

Single Audit Report in Accordance with Uniform Guidance

2018

Lexington-Fayette Urban County Government

June 30, 2018



Strothman+Co

Single Audit Report in Accordance with Uniform Guidance

Lexington-Fayette Urban County Government

June 30, 2018

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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, 2018, 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 30, 2018. 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 30, 2018

**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, 2018. 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 \$10.6 million in federal awards which are not included in the Government's Schedule of Expenditures of Federal Awards during the year ended June 30, 2018. 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 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").

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 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, 2018.

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.

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, 2018, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements. We issued our report thereon dated November 30, 2018, 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 24, 2019, except for the last two paragraphs,
for which the date is November 30, 2018

Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards

Lexington-Fayette Urban County Government

Year Ended June 30, 2018

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		\$ 13,702
Child and Adult Care Food Program	10.558	11475		46,955
Agricultural Conservation Easement Program	10.931	545C161401H6P		702,043
Total US Department of Agriculture				762,700
US Department of Housing and Urban Development:				
Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	B14MC210004	\$ 106,000	80,536
Community Development Block Grants/Entitlement Grants	14.218	B15MC210004	55,296	91,891
Community Development Block Grants/Entitlement Grants	14.218	B16MC210004	112,350	589,220
Community Development Block Grants/Entitlement Grants	14.218	B16MC210004	120,861	795,320
14.218 Subtotal			394,507	1,556,967
Emergency Solutions Grant Program	14.231	E15MC210004	21,722	55,525
Emergency Solutions Grant Program	14.231	E16MC210004	83,146	2,836
14.231 Subtotal			104,868	58,361
Home Investment Partnerships Program	14.239	M14MC210201	511,882	558
Home Investment Partnerships Program	14.239	M15MC210201	55,984	68,379
Home Investment Partnerships Program	14.239	M16MC210201	126,064	
Home Investment Partnerships Program	14.239	M16MC210201	6,427	60,261
14.239 Subtotal			700,357	129,198
Housing Opportunities for Persons with AIDS	14.241	KY-H14-0011	242,156	2,536
Housing Opportunities for Persons with AIDS	14.241	KY-H14-0011	162,468	
14.241 Subtotal			404,624	2,536
Continuum of Care Program	14.267	KY0179L4I021600		11,459
Continuum of Care Program	14.267	KY0179L4I021600		8,100
14.267 Subtotal				19,559
Total US Department of Housing and Urban Development			1,604,356	1,766,621
US Department of Justice:				
Direct Programs:				
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001	No Number		818,633
Supervised Visitation, Safe Havens for Children	16.527	2013-FL-AX-K011	123,477	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-0011	7,450	13,777

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2018

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
State Criminal Alien Assistance Program	16.606	2012-AP-BX-0690		124
State Criminal Alien Assistance Program	16.606	2013-AP-BX-0161		45,658
State Criminal Alien Assistance Program	16.606	2014-AP-BX-0607		2,613
16.606 Subtotal				48,395
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0015		386,996
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-JAG-LFUCG-STRE-01084		34
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LFUCG-STRE-01144		10,681
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LFUCG-STRE-01144		2,786
16.738 Subtotal				13,501
Passed through Commonwealth of Kentucky:				
Juvenile Justice and Delinquency Prevention	16.540	2016-JF-FX-0029		12,059
Crime Victim Assistance	16.575	VOCA-2016-LFUCG-STRE-0026		10,941
Crime Victim Assistance	16.575	VOCA-2017-LFUCG-STRE-00039		4,324
Crime Victim Assistance	16.575	VOCA-2017-LFUCG-STRE-00058		16,191
16.575 Subtotal				31,456
Violence Against Women Formula Grants	16.588	VAWA-2015-LFUCG-ST-00438		10,582
Violence Against Women Formula Grants	16.588	VAWA-2017-LFUCG-ST-00531		5,929
16.588 Subtotal				16,511
Juvenile Mentoring Program	16.726	2016-JU-FX-0014		14,862
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-JAG-LFUCG-STRE-01144		23,978
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-JAG-LFUCG-STRE-01160		11,903
16.738 Subtotal				35,881
Total US Department of Justice			130,927	1,392,071

