



**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**

To the Chairperson and Members of the
Shelby County Board of Commissioners and
Mayor of Shelby County, Tennessee

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, the statements of budgetary comparison for the general fund, education fund, and grants fund, and the aggregate remaining fund information of Shelby County, Tennessee, (the "County") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2016. Our report includes a reference to other auditors who audited the financial statements of the Shelby County Health Care Corporation, Agricenter International, Inc., and Emergency Communications District of Shelby County, Tennessee, as described in our report on the County'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 County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*. The audit for the fiscal year ended June 30, 2016 revealed a cash shortage of \$1,017 with the Probate Court Clerk. The cash shortage was reported by the county attorney; however, a guilty party has not repaid the shortage. During the fiscal year ended June 30, 2016, other instances of theft reported by the County included the purchase of counterfeit Cisco switches from an outside vendor. These matters were detected by the County in the normal operation of their internal controls and internal audit functions.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Mikusall, PLLC Banks, Jolley, White & Co.

Memphis, Tennessee
November 30, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Chairperson and Members of the
Shelby County Board of Commissioners and
Mayor of Shelby County, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Shelby County, Tennessee (the "County")'s 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 County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's financial statements include the operations of the Shelby County Health Care Corporation and the Shelby County Board of Education (component units of the County), which received \$3,481,027 and \$202,670,641 in federal awards, respectively, which are not included in the schedule of expenditures of federal and state awards for the year ended June 30, 2016. Our audit did not include the operations of the Shelby County Health Care Corporation because the entity engaged another auditor to perform an audit in accordance with the Uniform Guidance. The results of our audit for the Shelby County Board of Education are included in a separate report.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County'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 Requirements, 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 County'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 County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the 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, 2016.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the County'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 our opinion on compliance 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 County'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.

Watkins Mikusall, PLLC Banks, Jolley, White & Co.

Memphis Tennessee
November 30, 2016

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Department of Agriculture					
TN Department of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-43885-00	\$ -	\$ 6,012,599
TN Department of Health	Commodity Supplemental Food Program	10.565	GG-15-43885-00	-	640,107
Total Department of Agriculture				-	6,652,706
Department of Housing and Urban Development					
Direct Award	Community Development Block Grants	14.218	B15UC470002	-	881,163
Direct Award	Community Development Block Grants	14.218	B13US47001	-	4,967,710
Direct Award	Community Development Block Grants	14.218	B10UF47001	528,973	547,146
				528,973	6,396,019
Direct Award	Home Investment Partnership Program	14.239	M14UC47002	-	212,204
Direct Award	Home Investment Partnership Program	14.239	B08UN470001	-	86,777
				-	298,981
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TNLHB0565-13	-	650,741
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	32403	-	162,203
				-	812,944
Total Department of Housing and Urban Development				528,973	7,507,944
Department of Justice					
Direct Award	Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	TN0790000	-	232,320
TN Office of Violence Against	Violence Against Women Formula Grants	16.588	260703	-	38,340

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-K002	\$ 57,949	\$ 59,832
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2015-SI-AX-K004	55,107	55,107
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	32441	-	2,373
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	-	26,079
				<u>113,056</u>	<u>143,391</u>
Direct Award	State Criminal Alien Assistance Program	16.606	CA 165507	-	83,898
Direct Award	Reduction and Prevention of Children's Exposure to Violence	16.730	2011-NU-NU-K005	459,920	569,214
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0077	-	25,921
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0333	-	94,355
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	22973	-	89,530
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0559	-	57,643
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0590	379,738	472,271
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	26631	-	6,076
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	26623	-	152,639

