

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

**SINGLE AUDIT REPORT
UNDER OMB CIRCULAR A-133**
June 30, 2014

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METRO GOVERNMENT
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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, 2014, 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 19, 2014. Our report includes a reference to other auditors who audited the financial statements of the Transit Authority of River City, Waterfront Development Corporation and the Kentucky Science Center, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 Horwath LLP

Louisville, Kentucky
December 19, 2014

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 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, 2014. 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") and the Louisville and Jefferson County Metropolitan Sewer District ("MSD"), discretely presented component units, which received \$42.4 million in federal awards which is not included in the schedule of expenditures of federal awards during the year ended June 30, 2014. Our audit, described below, did not include the operations TARC and MSD because both entities have separate audits performed in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 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, 2014.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

Metro Government's response to the noncompliance finding identified in our audit is 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 compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Louisville, Kentucky
December 19, 2014

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Agriculture				
Direct Programs:				
Conservation Reserves Program	10.069		\$ 379	\$ -
More Kids in the Woods	10.Unknown		2,207	-
Pass-Through:				
Kentucky Cabinet for Health and Family Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	MOA	3,109,494	-
Kentucky Department of Education Summer Food Service Program for Children	10.559	056-W45-999-SU	<u>187,210</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>3,299,290</u>	<u>-</u>
U.S. Department of Commerce				
Direct Programs:				
Economic Adjustment Assistance	11.307	0439203601 043902038	<u>144,269</u>	<u>-</u>
Total U.S. Department of Commerce			<u>144,269</u>	<u>-</u>
U.S. Department of Housing and Urban Development (HUD)				
Direct Programs:				
Community Development Block Grant/ Entitlement Grants	14.218		9,743,813	4,488,897
Emergency Solutions Grant Program	14.231		920,700	602,558
Shelter Plus Care	14.238		84,985	-
HOME Investment Partnership Programs	14.239		1,498,861	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Housing and Urban Development (HUD) (Continued)				
Direct Programs (continued):				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241		\$ 517,756	\$ 501,828
Continuum of Care Program	14.267		1,897,576	57,978
Fair Housing Assistance Program	14.401		130,585	-
Lead Based Paint Hazard Control in Privately Owned Housing	14.900		212,069	-
Pass Through:				
Kentucky Department of Local Government Community Development Block Grant	14.228 ARRA	14N-052	371,868	-
Community Development Block Grant	14.228	14N-052	<u>151,866</u>	<u>-</u>
14.228 Subtotal			<u>523,734</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development (HUD)			<u>15,530,079</u>	<u>5,651,261</u>
U.S. Department of Justice				
Direct Programs:				
Supervised Visitation, Safe Haven for Children	16.527		113,697	102,691
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		229,651	136,662
State Criminal Alien Assistance Program	16.606		765	-
Project Safe Neighborhoods	16.609		141,410	22,472
Public Safety Partnership and Community Policing Grants	16.710		1,639,767	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738		706,236	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		34,963	-
Equitable Sharing Program	16.922		1,292,319	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Justice				
Pass-Through:				
Kentucky Justice and Public Safety Cabinet				
Juvenile Accountability Block Grant (JABG)	16.523	Various	\$ 32,705	\$ -
Juvenile Justice & Delinquency Prevention				
Allocation to States	16.540	2010-JF-FX-0021	3,150	-
Violence Against Women Formula Grants	16.588	Various	128,280	-
Edward Byrne Memorial Justice				
Assistance Grant (JAG) Program	16.738	2013-JAG-00944	49,951	-
Seven Counties Services				
Enforcing Underage Drinking Laws Program	16.727	MOU	18,363	-
Kentucky Department of Corrections				
Prison Rape Elimination Act (PREA)	16.735	PON2 527 1300001340 1	108,235	-
Second Chance Act Prisoner				
Reentry Initiative	16.812	Various	205,071	143,444
U.S. Department of Justice (Marshal's Service)				
Direct Programs:				
Joint Law Enforcement Operations Task Force	16.Unknown		12,024	-
U.S. Department of Justice (ATF)				
Direct Programs:				
Alcohol, Tobacco and Firearms (ATF)				
Taskforce	16.Unknown		76,872	-
U.S. Department of Justice (Federal Bureau of Investigation)				
Direct Programs:				
FBI Child Exploitation Task Force	16.Unknown		9,972	-
FBI Computer Intrusion/Cyber Taskforce	16.Unknown		15,295	-
FBI Joint Terrorism Taskforce	16.Unknown		12,663	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Justice (Federal Bureau of Investigation) (continued)				
Direct Programs:				
FBI – Regional Computer Forensics Lab	16.Unknown		\$ 18,676	\$ -
FBI Safe Streets Taskforce	16.Unknown		<u>43,025</u>	<u>-</u>
Total U.S. Department of Justice			<u>4,893,090</u>	<u>405,269</u>
U.S. Department of Labor				
Pass-Through:				
Kentucky Department for Workforce Investment				
Trade Adjustment Assistance	17.245	PON2 531 1200003281 2	529,875	-
WIA Cluster:				
WIA Adult Program	17.258	PON2 531 1200003290 1	1,478,417	489,781
WIA Youth Activities	17.259	PON2 531 1200003290 1	1,516,703	816,591
WIA Dislocated Worker Formula Grants	17.278	PON2 531 1200003290 1	<u>2,559,014</u>	<u>909,630</u>
WIA Cluster subtotal			5,554,134	2,216,002
Institute for Educational Leadership				
Reintegration of Ex-offenders	17.270	PE-24410-13-60-A11	<u>105,958</u>	<u>32,854</u>
Total U.S. Department of Labor			<u>6,189,967</u>	<u>2,248,856</u>
U.S. Department of Transportation				
Pass-Through:				
Kentucky Transportation Cabinet				
Highway Planning and Construction	20.205	Various	1,959,065	-
Indiana Department of Transportation				
Highway Training and Education	20.215	MOA	199,834	-
Kentucky Justice and Public Safety				
Cabinet – Kentucky State Police				
National Motor Carrier Safety	20.218	MOA	76,589	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Transportation (continued)				
Pass-Through:				
Kentucky Department of Transportation – Office of Highway Safety				
State and Community Highway Safety Alcohol Impaired Driving Countermeasures Incentive Grants	20.600	Various	\$ 98,712	\$ -
Occupant Protection Incentive Grants	20.601	Various	13,812	-
	20.602	P02 625 1400004990	<u>4,667</u>	<u>-</u>
Total U.S. Department of Transportation			<u>2,352,679</u>	<u>-</u>
U.S. Department of the Treasury				
Direct Programs:				
Treasury Forfeiture Fund Program	21.000		<u>41,048</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>41,048</u>	<u>-</u>
U.S. Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support (Section 105)	66.001		567,317	-
Surveys, studies, research, investigations, demonstrations and special purpose activities relating to the Clean Air Act	66.034		325,597	-
Congressionally Mandated Projects	66.202		65,874	-
Brownfields Training, Research, and Technical Assistance and Cooperative Agreements	66.814		20,523	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		<u>205,092</u>	<u>15,407</u>
Total U.S. Environmental Protection Agency			<u>1,184,403</u>	<u>15,407</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Education				
Direct Programs:				
TRIO – Talent Search	84.044		\$ 313,822	\$ -
TRIO – Educational Opportunity Centers	84.066		<u>495,835</u>	<u>-</u>
Total U.S. Department of Education			<u>809,657</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		314,174	200,915
Hospital Preparedness Program (HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		29,358	-
PPHF: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – Financed Solely by Prevention and Public Health Funds	93.531		739,743	239,457
Healthy Start Initiative	93.926		1,172,496	-
FDA Voluntary National Retail Food Regulatory Program Standards Initiative	93.Unknown		2,500	-
Pass-Through:				
National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	Various	1,662	-
Kentuckiana Regional Planning and Development Agency Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON2 725 1300002030-1	406,925	37,114

