

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

**SINGLE AUDIT REPORT  
UNDER OMB CIRCULAR A-133**  
June 30, 2012

LOUISVILLE/JEFFERSON COUNTY  
METRO GOVERNMENT  
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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 Mayor Greg Fischer 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 Country Metro Government ("Metro Government") as of and for the year ended June 30, 2012, which collectively comprise Metro Government's basic financial statements and have issued our report thereon dated December 14, 2012, which cited reliance on the reports of other auditors. 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.

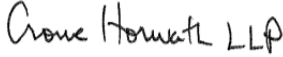
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## 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*.

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 14, 2012

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 Mayor Greg Fischer 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, 2012. 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, 2012. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, 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 2012-01.

### 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.

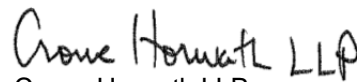
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did 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, 2012, and have issued our report thereon dated December 14, 2012 which expressed an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Metro Government's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

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

Louisville, Kentucky  
December 14, 2012

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Agriculture</b>				
<b>Direct Programs:</b>				
Supplemental Nutrition Assistance Program, Outreach/Participation Program	10.580		\$ 111,000	\$ 18,993
Emergency Watershed Protection Program	10.923		60,844	-
More Kids in the Woods	10.Unknown		13,297	-
<b>Pass-Through:</b>				
Kentucky Department of Agriculture Specialty Crop Block Grant Program – Farm Bill	10.170	PON2-035-1100000634-1	16,517	-
Kentucky Cabinet for Health and Family Services Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	MOA	3,374,284	-
Kentucky Department of Education Summer Food Service Program for Children	10.559	056-W45-999-SU	<u>301,654</u>	<u>-</u>
<b>Total U.S. Department of Agriculture</b>			<u>3,877,596</u>	<u>18,993</u>
<b>U.S. Department of Commerce</b>				
<b>Direct Programs:</b>				
Economic Adjustment Assistance	11.307		1,812,877	-
Public Safety Interoperability Communication Program	11.555		181,393	-
ARRA - Broadband Technology Opportunities Program	11.557 ARRA		<u>313,956</u>	<u>-</u>
<b>Total U.S. Department of Commerce</b>			<u>2,308,226</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Housing and Urban Development (HUD)</b>				
<b>Direct Programs:</b>				
Community Development Block Grant/ Entitlement Grants	14.218		13,544,955	1,811,881
Emergency Solutions Grant Program	14.231		510,565	489,006
Supportive Housing Program	14.235		104,260	-
Shelter Plus Care	14.238		1,798,865	-
HOME Investment Partnership Programs	14.239		3,950,928	47,376
Housing Opportunities for Persons with AIDS (HOPWA)	14.241		539,775	527,728
Community Development Block Grant/ Economic Development Initiative	14.246		42,315	-
ARRA – Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257 ARRA		1,722,185	637,893
Fair Housing Assistance Program	14.401		109,619	-
Lead Based Paint Hazard Control in Privately Owned Housing	14.900		966,291	-
<b>Pass-Through:</b>				
Kentucky Department for Local Government Community Development Block Grant/Entitlement Grants	14.228	09N-052	439,427	-
Kentucky Housing Corporation Supportive Housing Program	14.235	KY005584I011104	13,993	-
<b>Total U.S. Department of Housing and Urban Development (HUD)</b>			<u>23,743,178</u>	<u>3,513,884</u>

(Continued)



