

Single Audit Report in Accordance with Uniform Guidance

2017

Lexington-Fayette Urban County Government

June 30, 2017



Strothman+Co

Single Audit Report in Accordance with Uniform Guidance

Lexington-Fayette Urban County Government

June 30, 2017

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Reports Required by the Single Audit Act

**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***



**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***

The Honorable Mayor Jim Gray, Members of the
Urban County Council and Citizens
Lexington-Fayette Urban County Government
Lexington, 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Lexington-Fayette Urban County Government, (the "Government") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements, and have issued our report thereon dated November 28, 2017. Our report includes a reference to other auditors who audited the financial statements of the Transit Authority of the Lexington-Fayette Urban County Government, the Lexington Convention and Visitors Bureau, the Lexington Public Library, the Lexington-Fayette Urban County Airport Board, the Lexington-Fayette Urban County Department of Health, and the Lexington Center Corporation, as described in our report on the 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 the 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 the Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Government'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 the Government's financial statements are free from 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 instance 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government'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 Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STROTHMAN AND COMPANY

Louisville, Kentucky
November 28, 2017

**Independent Auditors' Report on Compliance
for Each Major Program; Report on Internal Control
Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards
Required by the Uniform Guidance**



**Independent Auditors' Report on Compliance
for Each Major Program; Report on Internal Control
Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards
Required by the Uniform Guidance**

The Honorable Mayor Jim Gray, Members of the
Urban County Council and Citizens
Lexington-Fayette Urban County Government
Lexington, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Lexington-Fayette Urban County Government's (the "Government") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Government's major federal programs for the year ended June 30, 2017. The Government's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

The Government's basic financial statements include the operations of the Lexington-Fayette Urban County Department of Health ("Health Department") and the Transit Authority of the Lexington-Fayette Urban County Government ("Lextran"), discretely presented component units, which received \$12.2 million in federal awards which are not included in the Government's Schedule of Expenditures of Federal Awards during the year ended June 30, 2017. Our audit, described below, did not include the operations of the Health Department and Lextran because both entities have separate audits performed in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Government's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the Government's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2017.

Report on Internal Control over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Government as of and for the year ended June 30, 2017, and the related notes to the

financial statements, which collectively comprise the Government's basic financial statements. We issued our report thereon dated November 28, 2017, which contained unmodified opinions on those financial statements. Our report includes reference to other auditors who audited the financial statements on the Transit Authority of the Lexington-Fayette Urban County Government, the Lexington Convention and Visitors Bureau, the Lexington Public Library, the Lexington-Fayette Urban County Airport Board, the Lexington-Fayette Urban County Department of Health, and the Lexington Center Corporation, as described in our report on the Government's 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as whole.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STROTHMAN AND COMPANY

Louisville, Kentucky
January 10, 2018, except for the last two paragraphs,
for which the date is November 28, 2017

Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures	Federal Expenditures
US Department of Agriculture:				
Direct Programs:				
Child and Adult Care Food Program	10.558	11475		\$ 14,392
Child and Adult Care Food Program	10.558	11475		46,574
Agricultural Conservation Easement Program	10.931	545C161401H6P		<u>1,282,120</u>
Total US Department of Agriculture				1,343,086
US Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B14MC210004	\$ 29,359	74,902
Community Development Block Grants/Entitlement Grants	14.218	B15MC210004	117,210	514,790
Community Development Block Grants/Entitlement Grants	14.218	B16MC210004	<u>587</u>	<u>417,896</u>
14.218 Subtotal			147,156	1,007,588
Emergency Solutions Grant Program	14.231	E15MC210004	30,061	14,419
Emergency Solutions Grant Program	14.231	E16MC210004	<u>97,539</u>	<u>9,569</u>
14.231 Subtotal			127,600	23,988
Home Investment Partnerships Program	14.239	M14MC210201	571,723	268,472
Home Investment Partnerships Program	14.239	M15MC210201	406,104	80,432
Home Investment Partnerships Program	14.239	M16MC210201	<u>67,933</u>	<u>62,952</u>
14.239 Subtotal			1,045,760	411,856
Housing Opportunities for Persons with AIDS	14.241	KY-H14-0011	438,159	11,873
Continuum of Care Program	14.267	KY0161L4I021500		<u>34,254</u>
Total US Department of Housing and Urban Development			1,758,675	1,489,559
US Department of the Interior:				
Passed through Commonwealth of Kentucky:				
Historic Preservation Fund Grants-In-Aid	15.904	PON2 410 1600003753 1		1,005
US Department of Justice:				
Direct Programs:				
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001	No Number		480,588
Supervised Visitation, Safe Havens for Children	16.527	2013-FL-AX-K011	96,487	3,675
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-0011	15,318	68,561
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0690		37,570
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0161		7,060
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0607		<u>904</u>
16.606 Subtotal				45,534
Public Safety Partnership and Community Policing Grants	16.710 ARRA	2011ULWX0015		649,796

