

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**
Louisville, Kentucky

**SINGLE AUDIT REPORT
IN ACCORDANCE WITH UNIFORM GUIDANCE AND
REPORT ON COMPLIANCE WITH KENTUCKIANA REGIONAL
PLANNING AND DEVELOPMENT AGENCY CONTRACT**
June 30, 2018

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June 30, 2018

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**INDEPENDENT AUDITOR'S 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**

Honorable Mayor Greg Fischer and
The Louisville Metro Council
Louisville, Kentucky

We have audited, in accordance with the 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements, and have issued our report thereon dated December 21, 2018. Our report includes a reference to other auditors who audited the financial statements of the Waterfront Development Corporation, the Kentucky Science Center, Inc., KentuckianaWorks, Family Health Centers, Inc., a component unit of the Board of Health, and the Louisville Metro Affordable Housing Trust Fund, Inc. as described in our report on Metro Government's financial statements. This report does not include the results of the other auditors' 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 of the financial statements, we considered Metro Government's internal control over financial reporting (internal control) 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 Metro Government's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Government's internal control.

A deficiency in internal control 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2018-001 that we consider to be a material weakness.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro Government'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*.

Metro Government's Response to Findings

Metro Government's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Metro Government'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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Louisville, Kentucky
December 21, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor Greg Fischer and
The Louisville Metro Council
Louisville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Louisville/Jefferson County Metro Government's ("Metro Government") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Metro Government's major federal programs for the year ended June 30, 2018. Metro Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Metro Government's basic financial statements include the operations of the Transit Authority of River City ("TARC"), KentuckianaWorks, Family Health Centers, Inc. and the Louisville and Jefferson County Metropolitan Sewer District ("MSD"), discretely presented component units, which expended \$29,397,989, \$8,361,465, \$8,980,680 and \$5,366,600 in federal awards, respectively, which are not included in Metro Government's schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of TARC, KentuckianaWorks, Family Health Centers, Inc. and MSD because the entities have separate audits performed in accordance with Uniform Guidance.

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 Metro Government'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 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 Metro Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

(Continued)

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 Metro Government's compliance.

Opinion on Each Major Federal Program

In our opinion, Metro Government 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 June 30, 2018.

Report on Internal Control Over Compliance

Management of Metro Government 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 Metro Government'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 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 Metro Government'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 a 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 attention by 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Metro Government as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements. We issued our report thereon dated December 21, 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 basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information 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.

(Continued)