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Justice</b>				
<b>Direct Programs:</b>				
Supervised Visitation, Safe Haven for Children Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.527		\$ 106,275	\$ 98,454
Community Capacity Development Office – Weed and Seed Program	16.590		73,968	-
State Criminal Alien Assistance Program	16.595		74,866	-
Project Safe Neighborhoods	16.606		34,175	-
Public Safety Partnership and Community Policing Grants	16.609		88,302	74,620
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.710		1,953,967	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.738		461,857	-
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grant to Units of Local Government	16.745		51,214	51,214
Equitable Sharing Program	16.804 ARRA 16.922		347,211 216,368	- -
<b>Pass-Through:</b>				
Kentucky Justice and Public Safety Cabinet Juvenile Assistance Block Grant (JABG) Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.523	2011-00010	36,030	-
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Program/Grants to States and Territories	16.738	2011-00816	50,000	-
Kentucky Department of Justice Title V – Delinquency Prevention Program	16.803 ARRA	2009-00039	117,872	-
Violence Against Women Formula Grants	16.548	2008-IF-FX-0054	7,907	-
Seven Counties Services Enforcing Underage Drinking Laws	16.588	2010-0125	143,301	-
Kentucky Department of Corrections Second Chance Act Prisoner Reentry Initiative	16.727	MOA	30,161	-
	16.812	PON25271xxxxxxxxx	220,164	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Justice (Marshal's Service)</b>				
<b>Direct Programs:</b>				
U.S. Marshall Service Taskforce	16.Unknown		\$ 14,604	\$ -
<b>U.S. Department of Justice (ATF)</b>				
<b>Direct Programs:</b>				
Alcohol, Tobacco and Firearms (ATF) Taskforce	16.Unknown		29,342	-
ATF Organized Crime Drug Enforcement Taskforce	16.Unknown		2,160	-
<b>U.S. Department of Justice (Federal Bureau of Investigation)</b>				
<b>Direct Programs:</b>				
FBI – Regional Computer Forensics Lab	16.Unknown		11,840	-
FBI Cyber Crimes Taskforce	16.Unknown		17,760	-
Organized Crime Drug Enforcement Taskforce	16.Unknown		92,642	-
Safe Streets			21,979	-
Joint Terrorism Taskforce	16.Unknown		<u>10,920</u>	<u>-</u>
<b>Total U.S. Department of Justice</b>			<u>4,214,885</u>	<u>224,288</u>
<b>U.S. Department of Labor</b>				
<b>Direct Programs:</b>				
National Fund	17.Unknown		102,893	-
<b>Pass-Through:</b>				
Kentucky Department for Workforce Investment				
Trade Adjustment Assistance	17.245	20510	1,144,024	-
WIA Adult Program	17.258	M-04127689	1,363,027	194,152
WIA Youth Activities	17.259	M-04127689	1,389,111	766,982
WIA Dislocated Worker Formula Grants	17.278	M-04127689, JAG	<u>2,549,419</u>	<u>12,376</u>
