

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

**SINGLE AUDIT REPORT
UNDER OMB CIRCULAR A-133**
June 30, 2013

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METRO GOVERNMENT
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Louisville/Jefferson County Metro Government ("Metro Government") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements, and have issued our report thereon dated December 20, 2013. Our report includes a reference to other auditors who audited the financial statements of the Transit Authority of River City, Waterfront Development Corporation and the Kentucky Science Center, Inc., as described in our report on Metro Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro Government's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro Government's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro Government's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

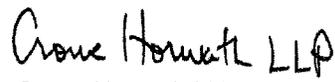
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Crowe Horwath LLP

Louisville, Kentucky
December 20, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Louisville/Jefferson County Metro Government's ("Metro Government") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro Government's major federal programs for the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Metro Government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Metro Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Metro Government's compliance.

Opinion on Each Major Federal Program

In our opinion, Metro Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-01. Our opinion on each major federal program is not modified with respect to this matter.

Metro Government's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Metro Government's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Metro Government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Metro Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Metro Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2013, and the related notes to the financial statements, which collectively comprise Metro Government's basic financial statements. We issued our report thereon dated December 20, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Louisville, Kentucky
December 20, 2013

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Agriculture				
Direct Programs:				
Supplemental Nutrition Assistance Program, Outreach/Participation Program	10.580		\$ 37,064	\$ -
Conservation Reserves Program	10.069		4,548	-
More Kids in the Woods	10.Unknown		15,332	-
Pass-Through:				
Kentucky Department of Agriculture Specialty Crop Block Grant Program - Farm Bill	10.170	PON2-035-1100000634-1	20,040	-
Kentucky Cabinet for Health and Family Services				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	MOA	3,458,719	-
Kentucky Department of Education Summer Food Service Program for Children	10.559	056-W45-999-SU	197,696	-
Total U.S. Department of Agriculture			<u>3,733,399</u>	<u>-</u>
U.S. Department of Commerce				
Direct Programs:				
Economic Adjustment Assistance	11.307		1,888,187	-
ARRA - Broadband Technology Opportunities Program	11.557 ARRA		340,250	-
Total U.S. Department of Commerce			<u>2,228,437</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Housing and Urban Development (HUD)				
Direct Programs:				
Community Development Block Grant/Entitlement Grants	14.218		\$ 14,145,959	\$ 1,965,719
Emergency Solutions Grant Program	14.231		1,000,948	653,453
Supportive Housing Program	14.235		104,261	-
Shelter Plus Care	14.238		1,715,585	-
HOME Investment Partnership Programs	14.239		2,849,766	124,859
Housing Opportunities for Persons with AIDS (HOPWA)	14.241		506,134	490,465
Community Development Block Grant/Economic Development Initiative	14.246		6,930	-
Fair Housing Assistance Program	14.401		158,700	-
Lead Based Paint Hazard Control in Privately Owned Housing	14.900		829,998	-
Pass-Through:				
Kentucky Department of Local Government Community Development Block Grant/Entitlement Grants	14.228	09N - 052	1,358,083	-
Kentucky Housing Corporation Supportive Housing Program	14.235	KY0055B41011104	<u>11,358</u>	-
Total U.S. Department of Housing and Urban Development (HUD)			<u>22,687,722</u>	<u>3,234,496</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Justice				
Direct Programs:				
Supervised Visitation, Safe Haven for Children Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.527		\$ 144,331	\$ 109,920
State Criminal Alien Assistance Program	16.590		172,979	-
Project Safe Neighborhoods	16.606		33,107	-
Public Safety Partnership and Community Policing Grants	16.609		105,724	-
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.710		2,322,182	-
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.738		757,528	-
ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grant to Units of Local Government Equitable Sharing Program	16.745		43,562	-
	16.804 ARRA		40,045	-
	16.922		1,670,474	-
Pass-Through:				
Kentucky Justice and Public Safety Cabinet Juvenile Assistance Block Grant (JABG)	16.523	Various	30,087	-
Violence Against Women Formula Grants Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.588	Various	133,391	-
Seven Counties Services	16.738	2011—DJ-BX-3073	51,137	-
Enforcing Underage Drinking Laws	16.727	MOA	27,478	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Justice (Continued)				
Pass-Through (Continued):				
Kentucky Department of Corrections				
Prison Rape Elimination Act – Zero Tolerance				
In Local Adult Correctional Facilities	16.735	P0N2 527 1300001340 1	\$ 15,925	\$ -
Second Chance Act Prisoner Reentry Initiative	16.812	Various	276,644	261,840
U.S. Department of Justice (Marshal's Service)				
Direct Programs:				
U.S. Marshal Service Taskforce	16.Unknown		12,763	-
U.S. Department of Justice (ATF)				
Direct Programs:				
Alcohol, Tobacco and Firearms (ATF) Taskforce	16.Unknown		59,749	-
ATF Organized Crime Drug Enforcement Taskforce	16.Unknown		34,063	-
U.S. Department of Justice (Federal Bureau of Investigation)				
Direct Programs:				
FBI – Regional Computer Forensics Lab	16.Unknown		13,832	-
FBI Cyber Crimes Taskforce	16.Unknown		6,189	-
Organized Crime Drug Enforcement Taskforce	16.Unknown		68,454	-
Safe Streets	16.Unknown		19,025	-
Joint Terrorism Taskforce	16.Unknown		11,317	-
FBI Child Exploitation TF	16.Unknown		7,353	-
FBI Computer Intrusion TF	16.Unknown		9,671	-
Total U.S. Department of Justice			<u>6,067,010</u>	<u>371,760</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Labor				
Direct Programs:				
National Fund	17-Unknown		\$ 365,390	\$ -
Pass-Through:				
Kentucky Department for Workforce Investment				
Trade Adjustment Assistance	17.245	PON2 531 1200003281 2	558,870	-
WIA Adult Program	17.258	PON2 531 1200003290 1	2,186,475	572,588
WIA Youth Activities	17.259	PON2 531 1200003290 1	1,770,953	883,344
WIA Dislocated Worker Formula Grants	17.278	PON2 531 1200003290 1	<u>2,130,177</u>	<u>1,025,423</u>
Total U.S. Department of Labor			<u>7,011,865</u>	<u>2,481,355</u>
U.S. Department of Transportation				
Pass-Through:				
Kentucky Transportation Cabinet				
Highway Planning and Construction	20.205	Various	1,673,119	-
ARRA – Highway Planning and Construction	20.205 ARRA	Various	29,934	-
Indiana Department of Transportation	20.215	MOA	196,606	-
Highway Training and Education				
Kentucky Justice and Public Safety	20.218	MOA	120,181	-
Cabinet – Kentucky State Police				
National Motor Carrier Safety				
Kentucky Department of Transportation –				
Office of Highway Safety	20.600	Various	151,329	-
State and Community Highway Safety	20.602	MOA	<u>10,178</u>	-
Occupant Protection Incentive Grants				
Total U.S. Department of Transportation			<u>2,181,347</u>	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Environmental Protection Agency				
Direct Programs:				
Air Pollution Control Program Support (Section 105)	66.001		\$ 736,985	\$ -
Surveys, studies, research, investigations, demonstrations and special purpose activities relating to the Clean Air Act	66.034		114,591	-
National Clean Diesel Emissions Reduction Program DERA	66.039		200,366	-
LICRA EPA/Water Company Project	66.202		83,960	-
Brownfields Assessment and Cleanup Cooperative Agreement	66.818		<u>177,303</u>	<u>15,825</u>
Total U.S. Environmental Protection Agency			<u>1,313,205</u>	<u>15,825</u>
U.S. Department of Energy				
Direct Programs:				
ARRA: Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122 ARRA		68,494	68,494
ARRA – Energy Efficiency and Conservation Block Grant	81.128 ARRA		1,171,166	174,579
Pass Through:				
Community Action Kentucky				
Weatherization Assistance for Low Income Persons	81.042	WX13-0373-02	<u>295,849</u>	-
Total U.S. Department of Energy			<u>1,535,509</u>	<u>243,073</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Education				
Direct Programs:				
TRIO – Talent Search	84.044		\$ 315,711	\$ -
TRIO – Educational Opportunity Centers	84.066		517,237	-
Total U.S. Department of Education			832,948	-
U.S. Department of Health and Human Services				
Direct Programs:				
Postal Model for Medical Countermeasures Delivery and Distribution	93.016		3,333	-
Special Programs for the Aging – Title IV and Title II – Discretionary Projects	93.048		322,353	201,794
Hospital Preparedness Program (HPP) & Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		28,560	-
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		379,083	212,422
ARRA – Communities Putting Prevention to Work	93.724 ARRA		26,730	-
Health Care and Other Facilities	93.887		23,109	-
Eliminating Disparities in Perinatal Health - Healthy Start Initiative	93.926		1,167,253	-

