



Louisville Metro Government Financial Statement Audit Results Fiscal Year Ended June 30, 2019

Audit Services:



Agenda / March 10, 2020

1

Summary of Audit Services

2

Financial Statement Audit

3

Audit Results - Communications

4

Single Audit

Summary of Audit Services

Audit of Comprehensive Annual Finance Report (CAFR)

- **Metro Government**
- **Component Units**

Required Communications

- **Audit Communications**
- **Audit Results**
- **Areas for Continuous Improvement**



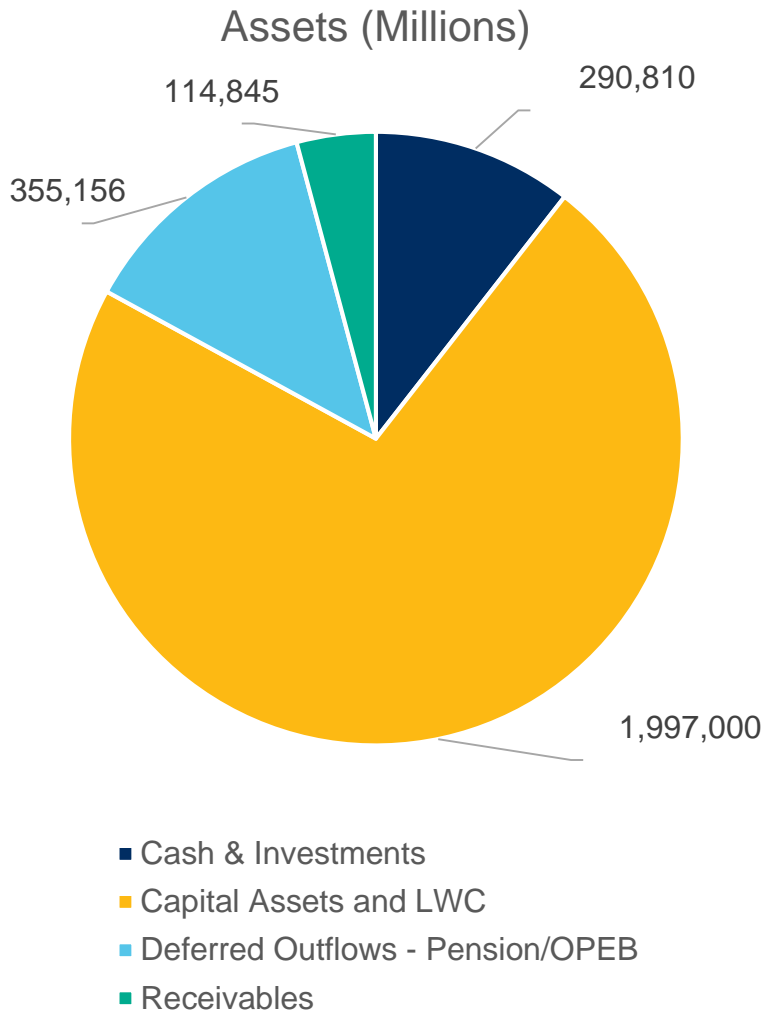
Single Audit – Audit of Federal Expenditures

