

# STATE OF MINNESOTA

## Office of the State Auditor



**Rebecca Otto**  
**State Auditor**

---

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

**YEAR ENDED DECEMBER 31, 2006**

## **Description of the Office of the State Auditor**

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

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

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

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

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

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

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

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

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

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

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

**METROPOLITAN COUNCIL OF  
THE TWIN CITIES AREA**

**Year Ended December 31, 2006**



**Management and Compliance Report**

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

This page was left blank intentionally.

# METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

## TABLE OF CONTENTS

	<u>Reference</u>	<u>Page</u>
Schedule of Findings and Questioned Costs	Schedule 1	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		6
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		9
Schedule of Expenditures of Federal Awards	Schedule 2	12

This page was left blank intentionally.

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

**Schedule 1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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

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

Highway Planning and Construction Cluster	CFDA #20.205
Federal Transit Capital Investment Grants	CFDA #20.500
Federal Transit Formula Grants	CFDA #20.507
- H. The threshold for distinguishing between Types A and B programs was \$3,000,000.
- I. The Metropolitan Council was determined to be a low-risk auditee.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM RESOLVED

**Bus Titles (05-1)**

Capital asset additions testing for Metropolitan Transportation Services (MTS) - Opt Outs revealed that 5 of the 36 buses tested were capitalized by the Council but were not titled in its name. These buses were owned by the Council but were 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.

**Resolution**

During 2006, the Council secured titles for the five buses in question. The Council's system of internal control detected that ten more MTS - Opt Out buses in possession of and operated by the MVTA were missing titles during 2006. Council management was promptly notified, and appropriate steps have been taken to obtain the titles from the MVTA.

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

INTERNAL CONTROL

PREVIOUSLY REPORTED ITEM NOT RESOLVED

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

In our Management and Compliance Reports for the years ended December 31, 2004 and 2005, we reported that: (1) 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; and (2) 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, effectively resolving the first issue. From that point forward, we also noted considerable improvement in the Council's monitoring of the Davis-Bacon



Act and documentation thereof. Specifically, we found that the Council was (1) properly requiring contractors and subcontractors to submit certified payroll records, (2) checking the base wages paid on the certified payrolls against federal prevailing wage rates, and (3) filing the certified payrolls and comparisons performed in the contract files in accordance with their written policy. However, during 2006, we noted that fringe benefits, a component of total wages, were not always being checked against the federal prevailing wage rates. Also, sufficient documentation was not available to determine if apprentice laborers were being paid at the proper federal prevailing wage rates because their experience levels were not included on contractors' and subcontractors' certified payrolls.

We recommend the Council obtain more detailed information on contractors' and subcontractors' fringe benefit payments and apprentice laborers to assist in determining and documenting compliance with the requirements of the Davis-Bacon Act.

Corrective Action Plan:

Contact Person:

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

Corrective Action Plan:

*In accordance with the written procedures developed in February 2006, the Council requires use of the U.S. Department of Labor Form WH-347 for certified payroll submissions on all contracts subject to the Davis-Bacon Act. The Council will review submissions with contractors, where appropriate, to assure the form is completed correctly.*

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:

**Annual Re-Examinations**

For 3 of the 20 files reviewed, re-examinations were not conducted in a timely manner. The required annual re-examinations were between four and six months late. The U.S. Department of Housing and Urban Development (HUD) requires re-examination of tenant eligibility and rent determinations at least annually.

**Resolution**

All FAHP participant files reviewed during the current audit contained timely re-examinations.

**HUD Form 50058**

Four of the 20 files reviewed reported incorrect data on HUD Form 50058.

**Resolution**

For 2006, 1 of the 20 files reviewed contained incorrect data on HUD Form 50058. We considered this to be a minor exception involving the misspelling of a child's last name and appears to be an isolated incident. We, therefore, consider this comment resolved.

**Status 214 Citizenship Form**

For 2 of the 20 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.

**Resolution**

For 2006, we noted no instances of missing Status 214 Citizenship forms. However, 1 of the 20 files reviewed included the Status 214 Citizenship form, but it was missing the name of one family member. This was a minor exception and appears to be an isolated incident. We, therefore, consider this comment resolved.

**Tenant Rent**

For 1 of the 20 files reviewed, the tenant rent calculated by auditors differed from the amount calculated by the Council.

**Resolution**

For 2006, we noted one additional instance where the rent calculated by auditors differed from the amount calculated by the Council. This was considered to be an isolated incident involving the eligibility of a college student. We, therefore, consider this comment resolved.