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures	Federal Expenditures
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0325		2
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0578		1,379
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0185		140,361
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAG-LFUCG-STRE-01084		10,003
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LFUCG-STRE-01144		2,603
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LFUCG-STRE-01144	44,375	
16.738 Subtotal			44,375	154,348
Crime Victim Assistance	16.575	VOCA-2016-LFUCG-STRE-0026		2,468
Violence Against Women Formula Grants	16.588 ARRA	VAWA-2015-LFUCG-ST-00438		13,994
Violence Against Women Formula Grants	16.588 ARRA	VAWA-2016-LFUCG-ST-00483		7,408
16.588 Subtotal				21,402
Juvenile Mentoring Program	16.726	2016-JU-FX-0014		1,080
Total US Department of Justice			156,180	1,427,452
US Department of Transportation:				
Highway Planning and Construction Cluster				
Passed through Commonwealth of Kentucky:				
Highway Planning and Construction	20.205	PO2-625-1600006758		109,694
Highway Planning and Construction	20.205	PO2-625-1600006758		32,805
Highway Planning and Construction	20.205	1600006170		24,826
Highway Planning and Construction	20.205	C-03328686		123,413
Highway Planning and Construction	20.205	PO2-625-1500002693		492,395
Highway Planning and Construction	20.205	1600003892		380,000
Highway Planning and Construction	20.205	PO2-628-1600004546		19,469
Highway Planning and Construction	20.205	PO2-628-1700002506		16,683
Highway Planning and Construction	20.205	PO2-628-1600005725		47,921
Highway Planning and Construction	20.205	PO2-628-1300001253		280,794
Highway Planning and Construction	20.205	PO2-625-1600002350		12,143
Highway Planning and Construction	20.205	PO2-628-1400005764		149,249
Highway Planning and Construction	20.205	C-04073306		553,102
Highway Planning and Construction	20.205	PO2-628-1100001626		187,503
Highway Planning and Construction	20.205	PO2-625-1400004867		254,123
Highway Planning and Construction	20.205	PO2-625-1400004869		2,166
Highway Planning and Construction	20.205	PO2-625-1600006758		74,997
Highway Planning and Construction	20.205	C-00343167		275,794
Highway Planning and Construction	20.205	C-00343167		785,624
Highway Planning and Construction	20.205	PO2-628-1500003392		24,975
Highway Planning and Construction	20.205	C-01099430		38,937
Highway Planning and Construction	20.205	PO2-628-1600003546		3,328
Highway Planning and Construction	20.205	PO2-628-1200004353		17,413
Highway Planning and Construction	20.205	PO2-628-1600003719		44,433
Highway Planning and Construction	20.205	PO2-628-1600005544		116,769
Highway Planning and Construction	20.205	PO2-628-1500004792		3,664
Highway Planning and Construction	20.205	PO2-628-1500003706		336,741
Highway Planning and Construction	20.205	PO2-620-1700000432		652
Highway Planning and Construction	20.205	PO2-628-1600005956		22,038

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures	Federal Expenditures
Highway Planning and Construction	20.205	PO2-628-1600001801		53,877
Highway Planning and Construction	20.205	PO2-628-1600003038		7,999
20.205 Subtotal				4,493,527
Recreational Trails Program	20.219	RTP 484-13		4,913
Total Highway Planning and Construction Cluster				4,498,440
Passed through Commonwealth of Kentucky:				
Motor Carrier Safety Assistance	20.218	No Number		54,149
Motor Carrier Safety Assistance	20.218	No Number		11,522
Motor Carrier Safety Assistance	20.218	No Number		18,514
20.218 Subtotal				84,185
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	P030217442		48,400
Highway Safety Cluster				
State and Community Highway Safety	20.600	PT-16-30		8,941
State and Community Highway Safety	20.600	PT-17-32		23,974
State and Community Highway Safety	20.600	PT-2017-HY-90		13,178
20.600 Subtotal				46,093
National Priority Safety Programs	20.616	M2HVE-16-12		11,853
National Priority Safety Programs	20.616	M5HVE-2016-MG-00-23		4,771
National Priority Safety Programs	20.616	M5HVE-17-18		14,801
20.616 Subtotal				31,425
Total Highway Safety Cluster				77,518
Total US Department of Transportation				4,708,543
US Environmental Protection Agency				
Direct Program:				
Brownfields Assessment and Cleanup				
Cooperative Agreements	66.818 ARRA	BF-00D33315		124,149
Passed through Commonwealth of Kentucky:				
Nonpoint Source Implementation Grants	66.460	C9994861-09		70,308
Nonpoint Source Implementation Grants	66.460	PON2-129-1400000015		196,645
66.460 Subtotal				266,953
Passed through Commonwealth of Kentucky:				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-003 SWR		213,724
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-003 SWR		402,883
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-015 SWR		2,220,226
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-002 SWR		1,111,485
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-007 WQ		108,315
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A14-001 SWR		6,582,427
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-015 SWR		282,067
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-007 WQ		1,780,180