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	27217	\$ -	\$ 50,485
				<u>379,738</u>	<u>948,920</u>
Direct Award	Support for Adam Walsh Act Implementation Grant Program	16.750	19073	-	456,135
Total Department of Justice				<u>952,714</u>	<u>2,472,218</u>
Department of Transportation					
MS Dept of Transportation	Highway Planning and Construction	20.205	N/A	-	493,521
TN Dept of Transportation	Highway Planning and Construction	20.205	STP-M-7900 (29)/ STP-EN-9409 (157)	-	9,028
TN Dept of Transportation	Highway Planning and Construction	20.205	GG1237135-2	-	577,684
TN Dept of Transportation	Highway Planning and Construction	20.205	150062	-	655
TN Dept of Transportation	Highway Planning and Construction	20.205	70078	-	519,704
TN Dept of Transportation	Highway Planning and Construction	20.205	2000286	-	6,154,665
TN Dept of Transportation	Highway Planning and Construction	20.205	110386	-	1,248,066
TN Dept of Transportation	Highway Planning and Construction	20.205	130273	-	10,368
TN Dept of Transportation	Highway Planning and Construction	20.205	130275	-	16,081
TN Dept of Transportation	Highway Planning and Construction	20.205	N/A	-	325,698
TN Dept of Transportation	Highway Planning and Construction	20.205	100295	-	915,064
TN Dept of Transportation	Highway Planning and Construction	20.205	Various	-	4,046,114
				<u>-</u>	<u>14,316,648</u>
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-16-39	-	13,138
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-15-42	-	1,722
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-15-43	-	11,580
				<u>-</u>	<u>26,440</u>

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Dept of Transportation	National Priority Safety Programs	20.616	MSHVE-16-17	\$ -	\$ 140,099
Direct Award	Alcohol Open Container Requirements	20.607	154AL-15-107	-	56,430
Direct Award	Alcohol Open Container Requirements	20.607	154AL-15-278	-	4,896
Direct Award	Alcohol Open Container Requirements	20.607	154AL-16-265	-	4,780
				-	66,106
Total Department of Transportation				-	14,549,293
Environmental Protection Agency					
Direct Award	Air Pollution Control Program Support	66.001	A00408215	-	169,120
Direct Award	Air Pollution Control Program Support	66.001	A0048215	-	111,913
				-	281,033
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA00D42616	-	5,807
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA95490112	-	169,648
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM96497515	-	118,803
				-	294,258
Total Environmental Protection Agency				-	575,291
Department of Health and Human Services					
National Association of County and City Health Organizations	Medical Reserve Corps Small Grant Program	93.008	MRC14-0150	-	5,039
TN Commission on Aging and Disability	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	31602-15048	2,656,978	8,431

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Commission on Aging and Disability	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	31602-15048	\$ -	\$ 36,975
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	31602-15048	-	46,662
<i>Aging Cluster</i>					
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	31602-15048	-	838,676
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	31602-15048	-	1,201,467
TN Commission on Aging and Disability	Nutrition Services Incentive Program	93.053	31602-15048	-	152,311
<i>Total Aging Cluster</i>				<hr/>	2,192,454
TN Commission on Aging and Disability	National Family Caregiver Support, Title III, Part E	93.052	31602-15048	-	335,331
TN Department of Health	Public Health Emergency Preparedness	93.069	GE-16-46678-00	-	891,531
TN Department of Health	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FK0037-04	-	251,756
TN Department of Mental Health	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	30843-GG1238239	74,425	84,503
TN Department of Health	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-16-46673-00	-	1,826,459
TN Department of Mental Health	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	44666	-	349,441

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	Immunization Cooperative Agreements	93.268	GG-16-48755	\$ -	\$ 278,885
TN Department of Health	Immunization Cooperative Agreements	93.268	GG-15-44531	-	306,205
				<hr/>	585,090
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG15-43969	-	21,222
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-16-45430	-	8,256
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-16-45430	-	29,669
				<hr/>	59,147
Lebonheur Community Health Well Being	Teenage Pregnancy Prevention Program	93.297	N/A	-	5,466
TN Department of Health	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	GG-16-46573	-	158,012
TN Department of Human Services	Child Support Enforcement	93.563	GG-1339728	-	1,656,490
TN Department of Human Services	Low-Income Home Energy Assistance	93.568	LIHEAP 15-14	-	2,583,401
TN Department of Human Services	Low-Income Home Energy Assistance	93.568	LIHEAP 16-14	-	6,588,626
				<hr/>	9,172,027
TN Department of Human Services	Community Services Block Grant	93.569	Z16-49115	-	1,778,986
TN Department of Human Services	Social Services Block Grant	93.667	N/A	-	22,050