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Health and Human Services (Continued)				
Pass-Through:				
National Association of County and City Health Officials				
Medical Reserve Corps Small Grant Program	93.008	Various	\$ 10,713	\$ -
Kentuckiana Regional Planning and Development Agency				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	Various	42,142	1,660
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	PON2-725-1200001049-1	581,960	-
Kentucky Cabinet for Health and Family Services				
Public Health Emergency Preparedness Environmental Public Health and Emergency Response	93.069	MOA	492,244	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.070	MOA	9,778	-
Family Planning Services	93.116	MOA	52,702	-
Immunization Cooperative Agreements	93.217	MOA	563,179	-
The Affordable Care Act: Centers for Disease Control and Prevention – Investigations and Technical Assistance	93.268	MOA	92,531	-
The Affordable Care Act: Maternal, Infant, and Early Childhood Home Visiting Program	93.283	MOA	314,428	-
Temporary Assistance to Needy Families (TANF)	93.505	MOA	977,985	-
	93.558	Various	1,423,608	1,136,176

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Department of Health and Human Services (Continued)				
Pass-Through:				
Kentucky Cabinet for Health and Family Services				
Low-Income Home Energy Assistance Program	93.568	73612000014851	\$ 4,138,130	\$ -
Community Services Block Grant	93.569	PON2-735-1200001501-1	1,307,695	-
Medical Assistance Program	93.778	MOA	59,596	-
National Bioterrorism Hospital Preparedness Program	93.889	MOA	63,591	-
HIV Prevention Activities – Health Department Based	93.940	MOA	198,981	-
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance Block Grants for Prevention and Treatment of Substance Abuse	93.944	MOA	46,202	-
Preventive Health and Health Services Block Grant	93.959	PON2-729-1200001210-1	848,703	-
Maternal and Child Health Services Block Grant to the States	93.991	MOA	19,275	-
Pediatric/Adolescent Services Specialty Clinic	93.994	MOA	313,614	-
	93.Unknown	MOA	16,829	-
	93.Unknown	MOA	1,726	-
Total U.S. Department of Health and Human Services			<u>13,526,033</u>	<u>1,552,052</u>
U.S. Corporation for National and Community Services				
Direct Programs:				
Retired Senior and Volunteer Program	94.002		104,950	-
Foster Grandparent Program (FGP)	94.011		348,018	-
Total U.S. Corporation for National and Community Services			<u>452,968</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Social Security Administration				
Direct Programs:				
Supplemental Security Income Program (SSI)	96.006		\$ 41,336	\$ -
Total U.S. Social Security Administration			<u>41,336</u>	<u>-</u>
U.S. Department of Homeland Security				
Direct Programs:				
Port Security Grant Program	97.056		852,942	-
ARRA – Assistance to Firefighters Station Construction Grants	97.115 ARRA		480,552	-
Immigration and Customs Enforcement (ICE) Taskforce	97.Unknown		14,303	-
Organized Crime Drug Enforcement Taskforce	97.Unknown		9,780	-
Pass-Through:				
Kentucky Division of Emergency Hazard Mitigation Grant Program	97.039	Various	284,835	-
Legislative Pre-Disaster Mitigation Program	97.042	PON2 095 130000671 1	149,787	-
Legislative Pre-Disaster Mitigation Program	97.047	PON2 095 0900011626 1	110	-
SEAR Operational Overtime Authorization	97.Unknown	MOA	107,456	-
Kentucky Office of Homeland Security	97.055	PO094110000024235	19,079	-
Interoperable Emergency Communications Homeland Security Grant Program	97.067	Various	<u>2,597,846</u>	<u>-</u>
Total for U.S. Department of Homeland Security			<u>4,516,690</u>	<u>-</u>
Consumer Product Safety Commission				
Direct Programs:				
Virginia Graeme Baker Act	87.Unknown		<u>22,017</u>	<u>-</u>
Total Consumer Product Safety Commission			<u>22,017</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
U.S. Drug Enforcement Administration (DEA)				
Direct Programs:				
Organized Crime Drug Enforcement Taskforce	Unknown		\$ 105,137	\$ -
Total U.S. Drug Enforcement Taskforce			<u>105,137</u>	<u>-</u>
U.S. Department of the Navy				
Direct Programs:				
Naval Ordinance	Unknown		\$ 3,220	\$ -
Total U. S. Department of the Navy			<u>3,220</u>	<u>-</u>
U.S. Office of National Drug Control Policy				
Pass-Through:				
Appalachia HIDTA				
High Intensity Drug Trafficking Act	Unknown	MOA	110,791	-
Total U.S. Office of National Drug Control Policy			<u>110,791</u>	<u>-</u>
U.S. Equal Employment Opportunity Commission (EEOC)				
Direct Programs:				
Equal Employment Opportunity Commission	30.Unknown		44,070	-
Total U.S. Equal Employment Opportunity Commission (EEOC)			<u>44,070</u>	<u>-</u>