<b>Total U.S. Department of Labor</b>			<u>6,548,474</u>	<u>973,510</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Transportation</b>				
<b>Pass-Through:</b>				
Kentucky Transportation Cabinet Highway Planning and Construction ARRA – Highway Planning and Construction	20.205	Various	\$ 1,692,836	\$ -
Indiana Department of Transportation Highway Training and Education	20.205 ARRA	Various	520,654	-
Kentucky State Police – Commercial Vehicle Enforcement Division	20.215	K8	195,858	-
National Motor Carrier Safety Kentucky Justice and Public Safety Cabinet – Kentucky State Police	20.218	MOA	96,086	-
Kentucky Department of Transportation – Office of Highway Safety	20.600	Various	156,847	-
State and Community Highway Safety	20.601	LSF-2011-00158	98,964	-
Kentucky Transportation Cabinet African American Heritage Center	20.Unknown	C-04478850	<u>16,090</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<u>2,777,335</u>	<u>-</u>
<b>U.S. Department of the Treasury</b>				
<b>Direct Programs:</b>				
Treasury Forfeiture Fund Program	21.000		<u>47,868</u>	<u>-</u>
<b>U.S. Environmental Protection Agency</b>				
<b>Direct Programs:</b>				
Air Pollution Control Program Support (Section 105)	66.001		1,120,590	-
Surveys, studies, research, investigations, demonstrations and special purpose activities relating to the Clean Air Act	66.034		107,972	-
National Clean Diesel Emissions Reduction Program DERA	66.039		691,356	-
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		<u>409,491</u>	<u>-</u>
<b>Total U.S. Environmental Protection Agency</b>			<u>2,329,409</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Energy</b>				
<b>Direct Programs:</b>				
Renewable Energy Research and Development	81.087		\$ 139,398	\$ -
ARRA: Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122 ARRA		190,864	190,604
ARRA – Energy Efficiency and Conservation Block Grant	81.128 ARRA		1,672,086	129,804
Energy Efficiency and Renewable Energy Technology Deployment, Demonstration and Commercialization	81.129		12,473	-
<b>Pass Through:</b>				
Community Action Kentucky Weatherization Assistance for Low Income Persons	81.042	WX10-0534-08	104,052	-
ARRA – Weatherization Assistance for Low Income Persons	81.042 ARRA	WX10-0534-04	889,045	-
			<u>993,097</u>	<u>-</u>
<b>Total U.S. Department of Energy</b>			<u>3,007,918</u>	<u>320,408</u>
<b>U.S. Department of Education</b>				
<b>Direct Programs:</b>				
TRIO – Talent Search	84.044		303,888	-
TRIO – Educational Opportunity Centers	84.066		<u>593,843</u>	<u>-</u>
<b>Total U.S. Department of Education</b>			<u>897,731</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>				
<b>Direct Programs:</b>				
Postal Model for Medical Countermeasures Delivery and Distribution	93.016		45,194	-
Special Programs for the Aging – Title IV and Title II – Discretionary Projects	93.048		320,438	188,956

