

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

MANAGEMENT AND COMPLIANCE REPORT

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

YEAR ENDED DECEMBER 31, 2017

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 150 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 650 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, 2017



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

TABLE OF CONTENTS

	<u>Page</u>
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>	1
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	4
Schedule of Findings and Questioned Costs	8
Corrective Action Plan	11
Schedule of Expenditures of Federal Awards	12
Notes to the Schedule of Expenditures of Federal Awards	16

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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, 2017, 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 18, 2018.

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 to determine the 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. 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. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 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

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains six categories of compliance to be tested in connection with the audit of the Metropolitan Council's financial statements: contracting and bidding, deposits and investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing because the Metropolitan Council does not administer any tax increment financing districts. Additionally, we tested for compliance with the authority to issue public debt.

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 *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. 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.

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/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 18, 2018

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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 Each 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 each of the Metropolitan Council's major federal programs for the year ended December 31, 2017. 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.

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 each of the Metropolitan Council's major federal programs 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 each major federal program. However, our audit does not provide a legal determination of the Metropolitan Council's compliance with those requirements.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

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

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a significant deficiency.

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

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, 2017, 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 18, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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.

Purpose of This Report

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.

/s/Rebecca Otto

REBECCA OTTO
STATE AUDITOR

/s/Greg Hierlinger

GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 18, 2018

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

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? **None reported**

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

Federal Awards

Internal control over major programs:

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

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)? **Yes**

The major federal programs are:

Shelter Plus Care	CFDA No. 14.238
Federal Transit Cluster	
Federal Transit Capital Investment Grants	CFDA No. 20.500
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
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	CFDA No. 20.505

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

The Metropolitan Council qualified as a low-risk auditee? **No**

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

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS

ITEM ARISING THIS YEAR

Finding Number 2017-001

Special Tests and Provisions - Davis-Bacon Act

Program: U.S. Department of Transportation’s Federal Transit Cluster - Federal Transit Capital Investment Grants (CFDA No. 20.500), Federal Transit Formula Grants (CFDA No. 20.507), and State of Good Repair Grants Program (CFDA No. 20.525)

Award No.	Year		Award No.	Year		Award No.	Year
MN-03-0101	2000		MN-90-X305	2013		MN-95-X044	2015
MN-03-0200	2006		MN-90-X307	2013		MN-2016-004-03	2016
MN-04-0040	2011		MN-90-X312	2013		MN-2016-004-04	2016
MN-04-0049	2013		MN-90-X315	2013		MN-2016-004-05	2016
MN-04-0053	2015		MN-90-X323	2013-2014		MN-2016-008-03	2015-2016
MN-05-0019	2007-2008		MN-90-X324	2014		MN-2016-008-05	2015-2016
MN-05-0020	2011		MN-90-X328	2013		MN-2016-008-08	2015-2016
MN-05-0022	2012-2015		MN-90-X330	2013-2014		MN-2016-008-09	2015
MN-2016-008-04	2014-2016		MN-90-X331	2015		MN-2017-003-02, 04	2016
MN-2016-008-06	2014-2016		MN-90-X332	2015		MN-2017-006-01, 02	2017
MN-2017-003-05	2015-2016		MN-90-X333	2014		MN-2017-013-03	2017
MN-90-X226	2003-2005		MN-90-X337	2015		MN-2017-013-04	2017
MN-90-X260	2007-2008		MN-90-X340	2014		MN-2017-016-09	2016-2017
MN-90-X274	2010		MN-90-X344	2013		MN-2017-016-10, 16	2017
MN-90-X282	2011		MN-95-X001	2007		MN-54-0002	2017
MN-90-X283	2011		MN-95-X037	2013		MN-54-0005	2017
MN-90-X286	2011		MN-95-X038	2013		MN-54-0006	2015
MN-90-X289	2011		MN-95-X040	2014		MN-2016-008-07	2015-2016
MN-90-X296	2012		MN-95-X041	2014		MN-2017-003-01	2016
MN-90-X297	2012		MN-95-X042	2015		MN-2017-005-01	2016
MN-90-X300	2012-2013		MN-95-X043	2014		MN-2017-005-02	2016
						MN-2017-016-05, 07, 08, 12, 14	2016-2017

