

State of Minnesota



Office of the State Auditor

Julie Blaha
State Auditor

**Metropolitan Council of
the Twin Cities Area**

Management and Compliance Report

Year Ended December 31, 2020

Description of the Office of the State Auditor

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

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

The State Auditor performs approximately 100 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 Minnesota’s local 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.

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Metropolitan Council of the Twin Cities Area

Year Ended December 31, 2020



Office of the State Auditor

Management and Compliance Report

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

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

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**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***

Independent Auditor's Report

Members of the Council and Audit Committee
Metropolitan Council of the Twin Cities Area
Saint Paul, Minnesota

We have audited, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities Area, a component unit of the State of Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Council's basic financial statements, and have issued our report thereon dated June 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Metropolitan Council's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances 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 Metropolitan Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Metropolitan Council's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Metropolitan Council's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Metropolitan Council's financial statements are free from 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 financial statements. 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

In connection with our audit, nothing came to our attention that caused us to believe that the Metropolitan Council failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Metropolitan Council's noncompliance with the above referenced provisions, insofar as they relate to accounting matters. Additionally, we tested for compliance with the authority to issue public debt.

Metropolitan Council's Response to Findings

The Metropolitan Council's response to the internal control finding identified in our audit is described in the Corrective Action Plan. The Metropolitan Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting, compliance, and the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Council's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Council's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

June 22, 2021



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

Members of the Council and Audit Committee
Metropolitan Council of the Twin Cities Area
Saint Paul, Minnesota

Report on Compliance for the Major Federal Program

We have audited the Metropolitan Council's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Metropolitan Council's major federal program for the year ended December 31, 2020. The Metropolitan Council's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Metropolitan Council's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Metropolitan Council's compliance.

Opinion on the Major Federal Program

In our opinion, the Metropolitan Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Metropolitan Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Metropolitan Council's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Metropolitan Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Metropolitan Council of the Twin Cities Area, a component unit of the State of Minnesota, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Metropolitan Council's basic financial statements. We have issued our report thereon dated June 22, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted 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 (SEFA), as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The SEFA is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

/s/Julie Blaha

JULIE BLAHA
STATE AUDITOR

/s/Dianne Syverson

DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

June 22, 2021

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **Yes**

Noncompliance material to the financial statements noted? **No**

Federal Awards

Internal control over major programs:

- Material weaknesses identified? **No**
- Significant deficiencies identified? **None reported**

Type of auditor’s report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

The major federal program is:

Federal Transit Cluster	
Federal Transit Capital Investment Grants	CFDA No. 20.500
Federal Transit Formula Grants	CFDA No. 20.507
COVID-19 Federal Transit Formula Grants	CFDA No. 20.507
State of Good Repair Grants Program	CFDA No. 20.525
Bus and Bus Facilities Formula Program	CFDA No. 20.526

The threshold for distinguishing between Types A and B programs was \$3,00,000.

The Metropolitan Council qualified as a low-risk auditee? **Yes**

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

INTERNAL CONTROL

Finding Number: 2020-001

Prior Year Finding Number: 2019-001

Repeat Finding Since: 2019

Access to Computer Systems

Criteria: When employees leave employment with the Metropolitan Council, their access to all computer systems, networks, and data should be removed in a timely manner.

Condition: Access was reviewed for 25 employees who left employment with the Metropolitan Council during 2020. Of those tested, network access was not revoked for two individuals until 14 days or more after that individual's departure date. Additionally, there were five instances where the manager did not submit a termination request to notify Information Technology (IT) of an individual's end of employment.

Context: When an employee leaves employment with the Metropolitan Council, their manager is responsible for filling out a leave of service form to notify IT of the individual's end of employment. There is a backup process in place in which employee access should be terminated when the end of employment is reported to Human Resources. However, there is no audit trail, and IT was not able to provide the date of the removal of employee access. The Metropolitan Council has also implemented a process whereby employee access is terminated after 90 days of inactivity.