The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP
Crowe LLP

Louisville, Kentucky
December 21, 2018

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Agriculture				
Direct Programs:				
Rural Development Cooperative Agreement Program	10.890		\$ 21,097	\$ -
			<u>21,097</u>	<u>-</u>
Pass-Through:				
<i>Kentucky Cabinet for Health and Family Services</i>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FY18 KY State	2,480,581	-
			<u>2,480,581</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>2,501,678</u>	<u>-</u>
U.S. Department of Commerce				
Direct Programs:				
Economic Development Cluster: Economic Adjustment Assistance	11.307		2,007,203	-
			<u>2,007,203</u>	<u>-</u>
Total U.S. Department of Commerce			<u>2,007,203</u>	<u>-</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Housing and Urban Development (HUD)				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant/ Entitlement Grants	14.218		\$ 10,988,818	\$ 1,159,515
Emergency Solutions Grant Program	14.231		974,537	728,015
Home Investment Partnership Program	14.239		4,225,596	65,015
Housing Opportunities for Persons with AIDS (HOPWA)	14.241		653,503	653,503
Continuum of Care Program	14.267		2,419,812	48,666
Fair Housing Assistance Program – State and Local	14.401		134,913	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		164,344	-
			<u>19,561,523</u>	<u>2,654,714</u>
Pass Through:				
<i>Kentucky Department of Local Government</i>				
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	17N-052	422,697	-
			<u>422,697</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development (HUD)			<u>19,984,220</u>	<u>2,654,714</u>
U.S. Department of the Interior				
Pass Through:				
<i>Kentucky Heritage Council</i>				
Endangered Species – Candidate Conservation Action Funds	15.660	FY18 KY State	30,000	-
Total U.S. Department of the Interior			<u>30,000</u>	<u>-</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Justice				
Direct Programs:				
Justice Systems Response to Families	16.021		\$ 19,769	\$ -
Community-Based Violence Prevention Program	16.123		71,155	26,263
State Criminal Alien Assistance Program	16.606		76,672	-
Public Safety Partnership and Community Policing Grants	16.710		667,236	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		298,752	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		54,613	54,613
Second Chance Act Reentry Initiative	16.812		160,855	159,002
Comprehensive Opioid Abuse Site-Based Program	16.838		<u>27,388</u>	<u>23,922</u>
			<u>1,376,440</u>	<u>263,800</u>
Pass-Through:				
<i>Kentucky Department of Juvenile Justice</i>				
Juvenile Justice and Delinquency Prevention	16.540	Title II DMC 2013-JF-FX-0051	9,450	-
<i>Kentucky Justice and Public Safety Cabinet</i>				
Violence Against Women Formula Grants	16.588	VAWA-2017-Louisvil-00566	1,285	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	2016-JAG-Louisville-01138	<u>2,070</u>	<u>-</u>
			<u>12,805</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,389,245</u>	<u>263,800</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Labor				
Pass-Through:				
<i>National Disability Institute</i>				
Disability Employment Policy Development	17.720	OD-23863-12-75-4-11	\$ 24,603	\$ -
Total U.S. Department of Labor			<u>24,603</u>	<u>-</u>
U.S. Department of Transportation				
Pass-Through:				
<i>Kentucky Transportation Cabinet</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	Various	89,267	-
National Priority Safety Programs	20.616	Various	<u>63,463</u>	<u>-</u>
Total Highway Safety Cluster			<u>152,730</u>	<u>-</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	Various	<u>9,847,680</u>	<u>-</u>
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements				
	20.614	PO2-625-1400006020 1	64,560	-
National Infrastructure Investments	20.933	PO2-625-1700000799	912,581	-
<i>Kentuckiana Regional Planning and Development Agency</i>				
Highway Training and Education	20.215	FY18 KY State MOA	199,384	-
<i>Kentucky Justice and Public Safety Cabinet</i>				
Motor Carrier Safety Assistance	20.218	FY18 KY State MOA	61,419	-
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	FY18 KY State MOA	<u>23,906</u>	<u>-</u>
Total U.S. Department of Transportation			<u>11,262,260</u>	<u>-</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Treasury				
Direct Programs:				
Equitable Sharing	21.016		\$ 239,249	\$ -
Total U.S. Department of Treasury			<u>239,249</u>	<u>-</u>
National Endowment for the Humanities				
Direct Programs:				
Promotion of the Humanities Challenge Grants	45.130		40,329	-
Total National Endowment for the Humanities			<u>40,329</u>	<u>-</u>
Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.001		945,800	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.034		158,248	-
	66.818		<u>664,423</u>	<u>-</u>
			<u>1,768,471</u>	<u>-</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
Environmental Protection Agency (Continued)				
Pass-Through:				
<i>Kentucky Cabinet for Health and Family Services</i>				
State Indoor Radon Grants	66.032	MOA	\$ 10,000	\$ -
<i>The Kentucky Department for Environmental Protection</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	PON2-129-1600001926 1	<u>75,000</u>	<u>-</u>
			<u>85,000</u>	<u>-</u>
Total Environmental Protection Agency			<u>1,853,471</u>	<u>-</u>
Election Assistance Commission				
Pass-Through:				
<i>Kentucky State Board of Elections</i>				
Help America Vote Act Requirements Payments	90.401	MOA	<u>2,322,000</u>	<u>-</u>
Total Election Assistance Commission			<u>2,322,000</u>	<u>-</u>
U.S. Department of Health and Human Services				
Direct Programs:				
Special Programs for the Aging Title IV And Title II Discretionary Projects	93.048		261,267	162,964
Healthy Start Initiative	93.926		<u>1,042,267</u>	<u>-</u>
			<u>1,303,534</u>	<u>162,964</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Health and Human Services				
Pass-Through:				
<i>Kentuckiana Regional Planning and Development Agency</i>				
Aging Cluster:				
Special Programs for the Aging – Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	KIPDA-FY2018-1012 (LMP)	\$ 4,563	\$ -
Special Programs for the Aging – Title III, Part C, Nutrition Services	93.045	PON2 725 17000026624	<u>405,154</u>	<u>48,058</u>
Total Aging Cluster			<u>409,717</u>	<u>48,058</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Projects Grants and Cooperative Agreements For Tuberculosis Control Programs	93.074	FY18 KY State MOA	16,400	-
Family Planning Services	93.116	FY18 KY State MOA	47,082	-
Immunization Cooperative Agreements	93.217	FY18 KY State MOA	352,869	-
Centers for Disease Control and Prevention	93.268	FY18 KY State MOA	250	-
Investigations and Technical Assistance	93.283	FY18 KY State MOA	640,949	-
PPHF 2018: Office of Smoking and Health- National-State-Based Tobacco Control Programs financed in part by 2018 Prevention and Public Health Funds (PPHF)	93.305	FY18 KY State MOA	20,000	-
Community Services Block Grant	93.569	PON2 736 16000001461	1,571,722	
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	FY18 KY State MOA	178,240	-
State and Local Public Health Actions To Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	FY18 KY State MOA	6,000	-