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Provided to Subrecipient</u>
Federal Communications Commission (FCC)				
Pass-Through:				
Universal Service Administrative Company (under direction of FCC) through AT&T E-Rate	32.Unknown	Unknown	\$ 270,195	\$ -
Total Federal Communications Commission (FCC)			<u>270,195</u>	<u>-</u>
Total for Schedule of Expenditures of Federal Awards			<u>\$ 66,683,899</u>	<u>\$ 7,898,561</u>

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

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2013

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>
14.235	Supportive Housing Program	U.S. Department of Housing and Urban Development	Direct	\$ 104,261
		Kentucky Housing Corporation	Pass-Through	<u>11,358</u>
				<u>\$ 115,619</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program (JAG)	U.S. Department of Justice	Direct	\$ 757,528
		Kentucky Justice Public Safety Cabinet	Pass-Through	<u>51,137</u>
				<u>\$ 808,665</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2013

PART I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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
16.710	Public Safety Partnership and Community Policing Grants
	WIA Cluster (consisting of):
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grants
93.568	Low-income Home Energy Assistance
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs \$ 2,002,783

Auditee qualified as low-risk auditee? _____ Yes X No

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2013

PART II: FINANCIAL STATEMENT FINDINGS

None

PART III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2013-01 - Metro Government's Department of Community Services and Revitalization, Internal Controls Over Low-Income Home Energy Assistance ("LIHEAP") Eligibility Documentation (repeat finding 2012-01). (Deficiency/No questioned costs)

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

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

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

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 accurate 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: Louisville Metro's Department of Community Services and Revitalization (CSR) recognizes the importance of adequate internal controls to address and ensure compliance with eligibility determination and documentation. CSR continues to implement and enforce policies and procedures to help ensure compliance regarding eligibility documentation.

CSR continues to hold a 5-day LIHEAP training for all new and existing LIHEAP staff which covers case record management, policies and procedures, and LIHEAP reference documents. To further enforce compliance issues, LIHEAP staff holds a reoccurring bi-weekly staff training to discuss any issues or provide additional staff training as necessary. LIHEAP senior staff continues routine reviews of LIHEAP files to ensure files are complete and correct. LIHEAP staff has increased the frequency of these reviews (from monthly to weekly) as well as the volume of files reviewed. During these reviews, any errors or inconsistencies are corrected in the files. LIHEAP staff will clearly document and record any corrections or edits made to client files during the review process. This will ensure that changes and edits to the supporting documentation and/or changes in CASTINET are appropriately documented.

In addition, OMB's Grant Compliance division will continue to perform annual 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, 2013

PART IV: SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FINANCIAL STATEMENT AUDIT

None

MAJOR FEDERAL AWARD PROGRAMS AUDIT

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

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 four errors out of the sixty files tested. See current year finding **2013-01**.