Effect: When terminated employees have access to the Metropolitan Council's computer systems, networks, and data, it increases the risk that malicious damage to that information, fraud, and/or misstatements may occur.

Cause: The Metropolitan Council uses Tickets to notify IT of an individual's end of employment. Tickets were not requested by the supervisor until after the individual left employment or they were never requested.

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Recommendation: We recommend the Metropolitan Council implement additional procedures to ensure the removal of a terminated employee's network access in a timely manner.

View of Responsible Official: Acknowledged

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

None.

IV. PREVIOUSLY REPORTED ITEM RESOLVED

2019-002 Contract Compliance

**REPRESENTATION OF THE METROPOLITAN COUNCIL
OF THE TWIN CITIES AREA**

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2020-001

Finding Title: Access to Computer Systems

Name of Contact Person Responsible for Corrective Action:

Todd Rowley, Director, Talent Management and LOD and
Craig Bantz, Chief Information Officer

Corrective Action Planned:

Human Resources have the following items in place. The leave of service form required for managers to fill out will be audited by Human Resources to ensure managers are filling out the form per the Council's procedure. Human Resources will research and document each delay and take corrective actions.

Information Systems team will disable accounts based on the separation data entered on the leave of service form from the managers. This process will transfer the last affected date from PeopleSoft (also known as the separation date) into the account expiration field in Active Directory. The account will then be disabled at midnight of the separation date. This will adjust workflows/technology to eliminate the need for the second step that managers needed to take and will disable the account from the leave of service form.

Anticipated Completion Date:

August 31, 2021

**REPRESENTATION OF THE METROPOLITAN COUNCIL
OF THE TWIN CITIES AREA**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number: 2019-001

Repeat Finding Since: 2019

Finding Title: Access to Computer Systems

Summary of Condition: Access was reviewed for 25 employees who left employment with the Metropolitan Council during 2019. Of those tested, network access was not revoked for three individuals until 14 days or more after that individual's departure date. Additionally, there were four instances where the manager did not submit a termination request to notify Information Technology (IT) of an individual's end of employment.

Summary of Corrective Action Previously Reported: The Separation of Employees procedure has been updated to include the following verbiage within the Roles and Responsibilities for Managers/Supervisors, "Complete and submit Leaving Service Form to Human Resources within two days of notice of resignation/dismissal". If a Leaving Service Form is received in HR beyond the two-day timeframe, the HR Assistant will notify the Talent Management Director. The Talent Management Director will discuss the need for timely submission with the manager/supervisor and his/her manager supervisor. If untimely submission of the Leaving Service form continues to be an issue, the manager/supervisor will be subject to discipline.

Human Resources will continue to research options within systems to automate the notification to Human Resources when an employee terminates.

In addition to formalizing our expectations for managers to report separations through the HR process, IT will automate the disablement of network accounts. IT will disable accounts when the separation is entered into our HR systems (PeopleSoft). Further IT will expand the role of the network account to be used for authentication across more critical systems. Expanding the use of the network account will mean that automatically disabled accounts will lose access to more systems simultaneously, reducing the need for human intervention to deprovision access.

Status: Partially Corrected. Human Resources updated the Separation of Employees procedure and formalized expectations for managers to report separations to Human Resources. Managers however may have missed the second step to notify Information Technology with a leave of service ticket. A further review of internal control process will be done for this process.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

Finding Number: 2019-002

Repeat Finding Since: 2019

Finding Title: Contract Compliance

Summary of Condition: In two of the 15 contracts tested, language regarding the requirement for payment of interest by the contractor to the subcontractor if not paid on time was missing.

Summary of Corrective Action Previously Reported: Council templates were reviewed to include prompt payment to subcontractors' requirements consistent with Minnesota Statutes, section 471.425. All contracts will require the prime contractor to pay interest of 1½ percent per month or part thereof to the subcontractor on any undisputed amount not paid to the subcontractor within ten days of prime contractor's receipt of payment from the Council. One template, for small bus contracts has been identified as missing the 1½ percent language and has been updated. Staff have been made aware and trained of the necessity to include the correct language. A review of the large bus/LRV Combined RFP Solicitation Template will also take place to ensure we have the correct 1½ percent language.