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Health and Human Services (Continued)				
Pass-Through (Continued):				
<i>Kentucky Cabinet for Health and Family Services</i>				
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	FY18 KY State MOA	\$ 64,094	\$ -
National Bioterrorism Hospital Preparedness Program	93.889	FY18 KY State MOA	65,000	-
HIV Care Formula Grants	93.917	FY18 KY State MOA	100,000	-
HIV Prevention Activities Health Department Based	93.940	FY18 KY State MOA	87,226	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	FY18 KY State MOA	1,048,369	-
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	FY18 KY State MOA	10,000	-
Maternal and Child Health Services Block Grant to the States	93.994	FY17 KY State MOA	208,644	-
<i>Association of Food and Drug Officials</i>				
Food and Drug Administration Research	93.103	Various	25,720	-
<i>Community Action Kentucky/Kentucky Housing Corporation</i>				
Low-Income Home Energy Assistance	93.568	Various	<u>4,243,447</u>	-
			<u>9,095,729</u>	<u>48,058</u>
Total U.S. Department of Health and Human Services			<u>10,399,263</u>	<u>211,022</u>
Corporation for National and Community Service				
Direct Programs:				
Retired and Senior Volunteer Program	94.002		149,015	-
Foster Grandparent/Senior Companion Cluster: Foster Grandparent Program	94.011		<u>595,041</u>	-
			<u>744,056</u>	-

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
Corporation for National and Community Service (Continued)				
Pass-Through:				
<i>Cabinet for Health and Family Services AmeriCorps</i>	94.006	PON2 730 1700000014 1	\$ 57,144	\$ -
Total Corporation for National and Community Service			<u>801,200</u>	<u>-</u>
Executive Office of the President				
Pass-Through:				
<i>Appalachia HIDTA High Intensity Drug Trafficking Areas Program</i>	95.001	Various	\$ 33,962	\$ -
Total Executive Office of the President			<u>33,962</u>	<u>-</u>
Social Security Administration				
Direct Programs:				
<i>Disability Insurance/SSI Cluster: Social Security Disability Insurance Program</i>	96.001		38,042	-
Total Social Security Administration			<u>38,042</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
<i>Assistance to Firefighters Grant</i>	97.044		261,819	-
<i>Port Security Grant Program</i>	97.056		49,463	-
			<u>311,282</u>	<u>-</u>

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipients</u>
U.S. Department of Homeland Security (Continued)				
Pass-Through:				
<i>Kentucky Emergency Management</i>				
Hazard Mitigation Grant	97.039	PON2 095 170000001 1	\$ 8,776	\$ -
Emergency Management Performance Grants	97.042	PO2 95 1600001567 1	<u>235,146</u>	<u>-</u>
			<u>243,922</u>	<u>-</u>
Total for U.S. Department of Homeland Security			<u>555,204</u>	<u>-</u>
Total for Schedule of Expenditures of Federal Awards			<u>\$ 53,481,929</u>	<u>\$ 3,129,536</u>
Subtotals of Multiple Awards/CFDA Numbers				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		\$ 300,822	\$ -
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		\$ 739,423	-

See related notes to the Schedule of Expenditures of Federal Awards.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

NOTE 1 – PURPOSE OF THE SCHEDULE AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: Uniform Guidance requires a Schedule of Expenditures of Federal Awards ("SEFA") showing each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance ("CFDA"). The accompanying schedule includes federal grant activity for the Louisville/Jefferson County Metro Government ("Metro Government"), and is presented on the modified accrual basis of accounting. Amounts are presented net of program income, if applicable.

