 information reported to HUD.

We reviewed a representative sample of 20 FAHP participant files for 13 attributes and noted exceptions in 11 files, as follows:

Items similar to those identified in the previous year:

- For three files reviewed, re-examinations were not conducted in a timely manner. The required annual re-examinations were between four and six months late. HUD requires re-examination of tenant eligibility and rent determinations at least annually.
- In four files, HUD Form 50058, *Family Report*, reported incorrect data. One form reported an incorrect date of birth; one form reported incorrect assets; one form reported incorrect income and rent amounts; and one form reported an incorrect number of bedrooms. In all instances, the incorrect data had no effect on eligibility or rent determinations.
- For two files reviewed, the required Status 214 Citizenship form was missing. Two additional files included the Status 214 Citizenship form in the files but did not contain the names of all family members. The missing data had no effect on eligibility or rent determinations.
- For one file reviewed, the tenant rent calculated by auditors differed from the amount calculated by the Council. The participant's child support income amount was verified by a third party to be \$75 per month, but was recorded as \$34 per month on the rent calculation worksheet. The effect of this error on the rent determination was immaterial.

New item identified during the current year's audit:

- For one file reviewed, the rent amount on the rent calculation worksheet did not match the rent being charged on the rent roll. The re-examination for this case was completed January 1, 2005, but the amount of rent charged was not changed on the rent roll until June 1, 2005. For those five months the tenant received a credit of \$45 per month when they should have been paying rent in the amount of \$850 per month. This resulted in a net rent loss of \$4,475.

*Schedule 1*  
*(Continued)*

We acknowledge that the Metropolitan Council has taken steps to strengthen controls over the Family Affordable Housing Program, including hiring on July 1, 2005, the services of a different management company to administer the program. Although there have been significant improvements noted over the prior year, we recommend the Council take the following corrective actions:

- 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.
- Ensure re-examinations are conducted in a timely manner since changes in family income and composition may occur that necessitate adjustments in rent.
- Recalculate and correct tenant rent where differences have been identified. Tenants should be reimbursed or otherwise credited for overpayments.

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:*

*Teri Smith  
Family Affordable Housing Program  
651-602-1187*

*Corrective Action Plan:*

*Appropriate corrections to the items noted on the Eligibility Testing spreadsheet were made in January and February 2006.*

*The Metropolitan Council hired a new management company, Kingwood Management, effective July 1, 2005. This change was initiated in an effort to eliminate or minimize any future findings. Although the above findings occurred*

*during 2005, we are confident the findings are a result of the previous management company's work. Additional quality control procedures have been implemented to ensure compliance with the federal regulations and file requirements including timely re-examinations and correct rent calculations.*

Estimated Completion Date:

*Complete.*

04-2 Federal Transit Capital Investment Grants, CFDA #20.500; and Federal Transit 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.

In February 2006, the Council developed written procedures for monitoring compliance with the Davis-Bacon Act. We recommend the Council provide documentation to support the monitoring of and compliance with this requirement.

Corrective Action Plan:

Contact Person:

*Steven True  
Metropolitan Transit - Senior Manager Finance  
612-349-7701*

Corrective Action Plan:

*Operating procedures written and implemented in February 2006 instruct staff regarding monitoring and documentation necessary to support compliance with the Davis-Bacon Act.*

Estimated Completion Date:

*Complete.*

PREVIOUSLY REPORTED ITEMS RESOLVED

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

The following summarizes prior year audit issues for the Family Affordable Housing Program (FAHP) and corrective actions taken:

**Third-Party Verifications**

Two of the 20 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.

**Resolution**

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

**Social Security Numbers**

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

**Resolution**

For 2005, 1 of the 20 files reviewed did not contain verification of the social security number of a household member six years or older. On July 1, 2005, the Council switched management companies administering the Family Affordable Housing Program. This exception appears to be an isolated incident occurring around the time of the conversion from the previous management company to the new one. We noted no exceptions under the new management company. We therefore consider this comment resolved.

**HUD Form 9886**

One file did not contain an updated HUD Form 9886, *Authorization for Release of Information*.