Pass-Through Agency: None

Criteria: The Davis-Bacon Act (23 U.S.C. 113) and 29 CFR Section 5 require that contractors and subcontractors performing work on federal contracts in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's wage determination class. Each covered contractor and subcontractor must, on a weekly basis, submit a copy of the payrolls providing the information listed under payrolls and basic records of 29 CFR Section 5 for the preceding weekly payroll period.

Condition: Certified payrolls from a contractor for one of three projects tested that involved federal payroll-related expenditures in 2017 could not be located by the Metropolitan Council.

Questioned Costs: None.

Context: The Metropolitan Council has a policy in place to obtain and review certified payrolls from contractors and subcontractors.

The sample size was based on guidance from chapter 11 of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*.

Effect: There is no evidence that all certified payrolls were obtained from contractors or subcontractors to comply with the requirements of the Davis-Bacon Act.

Cause: Personnel assigned to monitor compliance with the Davis-Bacon Act misplaced the certified payroll received and reviewed.

Recommendation: We recommend the Metropolitan Council receive all certified payrolls as required and maintain documentation of certified payrolls received.

View of Responsible Official: Acknowledged

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

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2017**

Finding Number: 2017-001

Finding Title: Special Tests and Provisions - Davis-Bacon Act

Program: U.S. Department of Transportation's Federal Transit Cluster – Federal Transit Capital Investment Grants (CFDA No. 20.500), Federal Transit Formula Grants (CFDA No. 20.507), and State of Good Repair Grants Program (CFDA No. 20.525)

Name of Contact Person Responsible for Corrective Action:

Ed Petrie, Director Finance, Metro Transit
Marilyn Porter, Director Engineering and Facilities, Metro Transit

Corrective Action Planned:

As recommended, the Council will receive all certified payrolls as required and maintain documentation of certified payrolls received as per the Davis-Bacon Act. The Council will also update its work instructions to better reflect the document retention policy.

Anticipated Completion Date:

Completed – The work instructions were updated and were reviewed with staff on the responsibilities for maintaining documentation of the certified payrolls for the length of time per the Davis-Bacon Act.

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METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct				
Shelter Plus Care	14.238	MN0046L5K011508	\$ 311,965	\$ -
Shelter Plus Care	14.238	MN0046L5K011609	616,592	-
Shelter Plus Care	14.238	MN0010L5K001508	809,668	-
Shelter Plus Care	14.238	MN0010L5K001609	1,108,692	-
Shelter Plus Care	14.238	MN0068L5K031508	77,868	-
Shelter Plus Care	14.238	MN0068L5K031609	152,787	-
Total CFDA #14.238			\$ 3,077,572	\$ -
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	MN163VO/MN163AF	\$ 64,159,143	\$ -
Passed Through City of Minneapolis, Minnesota				
Housing Opportunities for Persons with AIDS	14.241	C-43125	\$ 313,370	\$ -
Housing Opportunities for Persons with AIDS	14.241	C-41555	195,534	-
Total CFDA #14.241			\$ 508,904	\$ -
Total U.S. Department of Housing and Urban Development			\$ 67,745,619	\$ -
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants				
2000 Section 5309	20.500	MN-03-0101	\$ 503,209	\$ -
2006 Section 5309	20.500	MN-03-0200	526,357	199,649
2011 Section 5309	20.500	MN-04-0040	47,886	-
2013 Section 5309	20.500	MN-04-0049	32,907	-
2015 Section 5309	20.500	MN-04-0053	129,287	-
2007 - 2008 Section 5309	20.500	MN-05-0019	188,276	-
2011 Section 5309	20.500	MN-05-0020	35,627	-
2012 - 2015 Section 5309	20.500	MN-05-0022	17,461	-
2014 - 2016 Section 5309	20.500	MN-2016-008-04	236,155	236,155
2014 - 2016 Section 5309	20.500	MN-2016-008-06	5,143	-
2015 - 2016 Section 5309	20.500	MN-2017-003-05	41,401	-
(Total Federal Transit Capital Investment Grants 20.500 \$2,301,376)				
Total Direct CFDA #20.500			\$ 1,763,709	\$ 435,804