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Health and Human Services (Continued)</b>				
<b>Direct Programs:</b>				
Maternal and Child Health Federal Consolidated Programs	93.110		\$ 662	\$ -
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants – Financed Solely by 2012 Prevention and Public Health Funds	93.531		27,159	-
ARRA – Strengthening Communities	93.711	ARRA	27,469	-
ARRA – Communities Putting Prevention to Work	93.724	ARRA	5,071,905	1,680,297
Health Care and Other Facilities	93.887		50,949	-
Healthy Start Initiative	93.926		1,172,591	-
<b>Pass-Through:</b>				
National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	Various	5,758	-
Kentuckiana Regional Planning and Development Agency Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	PON2 725 1100002116 1	36,993	3,730
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON2 725 1100002116 1	582,838	-
Kentucky Cabinet for Health and Family Services Environmental Public Health and Health Emergency Preparedness	93.069	MOA	330,618	-
Environmental Public Health and Emergency Response	93.070	MOA	218,259	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOA	100,406	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Health and Human Services (Continued)</b>				
<b>Pass-Through:</b>				
Kentucky Cabinet for Health and Family Services				
Family Planning Services	93.217	MOA	\$ 717,026	\$ -
Grants to States to Support Oral Health Workforce Activities	93.236	FY11 Amendment #2	214	-
Immunization Cooperative Agreements	93.268	MOA	157,962	-
The Affordable Care Act: Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.283	Various	245,344	-
The Affordable Care Act: Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.505	MOA	1,286,443	-
Temporary Assistance to Needy Families (TANF)	93.558	PON2-736-0800009693-1	1,464,094	981,616
ARRA Worknow – Temporary Assistance to Needy Families (TANF)	93.558 ARRA	3501000	59,470	-
Low-Income Home Energy Assistance Program	93.568	736 1100001888	4,908,875	-
Community Services Block Grant	93.569	PONS2 736 1100001864 3	1,851,001	-
Children's Health Insurance Program	93.767	MOA	53,250	-
Medical Assistance Program	93.778	MOA	9,688	-
National Bioterrorism Hospital Preparedness Program	93.889	MOA	71,875	-
HIV Prevention Activities – Health Department Based	93.940	MOA	163,899	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	MOA	42,387	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PON2-729-1000001698 1	1,237,974	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Health and Human Services (Continued)</b>				
<b>Pass-Through:</b>				
Preventive Health and Health Services Block Grant	93.991	MOA	\$ 33,756	\$ -
Maternal and Child Health Services Block Grant to the States	93.994	MOA	<u>546,066</u>	<u>35,812</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>20,840,563</u>	<u>2,890,411</u>
<b>U.S. Corporation for National and Community Services</b>				
<b>Direct Programs:</b>				
Retired Senior and Volunteer Program	94.002		103,492	-
Foster Grandparent Program (FGP)	94.011		<u>304,422</u>	<u>-</u>
<b>Total U.S. Corporation for National and Community Services</b>			<u>407,914</u>	<u>-</u>
<b>U.S. Social Security Administration</b>				
<b>Direct Programs:</b>				
Supplemental Security Income Program (SSI)	96.006		<u>117,681</u>	<u>-</u>
<b>Total U.S. Social Security Administration</b>			<u>117,681</u>	<u>-</u>
<b>U.S. Department of Homeland Security</b>				
<b>Direct Programs:</b>				
Port Security Grant Program	97.056		594,594	-
ARRA – Assistance to Firefighters Station Construction Grants	97.115 ARRA		537,059	-
Secret Service Taskforce	97.Unknown		9,888	-
Immigration and Customs Enforcement (ICE) Taskforce	97.Unknown		12,021	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Department of Homeland Security (Continued)</b>				
<b>Pass-Thru:</b>				
Kentucky Office of Homeland Security Interoperable Emergency Communications Grant Program	97.001	PO2 094 1000002423 5	\$ 171,222	\$ -
Kentucky Division of Emergency Disaster Grants – Public Assistance (Presidentially Declared Disasters) Hazard Mitigation Grant Program	97.036	PON2 095 1000000349 3	22,983	-
Legislative Pre-Disaster Mitigation Program	97.039	Various	600,951	-
Legislative Pre-Disaster Mitigation Program	97.042	DHS-12-GPD-042-004-01	252,952	-
Legislative Pre-Disaster Mitigation Program	97.047	PON2 095 0900011626 1	4,742	-
Kentucky Office of Homeland Security Homeland Security Grant Program	97.067	Various	<u>2,467,371</u>	<u>-</u>
<b>Total for U.S. Department of Homeland Security</b>			<u>4,673,783</u>	<u>-</u>
<b>Consumer Product Safety Commission</b>				
<b>Direct Programs:</b>				
Virginia Graeme Baker Act	87.Unknown		<u>25,830</u>	<u>-</u>
<b>Total Consumer Product Safety Commission</b>			<u>25,830</u>	<u>-</u>
<b>U.S. Drug Enforcement Administration (DEA)</b>				
<b>Direct Programs:</b>				
DEA Taskforce	Unknown		38,316	-
Organized Crime Drug Enforcement Taskforce	Unknown		<u>32,831</u>	<u>-</u>
<b>Total U.S. Drug Enforcement Taskforce</b>			<u>71,147</u>	<u>-</u>
<b>U.S. Department of the Navy</b>				
<b>Direct Programs:</b>				
Naval Ordinance	Unknown		<u>39,756</u>	<u>-</u>
<b>Total U. S. Department of the Navy</b>			<u>39,756</u>	<u>-</u>