**Resolution**

For 2005, 1 of the 20 files reviewed did not contain an updated HUD Form 9886. This exception also appears to be an isolated incident occurring around the time of the conversion from the previous management company to the new one. We noted no exceptions under the new management company. We therefore consider this comment resolved.

**HUD Form 50058**

Eight of the fifteen errors we noted on HUD Form 50058, *Family Report*, occurred because the command used by the former management company to update the information on the Council's software was not being used correctly; this resulted in incorrect information being carried through to HUD Form 50058.

**Resolution**

We noted no errors resulting from the incorrect use of software during the current audit.

**Capitalization Grant for Clean Water - State Revolving Funds, CFDA #66.458; Federal Transit Capital Investment Grants, CFDA #20.500; and Federal Transit Formula Grants, CFDA #20.507 - Procurement, Suspension, and Debarment (04-3)**

We noted three instances 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.

**Resolution**

All contract files reviewed during the current audit contained evidence that the Council had performed procedures to determine compliance with the procurement, suspension, and debarment requirements.

**IV. OTHER ITEM FOR CONSIDERATION**

Other Postemployment Benefits (OPEB)

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting for OPEB plans, and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which governs employer accounting and financial reporting for OPEB. These standards, like what GASB Statements 25 and 27 did for government employee pension benefits and plans, provide the accounting and reporting standards for the various other postemployment benefits many local governments offer to their employees. OPEB can include many different benefits offered to retirees such as health, dental, life, and long-term care insurance coverage.

If retirees are included in an insurance plan and pay a rate similar to that paid for younger active employees, this implicit subsidy is considered OPEB. In fact, local governments may be required to continue medical insurance coverage pursuant to Minn. Stat. § 471.61, subd. 2b. This benefit is common when accumulated sick leave is used to pay for retiree medical insurance. Under the new GASB statements, accounting for OPEB is now similar to the accounting used by governments for pension plans.

Some of the issues governmental entities will need to address in order to comply with the statements are:

- determine if employees are provided OPEB;
- if OPEB are being provided, the governmental entity will have to determine whether it will advance fund the benefits or pay for them on a pay-as-you-go basis;
- if OPEB are being provided, and the governmental entity determines that the establishment of a trust is desirable in order to fund the OPEB, it will have to wait until legislation is enacted authorizing the creation of an OPEB trust and establishing an applicable investment standard; and
- in order to determine annual costs and liabilities that need to be recognized, the governmental entity will have to decide whether to hire an actuary.

The Metropolitan Council has determined that GASB Statement 45 is applicable and will be implemented for the year ended December 31, 2007. The Metropolitan Council has made significant progress in addressing its postemployment liability.

Periodic actuarial valuations have been completed since 1996 to provide the Council and its management information to support funding decisions and to prepare for the financial reporting requirements of GASB Statement 45.

In calendar year 2000, the Council began funding its postemployment liability. Although the Council does not currently restrict funds in an irrevocable trust as required by GASB Statement 45 to be considered a funded plan, the Council has set aside \$44.2 million to fund its OPEB liability as of December 31, 2005. The Council adopted Operating Policies and Procedures that require divisions to continue to fund the normal cost plus pay-as-you-go benefit payments until funding is adequate to cover all future benefit payments.

**Schedule 1**  
***(Continued)***

The Council's actuarial accrued liability as of January 1, 2006, of \$274.9 million represents a significant reduction from a 2003 valuation of \$368 million. Council actions, including negotiating a sunset of this retirement benefit for all new employees, contributed to this reduction.



# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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PATRICIA ANDERSON  
STATE AUDITOR

## **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 aggregate discretely presented component units, 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, 2005, and have issued our report thereon dated May 31, 2006. We did not audit the financial statements of the Metropolitan Sports Facilities Commission as of and for the year ended December 31, 2005, and the Metropolitan Radio Board as of and for the six months ended June 30, 2005, discretely presented component units. Those financial statements were audited by 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. The financial statements of the Metropolitan Radio Board were not audited in accordance with *Government Auditing Standards*.

### 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 a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05-1.

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 the reportable condition indicated above is not 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, 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: May 31, 2006



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PATRICIA ANDERSON  
STATE AUDITOR

## 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, 2005. 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.

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, 2005.

