

Single Audit Report in Accordance with Uniform Guidance

2022

Lexington-Fayette Urban County Government

June 30, 2022



Single Audit Report in Accordance with Uniform Guidance

Lexington-Fayette Urban County Government

June 30, 2022

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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 Linda Gorton, 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, 2022, 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 22, 2022. 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.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 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 22, 2022

**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 Linda Gorton, Members of the
Urban County Council and Citizens
Lexington-Fayette Urban County Government
Lexington, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lexington-Fayette Urban County Government's (the "Government") compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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 expended \$19.76 million in federal awards which are not included in the Government's Schedule of Expenditures of Federal Awards during the year ended June 30, 2022. 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").

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, 2022.

Basis for Opinion on Each Major Federal Program

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 Requirements, Cost Principles, and*

Audit Requirements for Federal Awards (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Government and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Government’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Government’s federal programs.

Auditors’ Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Government’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Government’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Government’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Government’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Government’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements. We issued our report thereon dated November 22, 2022, which contained unmodified opinions on those financial statements.

Our audit was performed 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 26, 2023, except for the last two paragraphs,
for which the date is November 22, 2022

Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards

Lexington-Fayette Urban County Government

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing 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		\$ 12,476
Child and Adult Care Food Program	10.558	11475		<u>38,786</u>
Total US Department of Agriculture				51,262
US Department of Housing and Urban Development:				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B15MC210004		886
Community Development Block Grants/Entitlement Grants	14.218	B16MC210004		12,054
Community Development Block Grants/Entitlement Grants	14.218	B17MC210004		33,569
Community Development Block Grants/Entitlement Grants	14.218	B18MC210004	\$ 2,172	27,890
Community Development Block Grants/Entitlement Grants	14.218	B19MC210004	41,290	388,004
Community Development Block Grants/Entitlement Grants	14.218	B20MC210004	99,681	655,004
Community Development Block Grants/Entitlement Grants	14.218	B21MC210004	19,177	328,149
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B20MW210004	167,118	9,915
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B20MW210004	<u>782,598</u>	
14.218 Subtotal			1,112,036	1,455,471
Emergency Solutions Grant Program	14.231	E19MC210004	30,622	7,880
Emergency Solutions Grant Program	14.231	E20MC210004	59,930	33,738
Emergency Solutions Grant Program	14.231	E21MC210004	2,587	
COVID-19 Emergency Solutions Grant Program	14.231	E20MW210004	99,153	23,883
COVID-19 Emergency Solutions Grant Program	14.231	E20MW210004	<u>528,915</u>	<u>1,160</u>
14.231 Subtotal			721,207	66,661
Home Investment Partnerships Program	14.239	M15MC210201		56,813
Home Investment Partnerships Program	14.239	M16MC210201		2,317
Home Investment Partnerships Program	14.239	M17MC210201		90,816
Home Investment Partnerships Program	14.239	M18MC210201	80,118	45,133
Home Investment Partnerships Program	14.239	M19MC210201	378,242	31,058
Home Investment Partnerships Program	14.239	M20MC210201	31,000	83,612
Home Investment Partnerships Program	14.239	M21MC210201	5,447	22,086
COVID-19 Home Investment Partnerships Program	14.239	M21MP210201		<u>3,480</u>
14.239 Subtotal			494,807	335,315
Housing Opportunities for Persons with AIDS	14.241	KY-H17-0017-00		
Housing Opportunities for Persons with AIDS	14.241	KY-H200017	477,525	6,883
COVID-19 Housing Opportunities for Persons with AIDS	14.241	KY-H2001W057	<u>44,484</u>	<u>1,868</u>
14.241 Subtotal			522,009	8,751
Continuum of Care Program	14.267	KY0233L4I021900		22,485
Continuum of Care Program	14.267	KY0240L4I022000		<u>13,723</u>
14.267 Subtotal				<u>36,208</u>
Total US Department of Housing and Urban Development			2,850,059	1,902,406
US Department of Justice:				
Direct Programs:				
Law Enforcement Assistance Narcotics and Dangerous Drugs Laboratory Analysis	16.001	No Number		282,415
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1279		15,773
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0086		9,463