The basic financial statements of Metro Government are presented on the modified accrual basis of accounting for the governmental fund financial statements and the accrual basis of accounting for the government-wide, proprietary fund, and fiduciary fund financial statements. Therefore, the SEFA may not be directly traceable to the basic financial statements in all cases.

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). Metro Government has elected not to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – PROGRAMS FROM MULTIPLE FUNDING SOURCES

Uniform Guidance Part 200, Subpart A defines a recipient as "a non-federal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program" and a pass-through entity as "a non-federal entity that provides a federal award to a sub-recipient to carry out a federal program."

Federal program funds can be received directly from the federal government or passed through from another entity. Below is a list of federal programs that are funded from more than a single funding source. They may be either (1) multiple passed through agencies, or (2) both direct and passed through. All other federal programs listed on the SEFA are from a single source, and therefore the program totals are evident in the SEFA.

<u>CFDA</u> <u>No.</u>	<u>Program</u>	<u>Received From</u>	<u>Through</u> <u>(Grantor No.)</u>	<u>Expenditures</u>
16.738	Edward Byrne Memorial Justice Assistant Grant (JAG) Program	U.S. Department of Justice	Direct	\$ 298,752
16.738	Edward Byrne Memorial Justice Assistant Grant (JAG) Program	Kentucky Justice and Public Safety Cabinet	Pass-Through	<u>2,070</u>
				<u>\$ 300,822</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2018

NOTE 2 – PROGRAMS FROM MULTIPLE FUNDING SOURCES (Continued)

66.818	Brownfields Assessment and Cleanup Cooperative Agreements	Environmental Protection Agency	Direct	\$ 664,423
66.818	Brownfields Assessment and Cleanup Cooperative Assessments	Kentucky Department for Environmental Protection	Pass-Through	<u>75,000</u>
				<u>\$ 739,423</u>

NOTE 3 – ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM

Metro Government has an EDA revolving loan fund (RLF) under the Economic Adjustment Assistance Program, CFDA 11.307. According to the OMB Compliance Supplement, for purposes of completing the SEFA, each EDA RLF (CFDA 11.307) should be shown as a separate line item calculated as follows:

1. Balance of RLF loans outstanding at the end of the recipient's fiscal year, *plus*
2. Cash and investment balances in the RLF at the end of the recipient's fiscal year, *plus*
3. Administrative expenses paid out of the RLF income during the recipient's fiscal year, *plus*
4. The unpaid principal of all loans written off during the recipient's fiscal year; and then *multiply this sum (1+2+3+4) by*
5. The Federal share of the RLF. The Federal share is defined as the Federal participation rate (or the Federal grant rate) as specified in the grant award.

The calculation to arrive at the RLF amount shown on the SEFA as of June 30, 2018 is as follows:

RLF Loans Outstanding	\$ 1,403,700
RLF Cash/Investment Balance	1,169,637
Administrative Expenses FY 18	-
Unpaid Principal Written Off FY 18	<u>-</u>
Total	<u>\$ 2,573,337</u>
Federal Share	78%
RLF Federal Expenditures	<u>\$ 2,007,203</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2018

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None Reported
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>		<u> </u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u>	Yes	<u> X </u>	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Assistance
20.205	Highway Planning & Construction Cluster:
90.401	Highway Planning and Construction
93.568	Help America Vote Act Requirements Payments
	Low-Income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 1,604,458</u>			
Auditee qualified as low-risk auditee?	<u> X </u>	Yes	<u> </u>	No

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2018

PART II: FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

Finding 2018-001: Restatement of Financial Statements due to Omission of Contributed Capital Assets (Material Weakness)

Criteria: Contributed capital assets are required to be recorded in the financial statements. The omission created a material misstatement and required a prior period adjustment.

Condition: During FY 2018, Louisville Metro Government Finance Department's management identified an error in their recording of Capital Assets, specifically an understatement of Capital Assets resulting from unrecorded contributions of capital assets (residential subdivision development infrastructure). These infrastructure assets, which are contributed to Metro Government upon completion of the subdivision development, had not been captured in Metro Government's financial records. Upon realization of the error in Capital Asset reporting, management accumulated infrastructure asset information, calculated the total value and concluded that the prior year's financial statements were materially misstated due to the exclusion of these infrastructure-related capital assets. Beginning of year net position was restated to include these unrecorded infrastructure assets and correct this material misstatement.