#### 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 and 04-2.

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 governmental activities, the business-type activities, the aggregate discretely presented component units, 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, 2005, and have issued our report thereon dated May 31, 2006. We did not audit the financial statements of the Metropolitan Sports Facilities Commission as of and for the year ended December 31, 2005, and the Metropolitan Radio Board as of and for the six months ended June 30, 2005, discretely presented component units. Those financial statements were audited by other auditors. 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: May 31, 2006

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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, 2005**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
Shelter Plus Care Program	14.238	MN46C300001	\$ 74,052	\$ -
Shelter Plus Care Program	14.238	MN46C300026	294,925	-
Shelter Plus Care Program	14.238	MN46C301023	45,044	-
Shelter Plus Care Program	14.238	MN46C307006	28,263	-
Shelter Plus Care Program	14.238	MN46C400001	2,187	-
Shelter Plus Care Program	14.238	MN46C400025	351,115	-
Shelter Plus Care Program	14.238	MN46C401025	390,472	-
Shelter Plus Care Program	14.238	MN46C407005	69,979	-
Shelter Plus Care Program	14.238	MN46C407001	11,429	-
Shelter Plus Care Program	14.238	MN46C901007	23,071	-
Shelter Plus Care Program	14.238	MN46C901008	91,945	-
<b>Total CFDA #14.238</b>			<b>\$ 1,382,482</b>	<b>\$ -</b>
Public and Indian Housing Program Operating Subsidy (Low Rent)	14.850	MN16300105D	\$ 210,582	\$ -
Section 8 Housing Choice Vouchers	14.871	MN163VO	\$ 49,759,773	\$ -
Public Housing Capital Fund	14.872	MN46P16350105	\$ 176,245	\$ -
Passed Through Minnesota Housing Finance Agency				
Housing Opportunities for Persons with Aids	14.241	02-HOPWA-3536	\$ 169,962	\$ -
Housing Opportunities for Persons with Aids	14.241	05-HOPWA-3536	230,280	-
<b>Total CFDA #14.241</b>			<b>\$ 400,242</b>	<b>\$ -</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 51,929,324</b>	<b>\$ -</b>
<b>U.S. Department of Transportation</b>				
Direct				
Federal Transit Administration				
Highway Planning and Construction				
Congestion Mitigation/Air Quality (CMAQ)				
1999 Section 5307	20.205	MN90-X118	\$ (4,976)	\$ -
2001 Section 5307	20.205	MN90-X152	109,896	-
2001 Section 5307	20.205	MN90-X182	716,320	-
2003 Section 5307	20.205	MN90-X184	(51,313)	-
2004 Section 5307	20.205	MN90-X196	3,097,000	-
2004 Section 5307	20.205	MN90-X197	4,578,383	-
2004 Section 5307	20.205	MN90-X201	242,489	-
<b>Total CFDA #20.205</b>			<b>\$ 8,687,799</b>	<b>\$ -</b>