- **Internal Controls**
- **Compliance**

Government Auditing Standards – Law & Regulations

- **Internal Controls**
- **Compliance.**

Financial Statements - Assets

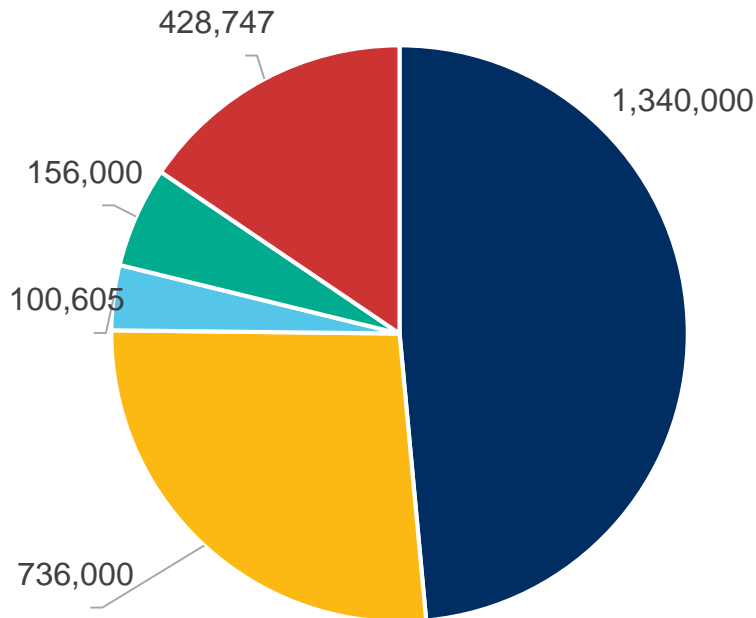


LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET POSITION
June 30, 2019

	Primary Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 151,633,719	\$ 156,423,492
Investments	73,709,319	66,271,160
Receivables, net of allowance for uncollectible amounts	109,567,561	58,751,409
Capital sublease receivable	4,978,174	-
Accrued interest receivable	299,008	1,786,166
Inventories	3,565,477	12,741,642
Supplies	-	143,775
Prepaid items	335,126	9,327,945
Assets restricted by bond indentures and other legal provisions	65,468,316	186,837,687
Non-utility property	-	2,436,284
Land held for sale	-	10,568,930
Other assets	-	36,019,259
Equity interest in LWC	949,813,104	-
Capital assets:		
Nondepreciable capital assets	493,188,847	616,979,492
Other capital assets, net of accumulated depreciation	553,855,428	3,970,065,150
Total capital assets	<u>1,047,044,275</u>	<u>4,587,044,642</u>
Total assets	<u>2,406,414,079</u>	<u>5,128,352,391</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized outflows on sale of future revenues	-	7,931,532
Unamortized loss on refundings	1,865,622	18,725,928
Swap agreements	-	4,336,185
OPEB related deferred outflows	108,179,944	26,957,621
Pension related deferred outflows	245,110,197	67,743,969
Total deferred outflows of resources	<u>355,155,763</u>	<u>125,695,235</u>
Total assets and deferred outflows of resources	<u>\$ 2,761,569,842</u>	<u>\$ 5,254,047,626</u>

Financial Statements - Liabilities and Net Position

Liabilities & Net Position (Millions)



- Pension/OPEB
- Debt
- Deferred Inflows - Pension/OPEB
- Payables & Other
- Net Position

LIABILITIES

Accounts payable and accrued payroll	59,102,069	81,864,503
Accrued interest payable	3,311,965	19,718,309
Due to other governmental agencies	29,026,087	10,341,040
Unearned revenue	-	732,661
Other liabilities	1,361,983	15,931,685
Long-term liabilities:		
Due within one year	83,231,874	72,660,761
Due in more than one year	716,170,396	2,702,832,518
Net OPEB liability	300,991,501	90,719,910
Net pension liability	1,039,021,315	313,292,009
Total liabilities	<u>2,232,217,190</u>	<u>3,308,093,396</u>

DEFERRED INFLOWS OF RESOURCES

Unamortized inflows on sale of future revenues	7,931,533	-
Deferred tax credit receipts	11,898,339	-
Deferred inflows on swap agreements and other	-	77,017,000
OPEB related deferred inflows	62,097,078	17,574,323
Pension related deferred inflows	18,678,355	9,698,514
Total deferred inflows of resources	<u>100,605,305</u>	<u>104,289,837</u>

NET POSITION

Net investment in capital assets	765,166,483	1,840,266,704
Restricted for:		
Capital projects	-	57,374,150
Debt service	3,351,791	91,288,060
Grant programs and other purposes	13,586,975	544,816
Total restricted	<u>16,938,766</u>	<u>149,207,026</u>
Unrestricted	<u>(353,357,902)</u>	<u>(147,809,337)</u>
Total net position	<u>428,747,347</u>	<u>1,841,664,393</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,761,569,842</u>	<u>\$ 5,254,047,626</u>