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster (Continued)				
Federal Transit Formula Grants				
2003 - 2005 Section 5307	20.507	MN-90-X226	\$ 29,513	\$ -
2007 - 2008 Section 5307	20.507	MN-90-X260	7,206	-
2010 Section 5307	20.507	MN-90-X274	123,094	-
2011 Section 5307	20.507	MN-90-X282	945,368	-
2011 Section 5307	20.507	MN-90-X283	201,499	-
2011 Section 5307	20.507	MN-90-X286	16,938	-
2011 Section 5307	20.507	MN-90-X289	86,411	-
2012 Section 5307	20.507	MN-90-X296	2,360	-
2012 Section 5307	20.507	MN-90-X297	2,759	-
2012 - 2013 Section 5307	20.507	MN-90-X300	87,885	-
2013 Section 5307	20.507	MN-90-X305	564,440	-
2013 Section 5307	20.507	MN-90-X307	453,810	-
2013 Section 5307	20.507	MN-90-X312	210,744	-
2013 Section 5307	20.507	MN-90-X315	1,733,159	-
2013 - 2014 Section 5307	20.507	MN-90-X323	8,722,746	-
2014 Section 5307	20.507	MN-90-X324	565,213	-
2013 Section 5307	20.507	MN-90-X328	280,881	-
2013 - 2014 Section 5307	20.507	MN-90-X330	988,316	-
2015 Section 5307	20.507	MN-90-X331	54,300	-
2015 Section 5307	20.507	MN-90-X332	(12)	-
2014 Section 5307	20.507	MN-90-X333	604,001	-
2015 Section 5307	20.507	MN-90-X337	1,036,291	-
2014 Section 5307	20.507	MN-90-X340	451,879	-
2013 Section 5307	20.507	MN-90-X344	761,088	-
2007 Section 5307	20.507	MN-95-X001	38,907	-
2013 Section 5307	20.507	MN-95-X037	718,616	674,282
2013 Section 5307	20.507	MN-95-X038	22,125	-
2014 CMAQ	20.507	MN-95-X040	1,646,224	366,122
2014 CMAQ	20.507	MN-95-X041	4,989,067	-
2015 CMAQ	20.507	MN-95-X042	78,168	78,000
2014 CMAQ	20.507	MN-95-X043	1,200,000	-
2015 CMAQ	20.507	MN-95-X044	2,078,196	426,809
2016 CMAQ	20.507	MN-2016-004-03	1,739,208	-
2016 CMAQ	20.507	MN-2016-004-04	2,188,585	-
2016 CMAQ	20.507	MN-2016-004-05	1,225,665	1,163,563
2015 - 2016 Section 5307	20.507	MN-2016-008-03	139,454	-
2015 - 2016 Section 5307	20.507	MN-2016-008-05	9,792,980	-
2015 - 2016 Section 5307	20.507	MN-2016-008-08	10,828,656	-
2015 Section 5307	20.507	MN-2016-008-09	11,311,000	-
2016 Section 5307	20.507	MN-2017-003-02, 04	274,307	-
2016 - 2017 Section 5307	20.507	MN-2017-006-01, 02	4,071,899	-
2017 CMAQ	20.507	MN-2017-013-03	99,871	-
2017 CMAQ	20.507	MN-2017-013-04	5,238	5,238
2016 - 2017 Section 5307	20.507	MN-2017-016-09	9,425	-
2017 Section 5307	20.507	MN-2017-016-10, 16	73,370	-
Total CFDA #20.507			\$ 70,460,850	\$ 2,714,014