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Human Services	Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	GG-16-46711	\$ -	\$ 9,790
TN Department of Human Services	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	GG-16-46457	-	103,847
TN Department of Human Services	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	GE1648790	-	152,092
TN Department of Health	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733	GG-16-48719-00	-	17,720
TN Department of Health	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733	GG-15-44355-00	-	24,095
				<hr/>	41,815
TN Department of Health	National Bioterrorism Hospital Preparedness Program	93.889	GE-15-44347-00	-	460,396
Direct Award	HIV Emergency Relief Project Grants	93.914	CA15-1064		519,414
Direct Award	HIV Emergency Relief Project Grants	93.914	CA15-1064		197,759
Direct Award	HIV Emergency Relief Project Grants	93.914	CA15-1064		2,044,314
Direct Award	HIV Emergency Relief Project Grants	93.914	CA15-1064		4,441,675
Direct Award	HIV Emergency Relief Project Grants	93.914	N/A	-	15,115
				<hr/>	7,218,277
TN Department of Health	HHIV Care Formula Grants	93.917	GG-15-14904-00	-	86,156
TN Department of Health	HHIV Care Formula Grants	93.917	GG-16-49516-00	-	38,206
				<hr/>	124,362

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-15-44355-00	\$ -	\$ 483,491
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG133434800	-	142
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1311825	228,752	248,321
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1311825	165,719	156,002
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-16-48719-00	-	489,621
				<u>394,471</u>	<u>1,377,577</u>
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-16-48719-00	-	69,268
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-15-44355-00	-	66,724
				<u>-</u>	<u>135,992</u>
TN Department of Health	Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-41730-00	-	67,431
TN Department of Health	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	GU-15-45765-00	-	7,110
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-16-48719-00	-	339,182
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-15-44355-00	-	362,629
				<u>-</u>	<u>701,811</u>
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GU-16-46720	-	115,900
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-16-46129	-	724,452

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-15-43749-00	\$ -	\$ 124,786
				-	965,138
Total Department of Health and Human Services				3,125,874	30,831,488
Office of National Drug Control Policy					
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G14GC0005A	94	39,344
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G15GC0005A	18,074	78,440
Total Office of National Drug Control Policy				18,168	117,784
Department of Homeland Security					
TN Department of Mental Health	Hazard Mitigation Grant	97.039	GG1028271	13,160	65,817
TN Emergency Management Agency	Emergency Management Performance Grants	97.042	166317-3	-	120,968
TN Emergency Management Agency	Homeland Security Grant Program	97.067	166317	51,981	466,010
Total Department of Homeland Security				65,141	652,795
Total federal awards				<u>\$ 4,690,870</u>	63,359,519