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures*	Federal Expenditures
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0168		801
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0499		24,123
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA-21-GG-01493-JAGX		95,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAG-LFUCG-STRE-01223		5,590
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-JAG-LFUCG-STRE-01223		21,425
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG-2021-LFUCG-STRE-00033		30,000
16.738 Subtotal				176,939
Comprehensive Opioid Abuse Site-Based Program	16.838	2018-AR-BX-K059		115,315
Comprehensive Opioid Abuse Site-Based Program	16.838	2020-AR-BX-0079		128,675
16.838 Subtotal				243,990
Passed through Commonwealth of Kentucky:				
Crime Victim Assistance	16.575	VOCA-2020-LFUCG-STRE-00008		7,441
Crime Victim Assistance	16.575	VOCA-2021-LFUCG-STRE-00018		18,480
Crime Victim Assistance	16.575	VOCA-2020-LFUCG-STRE-00136		18,753
Crime Victim Assistance	16.575	VOCA-2021-LFUCG-STRE-00075		69,899
16.575 Subtotal				114,573
Violence Against Women Formula Grants	16.588	VAWA-2020-LFUCG-ST-00719		25,355
Violence Against Women Formula Grants	16.588	VAWA-2021-LFUCG-ST-00006		16,038
16.588 Subtotal				41,393
Project Safe Neighborhoods	16.609	DG-PRJSAEAST-2018-LFUCG ST-00001		108,899
Project Safe Neighborhoods	16.609	DG-PRJSAEAST-2019-LFUCG ST-00001		25,849
16.609 Subtotal				134,748
Total US Department of Justice				1,019,294
US Department of Transportation:				
Highway Planning and Construction Cluster				
Passed through Commonwealth of Kentucky:				
Highway Planning and Construction	20.205	PO2-628-1700004143		3,425
Highway Planning and Construction	20.205	PO2-628-1700002505		507,888
Highway Planning and Construction	20.205	PO2-625-1500002693		4,741,048
Highway Planning and Construction	20.205	2000001666		127,000
Highway Planning and Construction	20.205	STPM-3003360		46,200
Highway Planning and Construction	20.205	2000001226		373,561
Highway Planning and Construction	20.205	PO2-628-1700002506		595,512
Highway Planning and Construction	20.205	PO2-628-1600005725		144,893
Highway Planning and Construction	20.205	SC-625-21-00000781		194,981
Highway Planning and Construction	20.205	SC-625-2200000042		171,402
Highway Planning and Construction	20.205	2200000418		73,443
Highway Planning and Construction	20.205	C-00343167	200,000	88,188
Highway Planning and Construction	20.205	PO2-628-1700004171		11,383
Highway Planning and Construction	20.205	2100001580		240,571
Highway Planning and Construction	20.205	PO2-628-1700004177		13,566
Highway Planning and Construction	20.205	PO2-628-1200004353		10,175
Highway Planning and Construction	20.205	PO2-628-1600003719		829,422
Highway Planning and Construction	20.205	PO2-628-1600005544		3,510,112
Highway Planning and Construction	20.205	PO2-628-1500004792		11,540
Highway Planning and Construction	20.205	PO2-628-1600003706		51,797
Total Highway Planning and Construction Cluster			200,000	11,746,107

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures*	Federal Expenditures
Passed through Commonwealth of Kentucky:				
National Motor Carrier Safety	20.218	No Number		15,784
National Motor Carrier Safety	20.218	No Number		<u>67,081</u>
20.218 Subtotal				82,865
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	PO33021442	111,193	46,879
Highway Safety Cluster:				
State and Community Highway Safety	20.600	SC-625-210000400-1		28,817
State and Community Highway Safety	20.600	SC-625-2100001519-1		47,616
State and Community Highway Safety	20.600	SC-625-220000202-1		20,105
State and Community Highway Safety	20.600	SC-625-220000182-1		<u>8,036</u>
20.600 Subtotal				104,574
National Priority Safety Programs	20.616	SC-625-210000458-1		5,608
National Priority Safety Programs	20.616	SC-625-210000493-1		<u>7,847</u>
20.616 Subtotal				<u>13,455</u>
Total Highway Safety Cluster				118,029
National Infrastructure Investments	20.933	SC-628-1800005041		<u>2,577,306</u>
Total US Department of Transportation			311,193	14,571,186
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	A15-026 SWR		<u>1,770,071</u>
Total US Environmental Protection Agency				1,770,071
US Department of Health and Human Services:				
Direct Programs:				
Substance Abuse & Mental Health Services Projects of Regional and National Significance	93.243	5H79SP080309-02		334
Substance Abuse & Mental Health Services Projects of Regional and National Significance	93.243	5H79SP080309-03		395,145
Substance Abuse & Mental Health Services Projects of Regional and National Significance	93.243	5H79SP080309-04		<u>286,197</u>
93.243 Subtotal				681,676
Passed through Commonwealth of Kentucky:				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AS-2021-2022		79,589
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AS-2019-2020		<u>9,533</u>
93.044 Subtotal				89,122
Child Care and Development Fund Cluster:				
COVID-19 Child Care and Development Block Grant	93.575	No Number		85,132
COVID-19 Child Care and Development Block Grant	93.575	No Number		407,798
COVID-19 Child Care and Development Block Grant	93.575	No Number		18,840
COVID-19 Child Care and Development Block Grant	93.575	No Number		<u>324,000</u>
93.575 Subtotal				835,770

