

**LOUISVILLE/JEFFERSON COUNTY
METRO GOVERNMENT**

**SINGLE AUDIT REPORTS
UNDER OMB CIRCULAR A-133**

June 30, 2011

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

SINGLE AUDIT REPORTS UNDER OMB CIRCULAR A-133

June 30, 2011

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INDEPENDENT AUDITORS' 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 Greg Fischer, Mayor and
The Louisville Metro Council
Louisville, Kentucky

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 Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2011, which collectively comprise Metro Government's basic financial statements and have issued our report there on dated December 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Metro Government is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Metro Government's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Government's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Metro Government's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiency listed as item 2011-01 as described in the accompanying schedule of findings and questioned costs to be a material weakness.

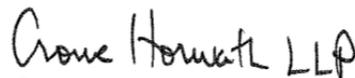
A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency listed as item 2011-02 as described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Metro Government's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the management, the Mayor, members of the Louisville Metro Council, the Kentucky Auditor of Public Accounts, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Horwath LLP

Louisville, Kentucky
December 23, 2011

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

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 the Metro Government's major federal programs for the year ended June 30, 2011. The 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Metro Government's management. Our responsibility is to express an opinion on Metro Government's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination of Metro Government's compliance with those requirements.

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 each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-03 and 2011-04.

Internal Control Over Compliance

Management of Metro Government is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Metro Government's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

Schedule of Expenditures of Federal Awards

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, 2011, and have issued our report thereon dated December 23, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Metro Government's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Metro Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Metro Government's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Mayor, members of the Louisville Metro Council, the Kentucky Auditor of Public Accounts, federal awarding agencies, and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Crowe Horwath LLP