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Health and Human Services (Continued)				
Pass-Through (continued):				
Kentucky Cabinet for Health and Family Services				
Environmental Public Health and Emergency Response	93.070	MOA	\$ 540	\$ -
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOA	47,256	-
Family Planning Services	93.217	MOA	474,797	-
Seven Counties Services				
Substance Abuse and Mental Health Services – Projects of Regional and National Significance	93.243	MOA	8,744	-
Kentucky Cabinet for Health and Family Services				
Immunization Cooperative Agreements	93.268	MOA	67,409	-
Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	MOA	774,309	-
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	93.505	MOA	748,419	-
PPHF National Public Health Improvement Initiative	93.507	MOA	4,467	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Health and Human Services (Continued)				
Pass-Through (continued):				
Kentucky Cabinet for Health and Family Services				
State Planning and Establishment				
Grants for the Affordable Care Act				
(ACA)'s Exchanges				
	93.525	MOA	\$ 18,177	\$ -
Temporary Assistance to Needy Families				
(TANF)				
	93.558	Various	1,558,661	1,251,799
Low-Income Home Energy Assistance				
Program				
	93.568	Various	4,865,905	-
Community Services Block Grant				
	93.569	PON2 736 1300002092 2	1,423,271	-
Medical Assistance Program				
	93.778	MOA	126,276	-
National Bioterrorism Hospital				
Preparedness Program				
	93.889	Various	73,431	-
HIV Prevention Activities – Health				
Department Based				
	93.940	MOA	127,465	-
Human Immunodeficiency Virus				
(HIV)/Acquired Immunodeficiency				
Virus Syndrome (AIDS) Surveillance				
	93.944	MOA	35,720	-
Block Grants for Prevention and				
Treatment of Substance Abuse				
	93.959	PON2 729 1200001210 1	525,685	-
Preventive Health and Health Services				
Block Grant				
	93.991	MOA	40,751	-
Maternal and Child Health Services				
Block Grant to the States				
	93.994	MOA	<u>191,909</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>13,780,050</u>	<u>1,729,285</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
Corporation for National and Community Service				
Direct Programs:				
Retired Senior and Volunteer Program	94.002		\$ 106,669	\$ -
Foster Grandparent Program (FGP)	94.011		360,966	-
Pass-Through:				
Jobs for the Future Social Innovation Fund	94.019	MOU	<u>80,294</u>	<u>-</u>
Total Corporation for National and Community Service			<u>547,929</u>	<u>-</u>
Executive Office of the President				
Pass-Through:				
Appalachia HIDTA High Intensity Drug Trafficking Areas Program	95.001	Various	<u>235,047</u>	<u>-</u>
Total Executive Office of the President			<u>235,047</u>	<u>-</u>
U.S. Social Security Administration				
Pass Through:				
State of Kentucky Supplemental Security Income Program (SSI)	96.006	N/A	<u>50,259</u>	<u>-</u>
Total U.S. Social Security Administration			<u>50,259</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Homeland Security				
Direct Programs:				
Port Security Grant Program	97.056		\$ 69,689	\$ -
ARRA – Assistance to Firefighters Station Construction Grants	97.115 ARRA		41,606	-
Immigration and Customs Enforcement (ICE) Taskforce	97.Unknown		14,119	-
Secret Service Taskforce			13,886	-
Pass-Through:				
Kentucky Division of Emergency Hazard Mitigation Grant Program	97.039	Various	68,451	-
Emergency Management Performance Grants	97.042	Various	220,138	-
Kentucky Office of Homeland Security Homeland Security Grant Program	97.067	Various	<u>305,499</u>	<u>-</u>
Total for U.S. Department of Homeland Security			<u>733,388</u>	<u>-</u>
U.S. Drug Enforcement Administration (DEA)				
Direct Programs:				
Funded State and Local Task Force	16.Unknown		<u>30,857</u>	<u>-</u>
Total U.S. Drug Enforcement Taskforce			<u>30,857</u>	<u>-</u>
U.S. Equal Employment Opportunity Commission (EEOC)				
Direct Programs:				
Employment Discrimination – Title VII of the Civil Rights Act of 1964	30.001		<u>47,913</u>	<u>-</u>
Total U.S. Equal Employment Opportunity Commission (EEOC)			<u>47,913</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2014