(Continued)



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
<b>U.S. Office of National Drug Control Policy</b>				
<b>Pass-Thru:</b>				
Appalachia HIDTA High Intensity Drug Trafficking Act	Unknown	MOA	\$ 80,066	\$ -
<b>Total U.S. Office of National Drug Control Policy</b>			<u>80,066</u>	<u>-</u>
<b>U.S. Department of Defense (Army Corp of Engineers)</b>				
<b>Direct Programs:</b>				
The McAlpine Lock Replacement at Portland Wharf	12.Unknown		<u>24,585</u>	<u>24,585</u>
<b>Total U.S. Department of Defense (Army Corp of Engineers)</b>			<u>24,585</u>	<u>24,585</u>
<b>U.S. Equal Employment Opportunity Commission (EEOC)</b>				
<b>Direct Programs:</b>				
Equal Employment Opportunity Commission	30.Unknown		<u>43,047</u>	<u>-</u>
<b>Total U.S. Equal Employment Opportunity Commission (EEOC)</b>			<u>43,047</u>	<u>-</u>
<b>Federal Communications Commission (FCC)</b>				
<b>Pass-Thru:</b>				
Universal Service Administrative Company (under direction of FCC) thru AT&T E-Rate	32.Unknown	Unknown	<u>254,917</u>	<u>-</u>
<b>Total Federal Communications Commission (FCC)</b>			<u>254,917</u>	<u>-</u>
<b>Total for Schedule of Expenditures of Federal Awards</b>			<u>\$ 76,331,909</u>	<u>\$ 7,966,079</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2012

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**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 Byrne Memorial Justice Assistance Grant Program (JAG)	U.S. Department of Justice	Direct	\$ 461,857
		Kentucky Justice Public Safety Cabinet	Pass-Through	<u>50,000</u>
				<u>\$ 511,857</u>
14.235	Supportive Housing Program	U.S. Department of Housing and Urban Development	Direct	\$ 104,260
		Kentucky Housing Corporation	Pass-Through	<u>13,993</u>
				<u>\$ 118,253</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended June 30, 2012

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**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?	_____	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>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	_____

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
14.239	HOME Investment Partnership Programs Total
	WIA Cluster (consisting of):
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
20.205	Highway Planning and Construction - ARRA
93.568	Low-income Home Energy Assistance
93.724	Communities Putting Prevention to Work - ARRA
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	\$ 2,289,957		
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 2012-01 - Metro Government's Department of Community Services and Revitalization, Internal Controls Over Low-Income Home Energy Assistance ("LIHEAP") Eligibility Documentation (repeat finding 2011-04). (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 three of the sixty files tested did not have the appropriate supporting documentation.

**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.

**Cause:** 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.

**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:** CSR implemented policies and procedures over eligibility documentation for the LIHEAP program during Fiscal Year 2011. Effective in the 2011-2012 LIHEAP season, all new and existing LIHEAP staff will participate in a 5-day LIHEAP training prior to the commencement of the LIHEAP season. This training will include a thorough training and review of case record management, including eligibility documentation. A training and review of the Policies & Procedures will also be included during the 5-day training, and each staff will be provided with a LIHEAP reference binder and a copy of the Policies & Procedures.

In order to provide continued assurance that the policies and procedures for these activities are maintained, monthly reviews of LIHEAP files will be performed by senior LIHEAP staff to ensure compliance with program and documentation regulations. Staff will make efforts to correct any file deficiencies found during the review.

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, 2012

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**PART IV: SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**FINANCIAL STATEMENT AUDIT**

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

**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.

**Status:** This finding was resolved in fiscal year 2012 with improvements in internal control over the loans receivable reconciliation process.

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

**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.

**Status:** This finding was resolved in fiscal year 2012 with the conversion to the effective interest method required by GAAP.

**MAJOR FEDERAL AWARD PROGRAMS AUDIT**

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

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

**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.

**Status:** A reconciliation was implemented and approved by HUD during fiscal year 2013 which resolved this finding. However, per the letter from HUD, they continue to express a concern about the reconciliation. Metro Government is currently working on a more detailed reconciliation to address their concern.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year ended June 30, 2012

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**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)**

**Condition:** During the current year eligibility testing, we noted that three 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 fiscal year 2011. Metro Government continues to make improvement in this area.

**Status:** We tested sixty eligibility files and noted three errors out of the sixty files tested. See current year finding **2012-01**.