Crowe Horwath LLP

Louisville, Kentucky
December 23, 2011

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Agriculture				
Direct Programs:				
10.580	Food Stamp Participation (2 nd Year)		\$ 174,568	\$ 42,653
10.923	Natural Resources Conservation Service		21,188	-
10.08-CS- 11080226-020	US Forest Service – More Kids in the Woods		12,636	-
Passed Through Kentucky Department of Natural Resources:				
10.069	Conservation Reserve Program	M-02021352	1,756	-
Passed Through Kentucky Department of Agriculture:				
10.170	Specialty Crop Block Grant Program – Farm Bill	PON2-035-1100000634-1	3,443	-
Passed Through Kentucky Department of Public Health:				
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Various	3,183,631	-
Passed Through Kentucky Department of Education:				
10.559	Summer Food Service Program for Children	056-W45-999-SU	468,064	-
Total U.S. Department of Agriculture			<u>3,865,286</u>	<u>42,653</u>
U.S. Department of Commerce				
Direct Programs:				
11.307	Economic Adjustment Assistance		2,115,051	-
11.555	Public Safety Interoperable Communications Grant Program		374,225	-
11.557	ARRA - Broadband Technology Opportunities Program (BTOP)		89,534	-
Total U.S. Department of Commerce			<u>2,578,810</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
	Community Development Block Grants/Entitlement Grants Cluster:			
14.218	Community Development Block Grants/Entitlement Grants		\$ 17,825,643	\$ -
14.253	ARRA – Community Development Block Grants/Entitlement Grants		<u>3,184,833</u>	<u>-</u>
			21,010,476	-
14.231	Emergency Shelter Grants Program		527,016	505,975
14.235	Supportive Housing Program		116,611	-
14.238	Shelter Plus Care		1,653,554	-
14.239	HOME Investment Partnership Programs		5,883,933	425,423
14.241	Housing Opportunities for Persons with AIDS		569,767	558,346
14.246	Community Development Block Grant/Newburg Revitalization Project		109,576	-
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program Technical Assistance		884,221	541,894
14.401	Fair Housing Assistance Program		104,323	
14.900	Lead-Based Paint Hazard Control In Privately-Owned Housing		770,155	-
14.218	Passed Through Kentucky Department for Local Government:			
	Community Development Block Grants/Neighborhood Stabilization Program	09-N-052	<u>1,085,303</u>	<u>1,976,319</u>
Total U.S. Department of Housing and Urban Development			<u>32,714,935</u>	<u>4,007,957</u>
U.S. Department of Justice Direct Programs:				
16.004	Law Enforcement Assistance – Narcotics and Dangerous Drugs Training		114,828	-
16.305	Law Enforcement Assistance – Uniform Credit Reports		29,701	-
16.527	Supervised Visitation, Safe Havens for Children		99,686	96,806
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		94,229	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Justice Direct Programs (Continued):				
16.595	Community Capacity Development Office		\$ 262,114	\$ -
16.607	Bulletproof Vest Partnership Program		12,338	-
16.609	Project Safe Neighborhoods		145,034	71,794
16.710	Public Safety Partnership and Community Policing Grant		571,176	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program		826,711	-
16.738	ARRA - Edward Byrne Memorial Justice Assistance Grant Program		344,451	-
16.804	ARRA - Edward Byrne Memorial Justice Assistance Grant Program		197,552	-
16.804	Edward Byrne Memorial Justice Assistance Grant Program		23,515	-
16.KY0568000	LMPD Federal Forfeiture Program		119,676	-
16.KY0567600	Metro Narcotics Task Force Federal Forfeiture Program		69,232	-
Passed Through Kentucky Justice and Public Safety Cabinet:				
16.523	Juvenile Accountability Block Grants	Various	32,522	-
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	Various	11,062	-
16.588	Violence Against Women Formula Grants	Various	128,853	-
16.588	ARRA – Violence Against Women Formula Grants	VAWA=ARRA-2009 Criminal J-00039	50,397	-
16.727	Enforcing Underage Drinking Prevention	MOU	6,828	-
16.738	Edward Byrne Memorial Formula Grant Program	5186-D-3/07	125,133	-
16.812	Second Chance Act Prisoner Re-entry Initiative	Various	264,582	88,161
Passed Through Bureau of Justice Assistance				
16.606	State Criminal Alien Assistance Program	2010-H41561-KY-AP	<u>9,990</u>	<u>-</u>
Total U.S. Department of Justice			<u>3,539,610</u>	<u>256,761</u>
U.S. Department of Labor				
Passed Through Kentucky Department for Workforce Investment:				
17.245	Trade Adjustment Assistance	20510	1,898,687	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Labor (Continued)				
Passed Through Kentucky Department for Workforce Investment:				
	WIA Cluster			
17.258	WIA Adult Program	M-04127689	\$ 1,447,959	\$ -
17.258	ARRA – WIA Adult Program	270S9AD	398,354	866,484
17.259	WIA Youth Activities	M-04127689	916,058	-
17.259	ARRA – WIA Youth Activities	274S9YT	194,813	753,649
17.278	WIA Dislocated Worker Formula Grants	M-04127689, JAG	3,568,346	1,637,068
17.278	ARRA – WIA Dislocated Worker Formula Grants	M-04127689, JAG	467,961	-
			<u>6,993,491</u>	<u>3,257,201</u>
Total U.S. Department of Labor			<u>8,892,178</u>	<u>3,257,201</u>
U.S. Department of Transportation				
Passed Through Kentucky Transportation Cabinet:				
20.205	Highway Planning and Construction	Various	1,119,549	-
20.215	Highway Training and Education	K8	230,316	-
20.219	Recreational Trails Program	Various	165,326	-
Passed Through Kentucky Justice and Public Safety Cabinet:				
20.218	National Motor Carrier Safety	Various	92,923	-
Highway Safety Cluster				
20.600	State and Community Highway Safety	Various	119,154	-
20.601	Alcohol Impaired Driving Countermeasures Incentives Grants	LSF-683-L1/08	96,572	-
Total U.S. Department of Transportation			<u>1,823,840</u>	<u>-</u>
U.S. Equal Employment Opportunity Commission				
Direct Programs:				
12.Unknown	Employment Discrimination – State and Local Fair Employment Practices Agency Contracts		36,589	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