**Rent Calculation Worksheet Did Not Match the Rent Being Charged**

For 1 of the 20 files reviewed, the rent amount on the rent calculation worksheet did not match the rent being charged on the rent roll.

**Resolution**

All rent calculation worksheets matched the rent being charged on the rent rolls during the current audit.

This page was left blank intentionally.



REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Council Members  
Metropolitan Council of the Twin Cities Area

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Council, a component unit of the State of Minnesota, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 26, 2007. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Metropolitan Sports Facilities Commission component unit as described in our report on the Metropolitan Council's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Metropolitan Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the Metropolitan Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Metropolitan Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

### Minnesota Legal Compliance

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for 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, others within the Metropolitan Council, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 26, 2007

This page was left blank intentionally.





REBECCA OTTO  
STATE AUDITOR

# STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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

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

## REPORT ON COMPLIANCE WITH REQUIREMENTS 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, 2006. 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 Sports Facilities Commission component unit, which expended no federal awards during the year ended December 31, 2006. Our audit, described below, did not include the operations of the Metropolitan Sports Facilities Commission because the Commission was audited by other auditors.

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

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Metropolitan Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Metropolitan Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

### 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Metropolitan Council's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Metropolitan Council's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Council's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 04-2 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Metropolitan Council's internal control. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Metropolitan Council, a component unit of the State of Minnesota, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 26, 2007. We did not audit the financial statements of the Metropolitan Sports Facilities Commission component unit as of and for the year ended December 31, 2006. 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 Metropolitan 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 a whole.

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

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

*/s/Rebecca Otto*

REBECCA OTTO  
STATE AUDITOR

*/s/Greg Hierlinger*

GREG HIERLINGER, CPA  
DEPUTY STATE AUDITOR

June 26, 2007

This page was left blank intentionally.

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

*Schedule 2*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<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	14.238	MN46C300001	\$ 69,165	\$ -
Shelter Plus Care	14.238	MN46C300026	10,419	-
Shelter Plus Care	14.238	MN46C400001	97,366	-
Shelter Plus Care	14.238	MN46C400025	325,386	-
Shelter Plus Care	14.238	MN46C401025	147,896	-
Shelter Plus Care	14.238	MN46C407005	22,021	-
Shelter Plus Care	14.238	MN46C407001	26,884	-
Shelter Plus Care	14.238	MN46C500026	332,748	-
Shelter Plus Care	14.238	MN46C501026	364,501	-
Shelter Plus Care	14.238	MN46C507005	57,486	-
<b>Total CFDA #14.238</b>			<b>\$ 1,453,872</b>	<b>\$ -</b>
Public and Indian Housing Program	14.850	MN16300106D	\$ 273,731	\$ -
Section 8 Housing Choice Vouchers	14.871	MN163VO/MN163FS	\$ 48,201,258	\$ -
Public Housing Capital Fund	14.872	MN46P16350106D	\$ 169,356	\$ -
Passed Through Minnesota Housing Finance Agency				
Housing Opportunities for Persons with Aids	14.241	05-HOPWA-3536	\$ 146,032	\$ -
Housing Opportunities for Persons with Aids	14.241	C-23762	217,379	-
<b>Total CFDA #14.241</b>			<b>\$ 363,411</b>	<b>\$ -</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 50,461,628</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	\$ 3,460	\$ -
2001 Section 5307	20.205	MN90-X152	71,142	-
2004 Section 5307	20.205	MN90-X196	2,931,300	-
2004 Section 5307	20.205	MN90-X197	5,163,895	-
2004 Section 5307	20.205	MN90-X201	622,705	-
2005 Section 5307	20.205	MN90-X209	387,567	-
<b>Total CFDA #20.205</b>			<b>\$ 9,180,069</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, 2006**