Financial Statement Audit Results - Communications

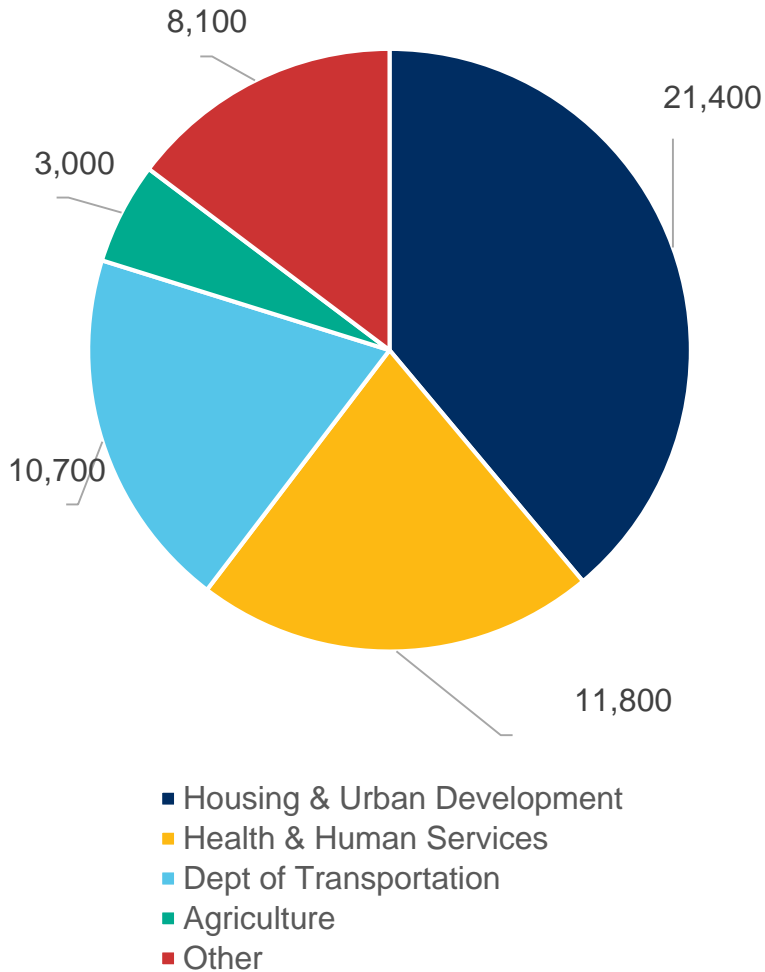
- Unmodified Opinion on Financial Statements
- Prior Period Adjustment: Long-Term Financing Debt
 - **Condition:** During FY 2019, Management identified an error in the presentation of Metro Government's long-term financing arrangement in the FY 2018 CAFR.
 - **Cause:** The error resulted from a lack of control implementation over recording and review of the financial impact of an amendment to an existing agreement during fiscal year 2018.
 - **Effect:** The result was an understatement of long-term liabilities in the government-wide statement of net position, an overstatement of net position in the government-wide statement of net position, and an understatement of expenses in the government-wide statement of activities in the amount of \$107.3 million.
- Other Matters: Waived Adjustments
 - **OPEB** – Police and Fire – Insurance Premiums Actuarial - \$6.2 million
 - **Payables** – Cut off of invoices and claims- \$950,000
 - **Capital Assets** – Updates to financial records

Financial Statement Audit Results - Communications

- Other Communications (as applicable):
 - Other Information in Documents Containing Audited Financial Statements
 - Significant Difficulties Encountered During The Audit
 - Disagreements With Management
 - Significant Related Party Findings and Issues
 - Other Finding or Issues We Find Relevant or Significant

Single Audit

Source of Expenditures



- Metro Expended over \$56 million in FY19
- Three Sources make up a significant portion:
 - HUD – 38%
 - HHS – 21%
 - DOT – 19%
- Major programs tested:
 - WIC
 - CDBG
 - HOME
 - DOT National Infrastructure
- Audit Results
 - Unmodified Opinion
 - No findings over internal control
 - No findings over compliance



Thank You

Scott Nickerson

Audit Partner

317.706.2693

scott.nickerson@crowe.com

Kevin McGill

Audit Manager

502.420.4542

kevin.mcgill@crowe.com

Alice Cowley

Senior Manager

502.420.4432

alice.cowley@crowe.com