Universal Service Administrative Co. (Under Direction of FCC) Through AT&T Passed Through Universal Service Administrative Co. (Under Direction of FCC) thru AT&T				
Unknown	E-Rate (Schools and Libraries) Program		\$ 206,643	\$ -
U.S. Environmental Protection Agency				
Direct Programs:				
66.001	Air Pollution Control Program Support		2,308,712	-
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		210,561	-
66.039	National Clean Diesel Emissions Reduction Program		84,717	-
68.818	Brownfields Assessment and Cleanup Cooperative Agreements		<u>404,194</u>	<u>-</u>
Total U.S. Environmental Protection Agency			<u>3,008,184</u>	<u>-</u>
U.S. Department of Energy				
Direct Programs:				
81.087	Renewable Energy Research and Development		4,027	-
81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis		28,570	-
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)		4,296,446	-
Pass-through Kentucky Cabinet for Health and Family Services:				
81.042	Weatherization Assistance for Low-Income Persons	WX10-0534-08	315,931	-
81.042	ARRA – Weatherization Assistance for Low-Income Persons	WX10-0534-04	<u>1,895,508</u>	<u>-</u>
Total U.S. Department of Energy			<u>6,540,482</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Education				
Direct Programs:				
TRIO Cluster				
84.044	TRIO – Talent Search		\$ 333,447	\$ -
84.066	TRIO – Educational Opportunity Centers		<u>558,100</u>	<u>-</u>
Total U.S. Department of Education			<u>891,547</u>	<u>-</u>
U.S. Department of Health and Human Services				
Direct Programs:				
93.008	Medical Reserve Corps Small Grant Program		3,279	-
93.048	Special Programs for the Aging – Title IV and Title II Discretionary Projects		211,482	114,406
93.110	Healthy Tomorrows Partnership for Children’s Programs		4,436	-
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement		2,521,690	1,040,211
93.887	Health Care and Other Facilities Renovation or Construction Projects		(258,287)	-
93.926	Healthy Start Initiatives		1,216,338	-
93.711	ARRA – SCF Through Any Door		82,940	-
Passed Through Kentuckiana Regional Planning and Development Agency (KIPDA):				
93.044	Senior Nutrition Site Services Title III, Part B	PON2-725 1000001994-1	15,000	-
93.045	Senior Nutrition Program Title III, Part C	PON2-725 1000001994-1	622,330	81,047
Passed Through Kentucky Cabinet for Health and Family Services:				
93.069	Public Health Emergency Preparedness	MOA	36,660	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	U52CCU400496 (SDFD)	(704,506)	-
93.197	Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	US7/CCU-422866-03 (SJBW)	216,063	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
Passed Through Kentucky Cabinet for Health and Family Services (Continued):				
93.217	Maternal and Child Health Services Block Grant to the States	Various	\$ 839,031	\$ 399,124
93.268	Immunization Grants	Various	(122,391)	-
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance and Tobacco Cessation	Various	546,988	99,815
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	MOA	1,221,371	-
93.558	Temporary Assistance for Needy Families with CHFS	PON2-736-0800009693-1	1,378,410	-
93.558	ARRA - Temporary Assistance for Needy Families – Worknow	3501000	1,841,190	1,185,372
93.568	Low-Income Home Energy Assistance	736-0900012751-1	6,110,720	-
93.569	Community Services Block Grant	PONS 7361000002353 2	1,578,971	-
93.569	ARRA – Community Services Block Grant	PON2 736 0900012341 3	493,491	163,956
93.767	State’s Children’s Insurance Program	05-0505KY5021 (SJBD)	49,077	-
93.778	Medical Assistance Program	05-0505KY5048	10,789	-
93.889	Centers for Disease Control and Prevention – Investigations and Technical Assistance	6U3RH505962	81,032	-
93.889	Medical Reserve Corp.	MOA	9,000	-
93.930	Heart Disease/Stroke Prevention	MOA	3,753	-
93.940	HIV Prevention Activities – Health Dept. Based	MOA	181,348	-
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	U62CCU423571 (SDGP)	19,594	-
93.977	Preventive Health Services – Sexually Transmitted Diseases Control Grants	MOA	30,045	-
93.991	Preventative Health and Health Services Block Grant	MOA	37,892	-
93.994	Maternal and Child Health Services Block Grant to the States	Various	166,777	-
93.Unknown	Children’s Oral Health	MOA	640	-
Passed Through Kentucky Division of Substance Abuse:				
93.959	Block grants for Prevention and Treatment of Substance Abuse	M-06139639	1,139,614	-
Total U.S. Department of Health and Human Services			<u>19,584,767</u>	<u>3,083,931</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Corporation for National and Community Service				
Direct Programs:				
94.002	Retired Senior Volunteer Program		\$ 141,683	\$ -
94.011	Foster Grandparent Program		<u>396,021</u>	<u>-</u>
Total U.S. Corporation for National and Community Service			<u>537,704</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
97.044	Assistance to Firefighters Grant		66,929	-
97.056	Post Security Grant Program		729,279	-
97.067	Homeland Security Grant Program		78,848	-
97.097	Training Resource and Data Exchange		160,821	-
97.115	ARRA - Assistance to Firefighters Grant		2,307,701	-
Passed Through United Way:				
97.024	Emergency Food and Shelter National Board Program	342800-009	190,061	-
Passed Through Kentucky Department of Homeland Security:				
97.047	Pre-Disaster Mitigation All Hazard Plan	Various	99,683	-
97.067	Homeland Security Grant Program	Various	398,119	-
97.078	Buffer Zone Protection Program 8 – Secure Water Supply	P02 094 09000226341	100,901	-
Passed Through Kentucky Division of Emergency Management:				
97.036	Disaster Grants – Public Assistance	PON2 095 1000000349 3	<u>680,597</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>4,812,939</u>	<u>-</u>
U.S. Department of Defense				
Direct Programs:				
12.N40083- 08-M-210	Division of the Navy – Guard Services Contract		<u>180,565</u>	<u>-</u>
U.S. Secret Service				
Direct Programs:				
97.015	Secret Service Task Force		<u>13,445</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