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures	Federal Expenditures
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A13-015 SWR		1,946,502
Capitalization Grants for Clean Water State Revolving Funds	66.458 ARRA	A15-026 SWR		9,870,601
66.458 Subtotal				24,518,410
Total US Environmental Protection Agency				24,909,512
US Department of Health and Human Services:				
Direct Program:				
Paralysis Resource Center	93.325	No Number		7,800
Passed through Commonwealth of Kentucky:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	PON2-725-1600003936		67,840
Refugee and Entrant Assistance Targeted Assistance Grants	93.584	257-107042-2017		7,355
Grants to States for Access and Visitation Programs	93.597	2013-1014-PUBLIC-R		66,953
Grants to States for Access and Visitation Programs	93.597	2014-2015-PUBLIC-R		334,583
93.597 Subtotal				401,536
Head Start	93.600	No Number		22,433
HIV Prevention Activities Health Department Based	93.940	No Number		200
Total US Department of Health and Human Services				507,164
US Department of Homeland Security Office of Domestic Preparedness:				
Direct Program:				
Assistance to Firefighters Grant	97.044	EMW-2015-FO-03878		367,912
Passed through Commonwealth of Kentucky:				
Hazard Mitigation Grant	97.039	PON209513000000082		24,761
Chemical Stockpile Emergency Preparedness Program	97.040	PO209513000036524		114,805
Chemical Stockpile Emergency Preparedness Program	97.040	PO209514000033044		499,015
Chemical Stockpile Emergency Preparedness Program	97.040	PO209515000044462		667,195
Chemical Stockpile Emergency Preparedness Program	97.040	PO209516000047101		327,443
97.040 Subtotal				1,608,458
Emergency Management Performance Grants	97.042	PO209516000021481		31,495
Emergency Management Performance Grants	97.042	PO209517000014471		71,146
97.042 Subtotal				102,641
Pre-Disaster Mitigation	97.047	PON2-0950-1500002494		19,235

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures	Federal Expenditures
Homeland Security Grant Program	97.067	PO2-094-1600002323		76,238
Homeland Security Grant Program	97.067	PO2-094-1700002251		27,020
Homeland Security Grant Program	97.067	PO2-094-1700002261		5,384
Homeland Security Grant Program	97.067	PO2-094-1700000910		34,000
97.067 Subtotal				142,642
Total US Dept. of Homeland Security Office of Domestic Preparedness				2,265,649
Totals			\$1,914,855	\$36,651,970
Grand Total of Direct Federal Expenditures and Amounts Passed Through to Subrecipients				\$38,566,825

See Accompanying Notes to Schedule
of Expenditures of Federal Awards

Notes to Schedule of Expenditures of Federal Awards

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Note A--Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes federal award activity for Lexington-Fayette Urban County Government (the "Government") under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Government.

Amounts in the column titled "Federal Expenditures" represent amounts expended related to programs managed by the Government. Amounts in the column titled "Passed Through to Subrecipient Expenditures" represent amounts expended by subrecipients. Such amounts are not included in the Federal Expenditures column.

Note B--Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C--Indirect Cost Rate

The Government has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Section I - Summary of Auditors' Results

1. The Independent Auditors' Report expresses an unmodified opinion on whether the financial statements of Lexington-Fayette Urban County Government (the "Government") were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of the Government, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No material weakness or significant deficiencies relating to the audit of the major federal programs are reported.
5. The auditors' report on compliance for the major federal award programs for the Government expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with the 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs are as follows:

Name of Federal Program or Cluster	CFDA Number
Agricultural Conservation Easement Program	10.931
Home Investment Partnerships Program	14.239
Capitalization Grants for Clean Water State Revolving Funds	66.458
Grants to States for Access and Visitation Programs	93.597
Chemical Stockpile Emergency Preparedness Program	97.040

8. The threshold used for distinguishing between Type A and B programs was \$1,157,005.
9. The Government was determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2017

Section II – Financial Statement Audit

There are no findings.

Section III – Findings and Questioned Costs - Major Federal Programs Audit

There are no findings.

Summary Schedule of Prior Audit Findings

Summary Schedule of Prior Audit Findings

Lexington-Fayette Urban County Government

For the Year Ended June 30, 2017

Prior Year Major Federal Program Finding and Questioned Costs

2016-001 – Special Test and Provision – Prevailing Wage

Federal Award Information: Highway Planning and Construction
CFDA: 20.205

Condition:

During our testing of the Newtown Pike Extension project, we noted that the required certified payrolls were not submitted for the work performed.

Recommendation:

We recommend the Government acquire a new contract with the contractor which includes the prevailing wage rate clause and acquire the required certified payrolls going forward

Current Status:

The finding was corrected in the current year.