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

*Schedule 2*  
*(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Transportation</b>				
Direct				
Federal Transit Administration (Continued)				
Federal Transit Capital Investment Grants				
1995 Section 5309	20.500	MN-03-0045	\$ 26,395	\$ -
1999 Section 5309	20.500	MN-03-0057	10,734	-
1999 Section 5309	20.500	MN-03-0062	13,650	-
2000 Section 5309	20.500	MN-03-0066	567,982	-
1999 Section 5309	20.500	MN-03-0067	98,198	-
2000 Section 5309	20.500	MN-03-0072	35,504	-
2001 Section 5309	20.500	MN-03-0074	(218)	-
2001 Section 5309	20.500	MN-03-0075	461,469	-
2000 - 2001 Section 5309	20.500	MN-03-0083	294,106	-
2003 Section 5309	20.500	MN-03-0085	6,165	-
2003 Section 5309	20.500	MN-03-0086	995,879	-
2002 - 2003 Section 5309	20.500	MN-03-0097	3,153	-
2002 - 2003 Section 5309	20.500	MN-03-0097	27,041	-
2002 Section 5309	20.500	MN-03-0096	26,925	-
<b>Total CFDA #20.500</b>			<b>\$ 2,566,983</b>	<b>\$ -</b>
Federal Transit Formula Grants				
1996 Section 5307	20.507	MN-90-X123	\$ 9	\$ -
1999 Section 5307	20.507	MN-90-X124	128,350	-
2002 Section 5307	20.507	MN-90-X126	1,084,503	-
2000 Section 5307	20.507	MN-90-X128	(16,870)	-
2002 Section 5307	20.507	MN-90-X157	261,498	-
2001 Section 5307	20.507	MN-90-X159	99,818	-
2002 Section 5307	20.507	MN-90-X164	13,297	-
2002 Section 5307	20.507	MN-90-X172	910,193	-
2002 Section 5307	20.507	MN-90-X174	164,790	-
2002 Section 5307	20.507	MN-90-X176	607,143	-
2002 Section 5307	20.507	MN-90-X177	233,771	-
2003 Section 5307	20.507	MN-90-X185	327,452	-
2003 Section 5307	20.507	MN-90-X188	3,107,546	-
2000 Section 5307	20.507	MN-90-X189	25,631	-
2002 - 2003 Section 5307	20.507	MN-90-X190	111,774	-
2003 Section 5307	20.507	MN-90-X199	14,941	-
2004 Section 5307	20.507	MN-90-X204	6,094,948	-
2003 Section 5307	20.507	MN-90-X215	101,107	-
2004 Section 5307	20.507	MN-90-MOA	1,565,592	-
2003 Section 5307	20.507	MN-90-193	1,866,888	1,866,888
2004 Section 5307	20.507	MN-90-175	5,432,037	5,432,037
2003 Section 5307	20.507	MN-90-200	194,201	194,201
<b>Total CFDA #20.507</b>			<b>\$ 22,328,619</b>	<b>\$ 7,493,126</b>

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

Schedule 2  
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Transportation</b>				
Direct				
Federal Transit Administration (Continued)				
Job Access/Reverse Commute (JA/RC)				
2002 Section 5307	20.516	MN-37-X006	\$ 162,371	\$ 162,371
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction				
Federal Transit Administration Transportation Planning Grant				
2004	20.205	85933, MN-81-X005	\$ 2,779,585	\$ -
Minnesota Rideshare Program				
Rideshare/TDM 2003	20.205	84058, MN-90-X184	51,253	51,253
Rideshare/TDM 2003	20.205	MN-90-X209	1,809,101	654,615
<b>Total CFDA #20.205</b>			<b>\$ 4,639,939</b>	<b>\$ 705,868</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 38,385,711</b>	<b>\$ 8,361,365</b>
<b>Environmental Protection Agency</b>				
Direct				
Brownfield Pilots Cooperative Agreements	66.811	BP-97508301-0	\$ 87,272	\$ -
Passed Through Minnesota Public Facilities Authority				
Capitalization Grants for Clean Water - State Revolving Funds				
	66.458	MPFA-05-0040-R-FY06	25,906,509	-
<b>Total Environmental Protection Agency</b>			<b>\$ 25,993,781</b>	<b>\$ -</b>
<b>U.S. Department of Homeland Security</b>				
Direct				
State and Local Homeland Security Exercise Support	97.006	MN-40-X001	\$ 11,996	\$ -
Passed Through Minnesota Department of Public Safety				
State Domestic Preparedness Equipment Support Program				
	97.004	2000-10000	\$ 99,956	\$ -
State Domestic Preparedness Equipment Support Program	97.004	2000-10383	137,830	-
<b>Total CFDA #97.004</b>			<b>\$ 237,786</b>	<b>\$ -</b>
Rail and Transit Security Grant Program	97.075	2005-GB-T5-0012(1)	\$ 55,368	-

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

*Schedule 2*  
*(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

<b>Federal Grantor Pass-Through Agency Grant Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract Number/ Pass-Through Grant Number</b>	<b>Expenditures</b>	<b>Passed Through to Subrecipients</b>
<b>U.S. Department of Homeland Security (Continued)</b>				
Passed Through Minnesota Housing Finance Agency Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 147,863	\$ -
<b>Total U.S. Department of Homeland Security</b>			\$ 453,013	\$ -
<b>Total Federal Awards</b>			\$ 116,761,829	\$ 8,361,365

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. 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.