<u>CFDA#</u>	<u>Program Title</u>	<u>Pass Through Number</u>	<u>Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Marshals Service				
Direct Programs:				
Unknown	KY Explosive Incident Response Task Force		\$ 25,268	\$ -
Unknown	Western Kentucky Fugitive Task Force		22,761	-
Unknown	FBI – Regional Computer Forensics Lab		11,807	-
Unknown	Cyber Crime Unit		681	-
Unknown	KY Criminal Enterprise Taskforce (FBI)		59,378	-
Passed Through U.S. Marshals Service				
Unknown	HIDTA – Airport Interdiction Unit	I5PAPP501Z	<u>63,545</u>	<u>-</u>
Total U. S. Marshals Service			<u>183,440</u>	<u>-</u>
Air Pollution Control District Program				
Direct Programs:				
Unknown	112® Program		<u>36,600</u>	<u>-</u>
Consumer Product Safety Commission				
Direct Programs:				
Unknown	VA Graeme Baker Act		<u>12,996</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 89,460,560</u>	<u>\$ 10,648,503</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2011

NOTE 1 – PURPOSE OF THE SCHEDULE AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: OMS 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>
14.218	Community Development Block Grant/Entitlement Grants	U.S. Department of Housing and Urban Development	Direct	\$ 17,825,643
		Kentucky Department for Local Government	Pass Through	<u>1,085,303</u>
				<u>\$ 18,910,946</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program	U.S. Department of Justice	Direct	\$ 1,171,162
		Kentucky Justice Public Safety Cabinet	Pass Through	<u>125,133</u>
				<u>\$ 1,296,295</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

NOTE 2 – PROGRAMS FROM MULTIPLE FUNDING SOURCES (Continued)

<u>CFDA No.</u>	<u>Program</u>	<u>Received From</u>	<u>Direct/Pass Through (Grantor No.)</u>	<u>Expenditures</u>
97.067	Homeland Security Grant Program	U.S. Department of Homeland Security	Direct	\$ 78,848
		Kentucky Department of Homeland Security	Pass Through	<u>398,119</u>
				<u>\$ 476,967</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2011

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	<u>Unqualified</u>	_____	
Internal control over financial reporting:			
Material weakness(es) identified?	<u> X </u>	Yes	_____
Significant deficiency(ies) identified?	<u> X </u>	Yes	_____
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> None Reported
Significant deficiency(ies) identified?	_____	Yes	<u> X </u> None Reported
Type of auditors' report issued on compliance for major programs	<u>Unqualified</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	_____ None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Block Grants/Entitlement Cluster (consisting of): Community Development Block Grants/Entitlement Grants
14.253	Community Development Block Grant/Entitlement Grants – ARRA
14.239	HOME Investment Partnership Programs Total
17.258	WIA Cluster (consisting of): WIA Adult Program – ARRA
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants – ARRA
81.128	Energy Efficiency and Conservation Block Grant Program – ARRA
93.558	Temporary Assistance for Needy Families – ARRA
93.568	Low-income Home Energy Assistance

Dollar threshold used to distinguish between Type A and Type B programs	\$ 2,683,817	
Auditee qualified as low-risk auditee?	_____	Yes <u> X </u> No

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2011

PART II: FINANCIAL STATEMENT FINDINGS

FINDING 2011-01 – Loans Receivable Audit Adjustment (Material Weakness)

Criteria: Proper reconciliation processes and detailed reviews of those processes should be in place to ensure accurate financial reporting.

Condition: During our audit procedures in the loans receivable area, we discovered an error in the reconciliation process related to bankrupt loans subsidiary and general ledger which resulted in an audit adjustment of \$2,383,845 to increase loan receivable.

Effect: Errors in the reconciliation process may lead to erroneous entries to the general ledger and inaccurate financial information.

Cause: Metro Government implemented a new loan management system during the year and did not identify an error in the treatment of bankrupt loan through reconciliation process or supervisor review.

Recommendation: We recommend that Metro Government review the loan system data and reconciliation process related to loans receivable and make the necessary changes to ensure that the reconciliation is completed accurately. We also recommend that this process include a careful review of the reconciliation to detect any errors.

Management's Response and Corrective Action: *Metro Government's Office of Management and Budget ("OMB") has implemented updated loan procedures for the treatment of bankrupt loans in order to provide additional assurance for loan reconciliations and avoid these types of errors in the future. These loans are now managed through an automated process in the Oracle Loan system instead of relying on a manual journal voucher process to record the bankrupt loans appropriately. This will ensure the proper presentation of bankrupt loans.*

Furthermore, in order to improve the review and approval process of manual journal vouchers, the Journal Voucher Policies and Procedures has been updated. The policy now provides specific guidance as to the structure of journal vouchers and requires that all entries must be prepared to accomplish similar tasks rather than using one journal voucher to accomplish several different tasks, and any correcting entry must be 100 lines or less. This will help the reviewer determine the appropriateness of the entry.

FINDING 2011-02 – Prior Period Adjustments (Significant Deficiency)

Criteria: Appropriate accounting methods should be used and entries should be posted based on the proper timing of transactions to ensure accurate financial reporting.