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct				
Federal Transit Administration				
Federal Transit Cluster (Continued)				
State of Good Repair Grants Program				
Rail Association Capital Maintenance	20.525	MN-54-0002	\$ 730,820	\$ -
LRT and Facility Upgrades	20.525	MN-54-0005	538,789	-
2015 Rail Projects	20.525	MN-54-0006	3,080,715	-
2015 - 2016 Section 5337	20.525	MN-2016-008-07	2,248,456	-
2016 Section 5337	20.525	MN-2017-003-01	129,408	-
2016 Section 5337	20.525	MN-2017-005-01	709,878	-
2016 Section 5337	20.525	MN-2017-005-02	175,907	-
2016 - 2017 Section 5337	20.525	MN-2017-016-05, 07, 08, 12, 14	76,511	-
Total CFDA #20.525			\$ 7,690,484	\$ -
Federal Transit Cluster				
Bus and Bus Facilities Formula Program				
2015 - 2017 Section 5339	20.526	MN-2017-016-11	\$ 43	\$ -
Public Transportation Research	20.514	MN-64-7001	\$ 203,210	\$ -
Transit Services Programs Cluster				
New Freedom Program				
2011 - 2013 New Freedom	20.521	MN-57-X006	\$ 11,448	\$ 11,448
Alternatives Analysis				
2008 Section 5339	20.522	MN-39-0002	\$ 66,316	\$ 66,316
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction				
Transit On Board Survey	20.205	1001373	\$ 52,086	\$ -
Federal Transit Cluster				
Federal Transit Capital Investment Grants				
Northstar Commuter Rail Project	20.500	90799	\$ 537,667	\$ -
(Total Federal Transit Capital Investment Grants 20.500 \$2,301,376)				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
2017 Unified Planning Work Program (UPWP)	20.505	1027038	\$ 3,290,397	\$ -

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Federal Grantor Pass-Through Agency Program or Cluster Title	Federal CFDA Number	Contract Number/ Pass-Through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation (Continued)				
Formula Grants for Rural Areas 2017 Section 5311	20.509	1026781	\$ 1,184,300	\$ -
Total U.S. Department of Transportation			\$ 85,260,510	\$ 3,227,582
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-16-0004R-FY16	\$ 12,425,706	\$ -
Capitalization Grants for Clean Water State Revolving Funds	66.458	MPFA-CWRF-L-050-FY17	11,534,818	-
Total U.S. Environmental Protection Agency and Total CFDA #66.458			\$ 23,960,524	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Homeland Security Grant Program 2014 State Homeland Security Program	97.067	A-SHSP-2014- METCOUN-00012	\$ 35,635	\$ -
2016 State Homeland Security Program	97.067	A-SHSP-2016- METCOUN-00013	120,000	-
Total CFDA #97.067			\$ 155,635	\$ -
Rail and Transit Security Grant Program	97.075	EMW-2015-RA00021	\$ 359,524	\$ -
Rail and Transit Security Grant Program	97.075	EMW-2016-RA00020	142,259	-
Total CFDA #97.075			\$ 501,783	\$ -
Total U.S. Department of Homeland Security			\$ 657,418	\$ -
Total Federal Awards			\$ 177,624,071	\$ 3,227,582
Totals by Cluster				
Total expenditures for Housing Voucher Cluster			\$ 64,159,143	
Total expenditures for Federal Transit Cluster			80,452,753	
Total expenditures for Transit Services Programs Cluster			11,448	
Total expenditures for Highway Planning and Construction Cluster			52,086	
Total expenditures for Clean Water State Revolving Fund Cluster			23,960,524	

METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

1. 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 I.A. to the financial statements.

2. 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, 2017. 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.

3. Summary of Significant Accounting Policies

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 accrual 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Metropolitan Council has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.