Status: Fully Corrected. Corrective action was taken.

Was corrective action taken significantly different than the action previously reported?

Yes _____ No X

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238		\$ 801,218	\$ -
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871		\$ 75,830,341	\$ -
COVID-19 Section 8 Housing Choice Vouchers	14.871		7,104,667	-
Total CFDA #14.871			\$ 82,935,008	\$ -
Mainstream Vouchers	14.879		\$ 968,694	\$ -
COVID-19 Mainstream Vouchers	14.879		25,057	-
Total CFDA #14.879			\$ 993,751	\$ -
Passed through City of Minneapolis, Minnesota				
Housing Opportunities for Persons with AIDS	14.241	C-01208	\$ 245,784	\$ -
Housing Opportunities for Persons with AIDS	14.241	C-02454	334,838	-
Total CFDA #14.241			\$ 580,622	\$ -
Total U.S. Department of Housing and Urban Development			\$ 85,310,599	\$ -
U.S. Department of Labor				
Passed through Minnesota Department of Employment and Economic Development				
H-1B Job Training Grants	17.268	METRO02018MAI #144526	\$ 555,000	\$ -
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	20.500		\$ 49,197,363	\$ 161,342
Federal Transit Formula Grants	20.507		\$ 55,383,061	\$ 4,123,183
COVID-19 Federal Transit Formula Grants	20.507		197,111,469	12,131,270
Total CFDA #20.507			\$ 252,494,530	\$ 16,254,453
State of Good Repair Grants Program	20.525		\$ 8,506,233	\$ -
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		\$ 16,695,299	\$ -

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation (Continued)				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1031849	\$ 34,508	\$ -
Highway Planning and Construction	20.205	1035526	5,306,448	50,286
Highway Planning and Construction	20.205	1029618	<u>151,685</u>	<u>-</u>
Total CFDA #20.205			\$ 5,492,641	\$ 50,286
Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035608	\$ 414,667	\$ -
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509	1035608 Amd#1	<u>1,183,030</u>	<u>-</u>
Total CFDA #20.509			\$ 1,597,697	\$ -
Passed Through Operation Lifesaver, Inc. Public Transportation Research	20.514	VA-2019-004-00	<u>\$ 5,000</u>	<u>\$ -</u>
Total U.S. Department of Transportation			\$ 333,988,763	\$ 16,466,081
U.S. Department of Treasury				
Passed through Minnesota Management and Budget COVID-19 – Coronavirus Relief Funds	21.019	SLT0016	<u>\$ 361,412</u>	<u>\$ -</u>
U.S. Environmental Protection Agency				
Passed Through Minnesota Public Facilities Authority Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-O39-FY20	<u>\$ 37,893,662</u>	<u>\$ -</u>
U.S. Department of Homeland Security				
Direct Rail and Transit Security Grant Program	97.075		<u>\$ 342,325</u>	<u>\$ -</u>
Passed Through Minnesota Department of Public Safety Homeland Security Grant Program	97.067	A-SHSP-2019-METCOUNC-021	<u>\$ 109,277</u>	<u>\$ -</u>
Total U.S. Department of Homeland Security			\$ 451,602	\$ -
Total Federal Awards			\$ 458,561,038	\$ 16,466,081
Totals by Cluster				
Total expenditures for Housing Voucher Cluster			\$ 83,928,759	
Total expenditures for Federal Transit Cluster			326,893,425	
Total expenditures for Highway Planning and Construction Cluster			5,492,641	
Total expenditures for Clean Water State Revolving Fund Cluster			37,893,662	

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Metropolitan Council. The Metropolitan Council's reporting entity is defined in Note 1.A to the financial statements.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Metropolitan Council under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Metropolitan Council, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Metropolitan Council.

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

2. De Minimis Cost Rate

The Metropolitan Council has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.