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

For the Year Ended June 30, 2016

Grantor Agency	Program Name	Contract Number	Total Expenditures
TN Department of Transportation	State Aid Program	B13US47001	\$ (97,520)
TN Department of Corrections	Offender Re-Entry Program	32901-31258-44108	101,394
TN Department of Health	Family Planning	GG-15-472610-00	716,757
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical	GG15-43969	151,934
TN Department of Health	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting	GG-16-46573	1,109,086
TN Department of Health	DHS Advocacy Services	GG-1339444	190,503
TN Department of Health	HIV Prevention Activities - Health Department Based	CA1311825	26,463
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	GG-16-48719-00	57,277
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	GG-15-44355-00	50,727
TN Department of Health	Maternal and Child Health Services Block Grant to the States	GU-16-46720	87,400
TN Department of Children's Services	BCS Enrollments and Deferrals	GG-15-43749-00	6,800
TN Department of Mental Health	Hazard Mitigation Grant	GG1028271	151,911
TN Department of Children's Services	Court Appointed Spec Advocates	GG1029990	9,000
TN Department of Children's Services	At Risk Youth	GG1235222	67,688
TN Department of Children's Services	Title IV-D Process Paper Grant	GG-11-32442	473,085
TN Department of Mental Health	Mental Health Court	47902	77,700
TN Department of Children's Services	Fetal Infant Mortality Review	GU-16-46260	532,750
TN Department of Children's Services	Home Visiting Services	GG-15-43704	497,616
TN Department of Environment and Conservation	Clean Tennessee Energy Grant	32701-02033 40076	143,313
TN Department of Children's Services	Tobacco Settlement Funds 2015	N/A	203,448
TN Department of Children's Services	Tobacco Settlement Funds 2016	N/A	195,466
TN Commission on Aging & Disability	Aging Commission Fed Funding	31602-15048	1,266,290
TN Department of Children's Services	TennCare Dental Prevention	GG-16-47218	1,399,357
TN Commission on Aging & Disability	Aging Commission State Funding	31602-15048/15057	2,484,110
TN Department of Housing and Urban Development	Down Payment Assistance	N/A	368,752
TN Highway Beautification Office	Roadside Grant	Z16LIT079	211,322
TN Administrative Office of the Courts	Child Support Mediation	CA158176	2,038
TN Department of Environment and Conservation	Tire Recycling	CA 123779	417,426
TN Department of Environment and Conservation	Household Hazardous Waste	CA164367	54,131
TN Department of Transportation	State Aid Program Ward Rd. Bridge	CA1416921	5,505
TN Department of Transportation	State Aid Program Sledge Rd. Bridge	79014630001	782,370
TN Department of Health	HMEP	GE-16-46678-00	927,831
TN Department of Transportation	State Aid Road and Bridge Maintenance	CA 136693	1,569,775
TN Department of Mental Health	Residential Drug Treatment	46822	542,476
Total state awards			<u>14,784,181</u>
Total federal and state awards			<u>\$ 78,143,700</u>

See independent auditor's report and accompanying notes to schedule.

SHELBY COUNTY, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The schedule of expenditures of federal and state awards (the “Schedule”) includes the federal grant activity of Shelby County, Tennessee (the “County”) under programs of the federal government for the year ended June 30, 2016 (the Shelby County Health Care Corporation and the Shelby County Board of Education, component units of the County, issue separate financial reports and are not included in the Schedule). 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 County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) The Schedule is presented on the modified accrual basis of accounting, consistent with accounting for governmental type funds. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”), which is generally when the allowable program expenditures are incurred. Expenditures and transfers out are recorded when the related program liability is incurred, except for certain compensated absences. Such expenditures are recognized following the cost principles contained in the OMB Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, or the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts reflected in the schedule represent adjustments or credits resulting from the normal course of business to amounts reported as expenditures in prior years.
- 2) Pass-through entity contract numbers are presented where available.
- 3) The County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS TO THE FINANCIAL STATEMENTS

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the expenditure balances in the grant fund, per the County’s financial statements:

Totals per schedule of expenditures	\$ 78,143,700
Less: Expenditures in non-grant funds	(4,287,462)
Add: Expenditures not shown on this schedule	3,069,570
Add: County matching	5,056,012
Total grant fund expenditures	<u>\$ 81,981,820</u>

SHELBY COUNTY, TENNESSEE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2016

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Shelby County, Tennessee.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Shelby County, Tennessee were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Shelby County, Tennessee expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with the Uniform Guidance.
7. The programs tested as major programs included:
 - CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children
 - CFDA 20.205 – Highway Planning and Construction
 - CFDA 93.044, 93.045 and 93.053 – Aging Cluster
8. The threshold for distinguishing between Type A and B programs was \$1,900,786.
9. Shelby County, Tennessee qualifies as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SHELBY COUNTY, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2016

None