US Department of Transportation:

Highway Planning and Construction Cluster

Passed through Commonwealth of Kentucky:

Highway Planning and Construction	20.205	1700006017		91,960
Highway Planning and Construction	20.205	PO2-628-1700004143		29,700
Highway Planning and Construction	20.205	PO2-628-1700004155		12,000
Highway Planning and Construction	20.205	1700006017		51,066
Highway Planning and Construction	20.205	1600006170		135,174
Highway Planning and Construction	20.205	PO2-628-1700002505		340
Highway Planning and Construction	20.205	PO2-628-1700004156		48,153
Highway Planning and Construction	20.205	C-03328686		31,561
Highway Planning and Construction	20.205	PO2-625-1500002693		451,708
Highway Planning and Construction	20.205	PO2-628-1600005819		776,240
Highway Planning and Construction	20.205	1700005044		392,000
Highway Planning and Construction	20.205	PO2-628-1600004546		3,277
Highway Planning and Construction	20.205	PO2-628-1700002506		5,091
Highway Planning and Construction	20.205	PO2-628-1600005725		70,174
Highway Planning and Construction	20.205	PO2-625-1600002350		414,078
Highway Planning and Construction	20.205	PO2-625-1700002191		476,008

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2018

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	PO2-625-1200003879		10,775
Highway Planning and Construction	20.205	PO2-628-1400005764		70,266
Highway Planning and Construction	20.205	C-04073306		7,686
Highway Planning and Construction	20.205	PO2-628-1100001626		2,444
Highway Planning and Construction	20.205	PO2-628-1800002729		5,420
Highway Planning and Construction	20.205	PO2-625-1400004868		310,830
Highway Planning and Construction	20.205	PO2-628-1800001345		12,215
Highway Planning and Construction	20.205	1700006017		100,681
Highway Planning and Construction	20.205	C-00343167		443
Highway Planning and Construction	20.205	C-00343167		297,759
Highway Planning and Construction	20.205	PO2-628-1500003392		21,867
Highway Planning and Construction	20.205	PO2-628-1700004160		18,000
Highway Planning and Construction	20.205	PO2-625-1300001036		18,084
Highway Planning and Construction	20.205	PO2-628-1700004171		15,749
Highway Planning and Construction	20.205	PO2-628-1700004176		31,212
Highway Planning and Construction	20.205	PO2-628-1600003546		12,002
Highway Planning and Construction	20.205	PO2-628-1700004177		52,110
Highway Planning and Construction	20.205	PO2-628-1200004353		41,648
Highway Planning and Construction	20.205	PO2-628-1600003719		115,502
Highway Planning and Construction	20.205	PO2-628-1600005544		203,231
Highway Planning and Construction	20.205	PO2-628-1500004792		1,466
Highway Planning and Construction	20.205	PO2-628-1500003706		225,590
Highway Planning and Construction	20.205	PO2-620-1700000432		19,991
Highway Planning and Construction	20.205	PO2-628-1600005956		71,305
Highway Planning and Construction	20.205	PO2-628-1700004178		33,088
20.205 Subtotal				4,687,894
Recreational Trails Program	20.219	RTP 484-13		85,663
Total Highway Planning and Construction Cluster				4,773,557
Passed through Commonwealth of Kentucky:				
Motor Carrier Safety Assistance	20.218	No Number		3,949
Motor Carrier Safety Assistance	20.218	No Number		40,159
Motor Carrier Safety Assistance	20.218	No Number		11,432
Motor Carrier Safety Assistance	20.218	No Number		6,736
20.218 Subtotal				62,276
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	PO2-625-17000005061		13,274
State and Community Highway Safety	20.600	PO2-625-18000010731		37,735
State and Community Highway Safety	20.600	PO2-625-18000045321		2,684
State and Community Highway Safety	20.600	PO2-625-17000043701		11,814
20.600 Subtotal				65,507