<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				
1999 Section 5309	20.500	MN-03-0057	\$ 29,637	\$ -
1999 Section 5309	20.500	MN-03-0062	1,176	-
2000 Section 5309	20.500	MN-03-0066	7,596,963	-
1999 Section 5309	20.500	MN-03-0067	6,885	-
2001 Section 5309	20.500	MN-03-0075	223,344	-
2000 - 2001 Section 5309	20.500	MN-03-0083	234,218	-
2003 Section 5309	20.500	MN-03-0085	42,289	-
2003 Section 5309	20.500	MN-03-0086	706,845	-
2002 - 2005 Section 5309	20.500	MN-03-0097	5,549,005	-
2003 Section 5309	20.500	MN-03-0101	4,192,095	-
2003 Section 5309	20.500	MN-03-0103	200,014	-
2003 Section 5309	20.500	MN-03-0104	1,045	-
2003 - 2004 Section 5309	20.500	MN-03-0106	496	-
<b>Total CFDA #20.500</b>			<b>\$ 18,784,012</b>	<b>\$ -</b>
Central Corridor Study Grant				
Federal Transit Metropolitan Planning Grants	20.505	MN-03-0087	\$ 378,689	\$ -
Federal Transit Formula Grants				
2002 Section 5307	20.507	MN-90-X126	\$ 7,047	\$ -
2000 Section 5307	20.507	MN-90-X128	14,700	-
2002 Section 5307	20.507	MN-90-X157	3,725,389	-
2001 Section 5307	20.507	MN-90-X159	47,777	-
2002 Section 5307	20.507	MN-90-X172	210,596	-
2002 Section 5307	20.507	MN-90-X174	254,515	-
2002 Section 5307	20.507	MN-90-X176	19,989	-
2002 Section 5307	20.507	MN-90-X177	1,062,447	-
2003 Section 5307	20.507	MN-90-X185	164,650	-
2003 Section 5307	20.507	MN-90-X188	714,028	-
2000 Section 5307	20.507	MN-90-X189	40,399	-
2002 - 2003 Section 5307	20.507	MN-90-X190	219,227	-
2004 Section 5307	20.507	MN-90-X199	29,722	-
2003 Section 5307	20.507	MN-90-X204	14,371	-
2003 - 2005 Section 5307	20.507	MN-90-X215	1,310,718	-
2006 Section 5307	20.507	MN-90-X219	1,525,833	-
2005 Section 5307	20.507	MN-90-X220	1,494	-
2005 Section 5307	20.507	MN-90-X224	7,891,676	-
2006 Section 5307	20.507	MN-90-X226	97,555	-
2006 Section 5307	20.507	MN-90-X230	327,566	-
2004 Section 5307	20.507	MN-90-MOA	5,568,297	-
2003 Section 5307	20.507	MN-90-193	77,769	-
2004 Section 5307	20.507	MN-90-193	1,053,272	-
2004 Section 5307	20.507	MN-90-175	4,250,000	-

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

*Schedule 2  
(Continued)*

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<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				
Federal Transit Formula Grants (Continued)				
2006 Section 5307	20.507	MN-90-217	4,105,600	-
2006 Section 5307	20.507	MN-90-219	296,549	-
2005 Section 5307	20.507	MN-90-225	2,000,000	-
2006 Section 5307	20.507	MN-90-230	139,479	-
<b>Total CFDA #20.507</b>			<b>\$ 35,170,665</b>	<b>\$ -</b>
Job Access/Reverse Commute (JA/RC)				
2002 Section 5307	20.516	MN-37-X006	\$ 456,179	\$ 456,179
2003 Section 5307	20.516	MN-37-X096	262,642	262,642
2004 Section 5307	20.516	MN-37-X096	20,630	20,630
<b>Total CFDA #20.516</b>			<b>\$ 739,451</b>	<b>\$ 739,451</b>
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction				
Federal Highway Administration (FHWA)				
Federal Intelligent Transportation System (ITS)				
Transit Status at Bus Shelters	20.205	87194	\$ 11,463	\$ -
Federal Transportation Administration				
Transportation Planning Grants				
Planning 2006 Section 5303	20.205 (b)	89142	3,043,860	-
Minnesota Rideshare Program				
Rideshare/TDM 2003	20.205	84058, MN-90-X184	(12,328)	(12,328)
<b>Total CFDA #20.205</b>			<b>\$ 3,042,995</b>	<b>\$ (12,328)</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 67,295,881</b>	<b>\$ 727,123</b>
<b>U.S. Environmental Protection Agency</b>				
Passed Through Minnesota Public Facilities Authority				
Capitalization Grants for Clean Water				
State Revolving Funds	66.458	MPFA-5-0040-R-FY6	\$ 14,093,491	\$ -
State Revolving Funds	66.458	MPFA-6-0018-R-FY7	42,148,038	-
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 56,241,529</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
Passed Through University of Minnesota				
Heart and Vascular Diseases Research				
National Institute of Health - Study	93.837	5R01-HR079478-02	\$ 30,031	\$ -

**METROPOLITAN COUNCIL OF THE TWIN CITIES AREA**

Schedule 2  
(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

<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</b>				
Direct				
State and Local Homeland Security Exercise Support	97.006	MN-40-X001	\$ 7,787	\$ -
Passed Through Minnesota Housing Finance Agency Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	691,626	-
Passed Through Minnesota Department of Public Safety Rail and Transit Security Grant Program	97.075	2005-GB-T5-0012	346,285	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 1,045,698</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 175,074,767</b>	<b>\$ 727,123</b>

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. Some amounts in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.