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
Federal Communications Commission (FCC)				
Pass-Through:				
Universal Service Administrative Company (under direction of FCC) through AT&T E-Rate	32.Unknown	13LFPL486-2013LFPL471c 2013LFPL471a	\$ 276,666	\$ -
Total Federal Communications Commission (FCC)			<u>276,666</u>	<u>-</u>
Total for Schedule of Expenditures of Federal Awards			<u>\$ 50,146,591</u>	<u>\$ 10,050,078</u>

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, 2014

NOTE 1 – PURPOSE OF THE SCHEDULE AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 all 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.

NOTE 2 – PROGRAMS FROM MULTIPLE FUNDING SOURCES

OMB Circular A-133 Section 105 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 all 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 No.</u>	<u>Program</u>	<u>Received From</u>	<u>Direct/Pass Through (Grantor No.)</u>	<u>Expenditures</u>
16.738	Edward Bryne Memorial Justice Assistance	U.S. Department of Justice	Direct	\$ 706,236
	Grant Program (JAG) Block Grant/Entitlement	Kentucky Justice and Public Safety Cabinet	Pass-Through	<u>49,951</u>
				<u>\$ 756,187</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2014

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?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	None Reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	None Reported

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	None Reported
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	<u> X </u>	Yes		

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement
14.267	Continuum of Care Program
16.922	Equitable Sharing Program
	WIA Cluster (consisting of):
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
93.558	Temporary Assistance to Needy Families (TANF)
93.568	Low-income Home Energy Assistance Program
93.569	Community Services Block Grant
93.926	Healthy Start Initiative

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 1,504,398</u>			
Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No

PART II: FINANCIAL STATEMENT FINDINGS

None

PART III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2014-001 - Metro Government's Department of Community Services and Revitalization, Internal Controls Over Low-Income Home Energy Assistance ("LIHEAP") Eligibility Documentation (repeat finding 2013-01). (Deficiency/No Questioned Costs)

Federal Program: CFDA No. 93.568 Low-Income Home Energy Assistance

Criteria: Federal grant documents and regulations outline specific eligibility requirements that must be met. Documentation of eligibility determination should be complete, accurate and maintained by Metro Government.