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2018

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
National Priority Safety Programs	20.616	PO2-625-18000009371		37,952
National Priority Safety Programs	20.616	PO2-625-17000007651		11,152
20.616 Subtotal				49,104
Total Highway Safety Cluster				114,611
Total US Department of Transportation				4,998,844
US Environmental Protection Agency				
Passed through Commonwealth of Kentucky:				
Clean Water State Revolving Fund Cluster				
Capitalization Grants for Clean Water State Revolving Funds	66.458	A13-015 SWR		319,678
Capitalization Grants for Clean Water State Revolving Funds	66.458	A14-001 SWR		1,541,779
Capitalization Grants for Clean Water State Revolving Funds	66.458	A17-003 SWR		1,286,628
Capitalization Grants for Clean Water State Revolving Funds	66.458	A13-015 SWR		301,262
Capitalization Grants for Clean Water State Revolving Funds	66.458	A13-015 SWR		1,052,193
Capitalization Grants for Clean Water State Revolving Funds	66.458	A15-026 SWR		26,355,894
Total US Environmental Protection Agency				30,857,434
US Department of Health and Human Services:				
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		72,081
Refugee and Entrant Assistance Targeted Assistance Grants	93.584	257-107042-2017		2,645
Refugee and Entrant Assistance Targeted Assistance Grants	93.584	257-107042-2018		686
93.584 Subtotal				3,331
Grants to States for Access and Visitation Programs	93.597	2013-1014-PUBLIC-R		6,505
Grants to States for Access and Visitation Programs	93.597	2014-2015-PUBLIC-R		21,988
Grants to States for Access and Visitation Programs	93.597	2015-2016-PUBLIC-R		343,715
93.597 Subtotal				372,208
Head Start	93.600	No Number		32,162
Total US Department of Health and Human Services				479,782
US Department of Homeland Security Office of Domestic Preparedness:				
Direct Program:				
Assistance to Firefighters Grant	97.044	EMW-2016-F0-04181		110,286
Passed through Commonwealth of Kentucky:				
Hazard Mitigation Grant	97.039	PON20951300000009		23,625
Hazard Mitigation Grant	97.039	PON209513000000082		12,158
Hazard Mitigation Grant	97.039	PON209517000013341		42,965
97.039 Subtotal				78,748
Chemical Stockpile Emergency Preparedness Program	97.040	PO209513000036524		51,261
Chemical Stockpile Emergency Preparedness Program	97.040	PO209515000044462		5,597
Chemical Stockpile Emergency Preparedness Program	97.040	PO209516000047103		259,917
Chemical Stockpile Emergency Preparedness Program	97.040	PO209517000054304		275,109
97.040 Subtotal				591,884

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2018

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
Emergency Management Performance Grants	97.042	PO209517000014471		27,535
Emergency Management Performance Grants	97.042	PO209518000015671		94,131
97.042 Subtotal				121,666
Homeland Security Grant Program	97.067	PO2-094-1700002251		32,980
Homeland Security Grant Program	97.067	PO209418000022321		41,200
Homeland Security Grant Program	97.067	PO2-094-1700002261		516
Homeland Security Grant Program	97.067	PO209417000023251		39,200
97.067 Subtotal				113,896
Total US Dept. of Homeland Security Office of Domestic Preparedness				1,016,480
Totals			\$1,735,283	\$41,273,932
Grand Total of Direct Federal Expenditures and Amounts Passed Through to Subrecipients				\$43,009,215

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, 2018

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, 2018. 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, 2018

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 internal control over major federal programs are reported.
5. The auditors' report on compliance for the major federal 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) of the Uniform Guidance are reported in this Schedule.
7. The programs tested as major programs are as follows:

Name of Federal Program or Cluster	CFDA Number
Community Development Block Grants/Entitlement Grants	14.218
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001
Capitalization Grants for Clean Water State Revolving Funds	66.458

8. The threshold used for distinguishing between Type A and B programs was \$1,290,276.
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, 2018

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, 2018

Prior Year Major Federal Program Finding and Questioned Costs

There were no findings.