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Direct/ Pass-through Grantor's Number	Passed Through to Subrecipients Expenditures*	Federal Expenditures
Grants to States for Access and Visitation Programs	93.597	2019-2020-PUBLIC-R		363,362
Grants to States for Access and Visitation Programs	93.597	2020-2021-PUBLIC-R		11,247
93.597 Subtotal				374,609
Head Start Cluster:				
Head Start	93.600	No Number		29,030
Head Start	93.600	No Number		13,118
93.600 Subtotal				42,148
Opioid STR	93.788	PON2-729-2200000256-1		98,806
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	2021-2022-PUBLIC-R		41,131
Total US Department of Health and Human Services				2,163,262
US Department of Homeland Security Office of Domestic Preparedness:				
Direct Program:				
Assistance to Firefighters Grant	97.044	EMW-2017-FP-00614		5
Passed through Commonwealth of Kentucky:				
Hazard Mitigation Grant Program	97.039	PON2-095-2000003849		61,574
Hazard Mitigation Grant Program	97.039	PON2-095-1700001334		1,687
97.039 Subtotal				63,261
Chemical Stockpile Emergency Preparedness Program	97.040	SC-095-17000054303		178,548
Chemical Stockpile Emergency Preparedness Program	97.040	SC-095-1900001734		47,581
Chemical Stockpile Emergency Preparedness Program	97.040	SC-095-2000001643		366,668
Chemical Stockpile Emergency Preparedness Program	97.040	SC-095-2100001500		699,387
97.040 Subtotal				1,292,184
Emergency Management Performance Grants	97.042	SC-095-2100000605		29,863
Emergency Management Performance Grants	97.042	SC-095-2200000589		49,767
97.042 Subtotal				79,630
Homeland Security Grant Program	97.067	SC-094-2100001267-1		179,425
Homeland Security Grant Program	97.067	SC-094-2200000946-1		29,050
Homeland Security Grant Program	97.067	SC-094-2100000985-1		201,500
97.067 Subtotal				409,975
Total US Dept. of Homeland Security Office of Domestic Preparedness				1,845,055
US Department of Treasury				
Passed through Commonwealth of Kentucky:				
COVID-19 Coronavirus Relief Fund	21.019	No Number		65,810
COVID-19 Coronavirus Relief Fund	21.019	PON3-527-2200000001		119,830
21.019 Subtotal				185,640
COVID-19 Emergency Rental Assistance Program	21.023	No Number	10,530,000	
COVID-19 Emergency Rental Assistance Program	21.023	ERA-2101080903	6,644,483	4,261,268
COVID-19 Emergency Rental Assistance Program	21.023	ERA2-0245	3,000,000	2,247,835
21.023 Subtotal			20,174,483	6,509,103
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	No Number	1,553,123	22,541,260
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	KY 0240L41022000		285,801
21.027 Subtotal			1,553,123	22,827,061
Total US Department of Treasury			21,727,606	29,521,804

Continued

Schedule of Expenditures of Federal Awards--Continued

Lexington-Fayette Urban County Government

Year Ended June 30, 2022

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Direct/ Pass-through Grantor's Number</u>	<u>Passed Through to Subrecipients Expenditures*</u>	<u>Federal Expenditures</u>
US Small Business Administration				
COVID-19 Shuttered Venues Operators Grant Program	59.075	SBAHQ21SV010691.2		33,648
COVID-19 Shuttered Venues Operators Grant Program	59.075	SBAHQ21SV011731.2		<u>38,103</u>
59.075 Subtotal				<u>71,751</u>
Total US Small Business Administration				<u>71,751</u>
Totals			<u>\$ 24,888,858</u>	<u>\$ 52,916,091</u>
Total Expenditures of Federal Awards				<u>\$ 77,804,949</u>

* These amounts are also considered Federal Expenditures.

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, 2022

Note A--Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity for Lexington-Fayette Urban County Government (the "Government") under programs of the federal government for the year ended June 30, 2022. 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.

Federal program funds can be received directly from the federal government or passed through from another entity. Uniform Guidance Part 200, Subpart A 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."

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 the 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.

The basic financial statements of the 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. Thus, amounts reported on the Schedule may not directly agree to the amounts reported in the basic financial statements.

The accompanying Schedule reflects certain adjustments resulting from transfers of funds between grants, adjustments, or credits made in the normal course of business. As a result, certain grants reflect negative expenditures.

Federal Assistance Listing numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

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, 2022

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:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number</u>
Community Development Block Entitlement Grants	14.218
Highway Planning and Construction	20.205
Emergency Rental Assistance Program	21.023
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The threshold used for distinguishing between Type A and B programs was \$2,334,148.
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, 2022

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, 2022

Financial Statement Audit

There were no findings to be reported.

Finding and Questioned Costs – Major Federal Programs Audit

There were no findings to be reported.