Condition: During fiscal year 2011, Metro Government identified and corrected an error that resulted from not using the effective interest method for amortization of amounts deferred on bond issuance costs, bond discounts or premiums and deferred amounts on refundings. Metro Government was using a straight line amortization that they believed would provide a similar result to the effective interest method required by GAAP. As a result of this error, Metro Government recorded a prior period adjustment to decrease beginning net assets by \$1,020,469 and decrease related assets and liabilities.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2011

FINDING 2011-02 – Prior Period Adjustments (Significant Deficiency) (Continued)

In addition, Metro Government identified and recorded a prior year adjustment to decrease beginning net assets by \$2,280,098 to record accrued interest payable on long-term obligations at the end of fiscal year 2010.

These restatements indicate deficiencies in the internal control procedures related to the financial reporting processes.

Effect: The use of improper accounting methods and the lack of appropriate year-end adjusting journal entries could result in a significant or material misstatement of the financial statements.

Cause: It is our understanding that management believed that the straight line amortization method was materially comparable to the effective interest method when the transactions were originally recorded. However, the aggregate difference can change over time due to the differences in timing between the two methods. The two methods should be compared periodically to determine if there was a material difference between the two methods.

The entry to record accrued interest payable was an oversight due to timing of interest payments between June 30 and July 1 payment schedules.

Recommendation: We recommend that amortization schedules be prepared using the effective interest method. We also recommend that an evaluation of interest payment timing be performed each year to determine the amount of interest accrual related to the fiscal year to capture twelve months of interest activity.

Management's Response and Corrective Action: *Metro Government's Office of Management and Budget ("OMB") has implemented the effective interest method for amortization of amounts deferred on bond issuance costs, bond discounts, bond premiums, and deferred amounts on refunding. The straight line method will no longer be used.*

OMB noted the issue related to the prior period adjustment and brought it to the attention of the auditors. OMB places great importance on the evaluation of interest payment timing, and in order to provide additional assurance as to the proper calculation of accrued interest, OMB has implemented a procedure to evaluate interest payments at the end of each fiscal year.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

PART III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2011-03 – Metro Government’s Department of Housing and Family Services (“HFS”) Reconciliation Between IDIS and LeAP (repeat finding 2010-11) (Deficiency)

Federal Program: – CFDA No. 14.218 Community Development Block Grants/Entitlement Grants
CFDA No. 14.239 HOME Investment Partnerships Program

Criteria: Federal regulations include internal control requirements related to accounting for federal funds. The proper controls should be in place to ensure that federal funds are properly accounted for in the records.

Condition: HFS received prior audit findings and monitoring reports from the U.S. Department of Housing and Urban Development (“HUD”). These indicated that Metro Government’s financial accounting system, LeAP, did not reconcile to the federal IDIS system used by HFS for federal draw downs. HFS has worked with the Metro Government’s Office of Management and Budget (“OMB”) to complete a reconciliation of overall actual expenditure and revenue activity recorded in LeAP for fiscal years 2004 through 2010 compared to program income and draws recorded in the IDIS system for the same period. The reconciliation was for total activity only and was not a reconciliation of individual programs established in LeAP and IDIS.

This is a repeat comment as Metro Government is still waiting on final approval from HUD that the reconciliation is deemed acceptable. In February 2011, Metro Government provided the reconciliations to HUD and requested a letter of clearance. Metro Government has reconciled current activities.

Effect: Without a proper reconciliation, HFS cannot assure HUD that grant funds have been properly accounted for in the records. The previous lack of reconciliation between the two systems increases the risk that errors, misappropriation, and/or non-compliance could occur and not be detected.

Cause: The previous reconciliation of overall actual expenditure and revenue activity receded in LeAP was not compared to the program income and draw amounts recorded in the IDIS system.

Recommendation: Metro Government should continue to follow up with HUD to obtain final approval.

Management’s Response and Corrective Action: *Metro Government completed a reconciliation of overall expenditure and revenue activity recorded in LeAP to all program income and drawdowns recorded in HUD’s IDIS system for the period July 1, 2004 – June 30, 2010. The reconciliation was submitted to HUD in February 2011. At that time, Metro Government requested that HUD review the completed reconciliation, and upon completion of that review, provide resolution to Metro Government regarding this outstanding audit issue. Metro Government has not yet received communication from HUD as to the resolution of this issue.*

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2011-04 – Metro Government’s Department of Housing and Family Services (“HFS”) , Internal Controls Over Low-Income Home Energy Assistance (“LIHEAP”) Eligibility Documentation (repeat finding 2010-25). (Deficiency)

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 and accurate and maintained by Metro Government.

Condition: During the current year eligibility testing, we noted that six of the sixty files tested did not have the appropriate supporting documentation. We understand that new policies and procedures over eligibility documentation were implemented during the year. We noted that the six errors occurred before the new policies and procedures were implemented. However, due to the number of errors and due to the fact the new policies and procedures were not in place the entire year, we consider this an internal control deficiency.