Condition: During the current year eligibility testing, we noted that in two of the sixty files tested, the information contained in the supporting documentation did not agree to what was input into the CASTiNET system, resulting in miscalculation and an incorrect payment of the benefit due to the participant. We also noted that in two of the sixty files tested, the information contained in the supporting documentation was not complete.

Effect: Without adequate review of the completeness and quality of the documentation in eligibility files, management may not address the risk that information prepared internally or received from external sources properly supports the eligibility determination or that support may be missing. This could lead to possible noncompliance with eligibility requirements and/or incomplete or missing information required for case files. This could also lead to incorrect benefit payments to participants and ineligible costs.

Cause: There were inadequate controls in place that address the review of eligibility files to ensure the required information for eligibility determinations is accurate and entered appropriately into the CASTiNET system.

Recommendation: We recommend that management evaluate their policies and procedures and make the necessary changes to ensure continued compliance with eligibility determination and documentation.

Management's Response and Corrective Action: Louisville Metro's Department of Community Services and Revitalization (CSR) continues to recognize and emphasize the importance of compliance with eligibility and obtaining the necessary supportive documentation for benefits distributed on the behalf of clients participating in the LIHEAP program each year. CSR continues to implement, train and enforce policies and procedures to help ensure compliance regarding eligibility documentation.

In addition to continued staff training each year, an updated check list that includes a listing of the required verifications and documentation is being added to each client file. The check list is to be reviewed and completed by the processing staff during client appointments. Additionally, two staff members will be assigned to completing a review of 100% of the case files to provide a second review to ensure eligibility determination is complete and accurate meeting the compliance requirements for the two phases of the LIHEAP program (Subsidy and Crisis). Community Services LIHEAP staff will work with OMB to transfer benefits awarded to cases that are determined to be ineligible for the LIHEAP program.

Lastly, OMB Grants Compliance division will continue to perform annual monitoring reviews and increase the number of grant files reviewed to help ensure continued compliance with eligibility determination and documentation.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2014

PART IV: SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINANCIAL STATEMENT AUDIT

None

MAJOR FEDERAL AWARD PROGRAMS AUDIT

FINDING 2013-01 - Metro Government's Department of Community Services and Revitalization, Internal Controls Over Low-Income Home Energy Assistance ("LIHEAP") Eligibility Documentation (Deficiency/No questioned costs)

Federal Program: CFDA No. 93.568 Low-Income Home Energy Assistance

Condition: During the current year eligibility testing, we noted that in four of the sixty files tested, the information contained in the supporting documentation did not agree to what was input into the CASTiNET system, resulting in miscalculation of income level of the applicant.

Status: We tested sixty eligibility files and noted four errors out of the sixty files tested. See current year finding 2014-001.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
KENTUCKIANA REGIONAL PLANNING AND DEVELOPMENT AGENCY
CONTRACT NUMBER PON2-725-1200001049-1**

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) Contract Number PON2-725-1200001049-1 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, 2014.

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, 2014.

Other Matters

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, 2014, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements. We issued our report thereon dated December 19, 2014, 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 2014 (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 2014 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 is solely to describe the scope of our testing of the compliance requirements described in Section II E of the KIPDA contract and the results of that testing. Accordingly, this communication is not suitable for any other purpose.


Crowe Horwath LLP

Louisville, Kentucky
December 19, 2014

**ATTACHMENT A
KIPDA MONTHLY SERVICE PROVIDER FINANCIAL REPORT - TITLE III-C FISCAL YEAR 2014**

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	8,070	92,832	\$ 2.80	\$ 22,596	\$ 259,930	1,667
Title III-C2 Food Service/Meal Delivery	9,859	116,281	\$ 3.37	\$ 33,225	\$ 391,867	755

	TITLE C1		TITLE C2	
	AMOUNT THIS REPORT	YEAR TO DATE	AMOUNT THIS REPORT	YEAR TO DATE
Gross Total Amount	\$ 22,596	\$ 259,930	\$ 33,225	\$ 391,867
Program Income (NSIP Meal Service)	2,000	48,793	5,279	71,450
Balance Paid by AoA Program	20,596	211,137	27,946	320,417
Local Cash - Regular Meals -	5,915	5,915	5,409	5,409
In-Kind Match - Regular	2,060	21,114	2,795	32,042
Match Totals – All Funds	7,975	27,029	8,204	37,451
KIPDA Regular Service Reimbursement	\$ 12,621	\$ 184,108	\$ 19,742	\$ 282,966
% AoA Funds Spent	100%		100%	