Effect: The error resulted in the understatement of capital assets, capital contribution revenue, depreciation expense, and net position.

Cause: Infrastructure Additions Forms had been prepared for each subdivision / development, however these forms had not been forwarded to the Finance Department to be recorded in Metro Government's financial records. This error resulted from a lack of effective communication between the Public Works Department and the Finance Department, to coordinate financial information necessary to record contributed capital assets (subdivision infrastructure).

Recommendation: We recommend that management implement the necessary controls to ensure that all relevant information related to subdivision development forms that are reviewed and approved by the Public Works department be supplied to the finance and accounting team to ensure all contributed infrastructure assets are properly recorded in timely manner. More specifically, we recommend that the Finance Department include in their periodic closing checklist a task to request Infrastructure Additions Forms from the Public Works department for proper recording.

Views of Responsible Officials: Management will implement the necessary controls to ensure that all relevant information related to subdivision development forms that are reviewed and approved by the Public Works department be supplied to the finance and accounting team to ensure all contributed infrastructure assets are properly recorded in timely manner. The Finance Department will include in their month-end closing checklist a task to request Infrastructure Additions Forms from the Public Works department for proper recording.

PART III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
KENTUCKIANA REGIONAL PLANNING AND DEVELOPMENT AGENCY
CONTRACT NUMBER P0N2-725-1700002624**

Honorable Mayor Greg Fischer and
The Louisville Metro Council
Louisville, Kentucky

Report on Compliance

We have audited the compliance of the Louisville/Jefferson County Metro Government (“Metro Government”) with the Kentuckiana Regional Planning & Development Agency (KIPDA) Sub-Award Number KIPDA-FY2018-1011 (LOU) with the types of compliance requirements described in Section II E of the contract that could have a direct and material effect on the KIPDA Program for the year ended June 30, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the KIPDA Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with the KIPDA contract 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 and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards 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 the KIPDA contract occurred. An audit includes examining, on a test basis, evidence about Metro Government’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 KIPDA Program. However, our audit does not provide a legal determination on Metro Government’s compliance with those requirements.

Opinion on the KIPDA Program

In our opinion, Metro Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its KIPDA Program for the year ended June 30, 2018.

Report on Supplementary Information

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Metro Government as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements. We issued our report thereon dated December 21, 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 basic financial statements.

The accompanying KIPDA Monthly Service Provider Financial Report – Title III-C Fiscal Year 2018 (Attachment A) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 KIPDA Monthly Service Provider Financial Report – Title III-C Fiscal Year 2018 is fairly stated in all material respects in relation to the basic financial statements as a whole.


Crowe LLP

Louisville, Kentucky
December 21, 2018

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
ATTACHMENT A
SUPPLEMENTARY INFORMATION
KIPDA MONTHLY SERVICE PROVIDER FINANCIAL REPORT - TITLE III-C FISCAL YEAR 2018

Service Category	Units		Unit Price	Current Month	Year To Date Amount	Unduplicated Clients YTD
	Current Month	Year to Date				
Title III-C1 Food Service/Meal Delivery	7,641	86,037	\$ 2.89	\$ 22,082	\$ 248,647	1,317
Title III-C2 Food Service/Meal Delivery	8,464	111,318	\$ 3.60	\$ 30,470	\$ 400,745	632
	TITLE C1		TITLE C2			
	Amount This Report	Year to Date	Amount This Report	Year to Date		
Gross Total Amount	\$ 22,082	\$ 248,647	\$ 30,470	\$ 400,745		
Program Income (NSIP Meal Service)	<u>4,000</u>	<u>33,718</u>	<u>3,714</u>	<u>73,097</u>		
Balance Paid by AoA Program	18,082	214,929	26,756	327,648		
Local Cash - Regular Meals	5,113	24,797	6,591	36,680		
In-Kind Match - Regular	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		
Match Totals - All Funds	<u>5,113</u>	<u>24,797</u>	<u>6,591</u>	<u>36,680</u>		
KIPDA Regular Service Reimbursement	<u>\$ 12,970</u>	<u>\$ 190,132</u>	<u>\$ 20,165</u>	<u>\$ 290,968</u>		
% AoA Funds Spent	100%		100%			