Effect: Without adequate review of eligibility files, management was not addressing the risk that information prepared internally or received from external sources could be incorrect. This could have led to possible noncompliance with eligibility requirements and/or incomplete or missing information required for case files.

Cause: During a portion of the year, there were inadequate controls in place that address the review of eligibility files to ensure the required information for eligibility determinations is complete and appropriately maintained. No internal control errors or compliance findings were discovered from our sample after management implemented their corrective action.

Recommendation: We recommend that management periodically evaluate their new policies and procedures implemented during fiscal year 2011 to ensure continued compliance with eligibility determination and documentation.

Management’s Response and Corrective Action: *In response to the Corrective Action Plan created for the Fiscal Year 2010 audit, HFS implemented policies and procedures over eligibility documentation for the LIHEAP program during Fiscal Year 2011. Upon implementation of the policies and procedures, internal controls and documentation compliance issues were resolved.*

In order to provide continued assurance that the policies and procedures for these activities are maintained, management will perform an annual evaluation and make adjustments or updates as identified appropriate. In addition, OMB’s Grant Compliance division will perform periodic monitoring reviews of the grant files 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, 2011

PART IV: SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINANCIAL STATEMENT AUDIT

FINDING 2010-01 – All Metro Department Bank Accounts and Related Transactions Should be Accounted For in Metro Government’s General Ledger and Financial Statements (Resolved)

Condition: The Waterfront Development Corporation (“WDC”) had three bank accounts of which Metro Government was not aware. These bank accounts should have been included in Metro Government’s general ledger and financial reports.

Status: This finding was resolved in fiscal year 2011 with all bank accounts held by the WDC closed and transferred to Metro Government’s contracted bank accounts and reported in Metro Government’s financial system. Effective July 1, 2011, WDC is a component unit of Metro Government.

FINDING 2010-02 – Waterfront Development Corporation Accounting Controls Should be Improved (Resolved)

Condition: The WDC had a lack of segregation of duties over its cash accounts.

Status: This finding was resolved in fiscal year 2011 with Metro OMB providing improved controls over WDC’s financial transaction processes. Effective July 1, 2011, WDC is a component unit of Metro Government.

FINDING 2010-03 – The Monitoring Processes for Grants Should be Improved (Resolved)

Condition: Certain Metro Council grant funds distributed to an organization could not be fully substantiated with supporting documentation as to who received payment and the purpose of all the funds. A policy and process should be implemented to ensure proper tracking and monitoring to ensure grant funds were expended for the designated purpose and adequate supporting documentation for the expenditure is maintained.

Status: This finding was resolved in fiscal year 2011. A Metro wide policy regarding the tracking and monitoring of Neighborhood Development Fund (“NDF”) grants was developed and implemented in March 2011. The policy addresses monitoring of NDF funding granted out to 501c3 organizations. In addition to implementing this policy in March 2011 for NDF grants issued from that point forward, OMB went back to all NDF grants issued in fiscal year 2010 and from July 2010 through February 2011 and conducted a monitoring review of those grants. Also, when business operations were centralized into OMB effective July 1, 2011, an NDF coordinator position was created under the Grants Compliance Division. This employee is dedicated to the NDF monitoring process.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2010-04 – The Metro Department of Corrections Should Continue Steps to Improve its Financial Management (Resolved)

Condition: Although significant progress has been made regarding the Metro Department of Corrections (“Metro Corrections”) financial practices, the progress of the department should be carefully monitored by Metro Government’s management.

Status: This finding was resolved in fiscal year 2011 with Metro Government OMB continuing to be involved in monitoring the financial practices of Metro Corrections.

FINDING 2010-05 – Procedures related to Loans Receivable Should Be Improved (Resolved)

Condition: Loans should be analyzed and an allowance for uncollectible loans should be recorded in the financial statements on a consistent basis.

Status: This finding was resolved in fiscal year 2011 with an allowance for loan losses being established and recorded in the financial statements.

FINDING 2010-06 – Business Manager Criteria Should be Improved (Resolved)

Condition: Minimum education standards should be developed for departmental business managers, key portions of an educational regimen should be made mandatory and OMB needs to have the authorization to compel certain accounting and financial reporting practices within the departments.

Status: This finding was resolved in fiscal year 2011 with the centralization of OMB and improved processes and procedures.

FINDING 2010-07 – Investigate Checks Outstanding Longer than 90 Days (Resolved)

Condition: A policy should be implemented that prohibits holding checks, and outstanding checks aged beyond 90 days should be investigated.

Status: This finding was resolved in fiscal year 2011 with the development of a policy outlining cash disbursement policies and procedures.

FINDING 2010-08 – Firefighter’s Pension Fund – Blank Checks Should not be Signed (Resolved)

Condition: Firefighter’s Pension Fund (“Fund”) checks require two authorized signatures. However, a supply of blank checks with one signature is maintained.

Status: This finding was resolved in fiscal year 2011 with mitigating controls over cash disbursements. The Board of the Fund has accepted the risk of maintaining blank checks with one signature. However, the Board reviews all disbursements and the bank account detail at each meeting to mitigate the risk.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

MAJOR FEDERAL AWARD PROGRAMS AUDIT

FINDING 2010-09 – The Louisville Metro Department of Public Health and Wellness Should Implement a Formal Procedure for the Indirect Cost Allocation Process (Resolved)

Federal Program – CFDA No. 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children ("WIC")

Status: This finding was resolved in fiscal year 2011. We noted that the Metro has implemented the cost allocation guidance provided by the state of Kentucky for this program.

FINDING 2010-10 – The Economic Development Department is Not Obtaining Required Documentation (Resolved)

Federal Program – CFDA No. 11.307 Economic Adjustment Assistance

Status: This finding was resolved in fiscal year 2011. We noted that Metro has updated the established documentation checklist to include the loan denial letter. In addition, loan procedures have been updated to include the letter in the loan recipients file.

FINDING 2010-11 – Metro Housing and Community Development Should Continue Progress Towards a Reconciliation Between IDIS and LeAP (repeat finding 2009-47)

Federal Program – CFDA No. 14.218 Community Development Block Grants/Entitlement Grants
CFDA No. 14.239 HOME Investment Partnerships Program

Status: A reconciliation has been implemented, but Metro Government is still waiting on final approval from HUD that the reconciliation is deemed acceptable. See current year finding **2011-03**.

FINDING 2010-12 – Metro Housing and Community Development Should Continue To Improve Controls Over the Investor Loan Database (Resolved)

Federal Program – CFDA No. 14.218 Community Development Block Grants/Entitlement Grants
CFDA No. 14.239 HOME Investment Partnerships Program

Status: This finding was resolved with the implementation of a new loan system.

FINDING 2010-13 – Metro Housing and Community Development Should Improve Controls Over the Calculation of Fair Market Rent (Resolved)

Federal Program – CFDA No. 14.238 Shelter Plus Care
Questioned Cost \$1,405

Status: This finding was resolved in fiscal year 2011. The fair market rent is now being properly calculated.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2010-14 – Metro Housing and Community Development Should Improve the Timeliness of the Review of Housing Assistance Payment Contracts (Resolved)

Federal Program – CFDA No. 14.238 Shelter Plus Care

Status: This finding was resolved in fiscal year 2011. The review of housing assistance payment contracts are now being reviewed in a timely basis and tenant signatures were obtained prior to rental assistance payments.

FINDING 2010-15 – Metro Housing and Community Development Should Improve Controls Over the Approval/Review of the Resident Rent Calculation Worksheets (Resolved)

Federal Program – CFDA No. 14.238 Shelter Plus Care

Status: This finding was resolved in fiscal year 2011. Controls over the approval and review of resident rent calculation worksheets is being documented in a timely manner.

FINDING 2010-16 – Metro Housing and Community Development Should Reassess the Documentation Standards of Tenant Files (repeat finding 2009-55 from prior year) (Resolved)

Federal Program – CFDA No. 14.238 Shelter Plus Care
CFDA No. 14.239 HOME Investment Partnership Programs

Status: This finding was resolved in fiscal year 2011. A file checklist was implemented to uphold the integrity of the tenant files. We tested 21 participant files and did not note any errors in file documentation.

FINDING 2010-17 – Metro Housing and Community Development Should Improve Controls Over the Verification of Employment Related to the Down Payment Assistance Program (Resolved)

Federal Program – CFDA No. 14.239 HOME Investment Partnership Programs

Status: This finding was resolved in fiscal year 2011. We tested 21 participant files and did not note any errors in income eligibility documentation.

FINDING 2010-18 – Metro Housing and Community Development Should Improve Controls Over the Calculation of the Tenant Based Rental Assistance (Resolved)

Federal Program – CFDA No. 14.239 HOME Investment Partnership Programs

Status: This finding was resolved in fiscal year 2011. We tested thirteen participant files and did not note any instances where the amount of the Tenant Based Rental Assistance paid exceeded the Fair Market Value of rent allowable by HUD. The rent calculation worksheets are now generated electronically.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2010-19 – Metro Housing and Community Development Should Improve Controls Over Recording Expenditures in the Correct Period (Resolved)

Federal Program – CFDA No. 14.239 HOME Investment Partnership Programs

Status: This finding was resolved in fiscal year 2011. We tested a total of 60 expenditures from this program and did not note any instances to where the expenditure was recorded in the incorrect period.

FINDING 2010-20 – Metro Housing and Community Development Should Improve the Documentation of the Risk of Loss of Housing for Participants (Resolved)

Federal Program – CFDA No. 14.257 Homelessness Prevention and Rapid Re-Housing Program

Status: This finding was resolved in fiscal year 2011. We noted that Metro is now including a copy of the eviction notice or equivalent in each participant file to document the risk of loss of housing requirement.

FINDING 2010-21 – Metro Housing and Community Development Should Improve Controls Over the Timeliness of Verification of Income (Resolved)

Federal Program – CFDA No. 14.257 Homelessness Prevention and Rapid Re-Housing Program

Status: This finding was resolved in fiscal year 2011. An income verification worksheet was implemented during Fall 2010 and is required in each participant file.

FINDING 2010-22 – Metro Housing and Community Development Should Improve Controls Over the Reconciliation of Form 1512 Reports to LeAP (Resolved)

Federal Program – CFDA No. 14.257 Homelessness Prevention and Rapid Re-Housing Program

Status: This finding was resolved in fiscal year 2011. LeAP is now being exclusively used as the total expenditure verification source, so additional expenditure accounting problems has not occurred.

FINDING 2010-23 – The Metro Department of Public Works and Assets Should Improve Controls Over Timeliness of Reimbursement Requests and Should Implement Procedures to Improve Its Cash Management (repeat finding 2009-63 from prior year) (Resolved)

Federal Program – CFDA No. 20.205 Highway Planning & Construction

Status: This finding was resolved in fiscal year 2011. Metro has implemented procedures and we noted that reimbursement requests are now being submitted in a timely manner.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2010-24 – The Metro Department of Public Works and Assets ("DPW") Should Develop a Policy to Review Certified Contractor Payrolls for Compliance with the Davis Bacon Act (repeat finding 2009-62 from prior year) (Resolved)

Federal Program – CFDA No. 20.205 Highway Planning & Construction

Status: This finding was resolved in fiscal year 2011. A process was implemented within DPW by assigning the task to a Project Manager and implementing procedures to include the review of certified payroll by Project Managers and Supervisors.

FINDING 2010-25 – The Metro Department of Housing and Community Development Strengthen Internal Controls Over Low-Income Home Energy Assistance ("LIHEAP") Eligibility Documentation (repeat finding 2009-54 from prior year)

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

Status: We noted that policies and procedures over eligibility documentation were implemented during the year. We tested sixty eligibility files and noted that six out of the 60 files tested did not have supporting documentation. All six of these errors occurred before the new policies and procedures were implemented. See current year finding **2011-04**.

FINDING 2010-26 – Metro Department of Housing and Community Development Strengthen Internal Controls Over Retention of LIHEAP Client Files (Resolved)

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

Status: This finding was resolved in fiscal year 2011. We selected sixty client files for testing. There were no instances in which the files could not be located.

FINDING 2010-27 – The Metro Department of Housing and Community Development Should Implement Additional Controls over Vendor Approvals that Would Help Detect Fraudulent Applicants (Resolved)

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

Status: This finding was resolved in fiscal year 2011. There were new controls implemented during the year.

FINDING 2010-28 – Metro Department of Housing and Community Development Should Enforce the Existing Policy That Requires a Signed Vendor Disclosure Statement be on File for All Board Members and Employees (Resolved)

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

Status: This finding was resolved in fiscal year 2011. The policy was enforced and all Vendor Disclosure statements were submitted.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2011

FINDING 2010-29 – Metro Community Action Partnership ("CAP") Should Strengthen Controls Over the Review and Approval Process of Participant Eligibility (Resolved)

Federal Program – CFDA No. 93.569 Community Services Block Grant – Nutrition Services

Status: This finding was resolved in fiscal year 2011. Policies and procedures were implemented during the year to address the incompleteness of eligibility files.

FINDING 2010-30 – The Metro Department of Public Health and Wellness Should Strengthen Controls Over Participant Eligibility (Resolved)

Federal Program – CFDA No. 93.926 Healthy Start Initiative

Status: This finding was resolved in fiscal year 2011. Policies and procedures were implemented during the year to address the errors identified over participant eligibility.

FINDING 2010-31 – The Metro Public Works and Assets Should Improve the Fiscal Management of FEMA Disaster Grants, (repeat findings 2009-35, 2009-42, 2009-44, 2009-67 and 2009-69 from prior year) (Resolved)

Federal Program – CFDA No. 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) FEMA

Status: This finding was resolved in fiscal year 2011. Metro Government has implemented a Disaster Recovery Documentation and Financial Policies.

FINDING 2010-32 – Agreements Related to the Weed and Seed Program Should Be More Carefully Monitored (Resolved)

Status: This finding was resolved in fiscal year 2011. The conflicts of interest identified have been resolved by removal of the Councilperson identified from the Board of Directors of the identified organization.