



Watkins Uiberall, PLLC
Certified Public Accountants & Financial Advisors
Independent Member of BKR International



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, and the aggregate remaining fund information of Shelby County, Tennessee, (the "County") as of and for the year ended June 30, 2015, 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 25, 2015. Our report includes a reference to other auditors who audited the financial statements of the Shelby County Health Care Corporation, Agricenter International, Inc., Emergency Communications District of Shelby County, Tennessee, and Shelby County Retirement System, 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, 2015 revealed a cash shortage of \$500 in the community services agency. The cash shortage was reported by the county attorney; however, a guilty party was not determined. During the fiscal year ended June 30, 2015, other instances of theft reported by the County included a computer reported stolen from the home of an employee in the office of early childhood and youth, and fuel valued at approximately \$6,000 reported stolen from a fuel station in the public works division. A County employee resigned as a result of the fuel theft, and the County is pursuing legal action. The County has thus far been unable to recover any funds related to these matters. 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 Universal, PLLC

Banks, Jolley, White & Co.

Memphis, Tennessee
November 25, 2015



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 \$3,073,083 and \$209,149,992 in federal awards, respectively, which are not included in the schedule of expenditures of federal and state awards for the year ended June 30, 2015. 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 OMB Circular A-133. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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, 2015.

Report on Internal Control Over Compliance

Management of the County 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, 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Memphis Tennessee
November 25, 2015

*Watkins Nilusall, PLLC
Banks, Jolley, White & Co.*

SHELBY COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year Ended June 30, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
Department of Agriculture				
TN Department of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-133450800	\$ 1,331,467
TN Department of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-43885-00	4,806,428
				<u>6,137,895</u>
TN Department of Health	Commodity Supplemental Food Program	10.565	GG-1237333	115,464
				<u>115,464</u>
Total Department of Agriculture				6,253,359
Department of Housing and Urban Development				
Direct Award	Community Development Block Grants	14.218	B-10-UF-47-0001	287,272
Direct Award	Community Development Block Grants	14.218	B-11-UC-47-002	42,000
Direct Award	Community Development Block Grants	14.218	B-12-UC-47-002	93,200
Direct Award	Community Development Block Grants	14.218	B-13-UC-47-002	907,604
Direct Award	Community Development Block Grants	14.218	B-13-US-47-001	2,183,525
				<u>3,513,601</u>
Direct Award	Home Investment Partnership Program	14.239	B-13-US-47-0001	22,980
Direct Award	Home Investment Partnership Program	14.239	M-11-UC-47-0205	45,840
Direct Award	Home Investment Partnership Program	14.239	M-12-UC-47-0205	37,105
Direct Award	Home Investment Partnership Program	14.239	M-13-UC-47-002	340,839
				<u>446,764</u>
Direct Award	Sustainable Communities Regional Planning Grant Program	14.703	TNRIP0069-11	665,323
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	28887	7,888
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	28920	56,753
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	32403	87,002
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TNLHB0442-09	1,073,231
				<u>1,224,874</u>
Total Department of Housing and Urban Development				5,850,562
Department of Justice				
Direct Award	Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	TN0790000	533,037

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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
Direct Award	Sexual Assault Services Formula Program	16.017	2014-WE-AX0049	\$ 9,457
TN Office of Criminal Justice	Sexual Assault Services Formula Program	16.017	24821	<u>14,140</u>
				23,597
TN Dept of Children's Services	Juvenile Accountability Block Grants	16.523	GG-09-26434-00	51,413
TN Office of Criminal Justice	Crime Victim Assistance	16.575	19703	482,860
Programs		16.588	19127	39,306
TN Office of Violence Against Women	Violence Against Women Formula Grants			
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-K002	124,049
Direct Award	State Criminal Alien Assistance Program	16.606	2013-AP-BX-0837	103,530
Direct Award	Reduction and Prevention of Children's Exposure to Violence	16.730	2011-MU-MU-K005	435,500
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0077	44,668
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0333	87,644
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	4034	148,861
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	22973	89,972
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3445	20,700
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0559	<u>487,815</u>
				<u>879,660</u>
Total Department of Justice				2,672,952
Department of Transportation				
MS Dept of Transportation	Highway Planning and Construction	20.205	-	49,023
TN Dept of Transportation	Highway Planning and Construction	20.205	80030	477,527
TN Dept of Transportation	Highway Planning and Construction	20.205	100295	658,452
TN Dept of Transportation	Highway Planning and Construction	20.205	105525.44	1,264
TN Dept of Transportation	Highway Planning and Construction	20.205	110389	1,889,001
TN Dept of Transportation	Highway Planning and Construction	20.205	120275	2,894
TN Dept of Transportation	Highway Planning and Construction	20.205	130273	5,359
TN Dept of Transportation	Highway Planning and Construction	20.205	-	11,963
TN Dept of Transportation	Highway Planning and Construction	20.205	40100-19013	55,611
TN Dept of Transportation	Highway Planning and Construction	20.205	76008-0700410	368,928
TN Dept of Transportation	Highway Planning and Construction	20.205	GG-07-26824-00	171,646
TN Dept of Transportation	Highway Planning and Construction	20.205	GG-1237135-1	1,251,411
TN Dept of Transportation	Highway Planning and Construction	20.205	STP-M-1458 (11)	111,934

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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
TN Dept of Transportation	Highway Planning and Construction	20.205	STP-M-7900 (29)	\$ 904,616
TN Dept of Transportation	Highway Planning and Construction	20.205	STP-EN-9409 (157)	1,857
TN Dept of Transportation	Highway Planning and Construction	20.205	STP-M-811 (126)	86,858
TN Dept of Transportation	Highway Planning and Construction	20.205	Various	1,284,390
				<u>7,332,734</u>
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-14-43	2,274
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-15-42	11,956
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-15-43	61,639
				<u>75,869</u>
Direct Award	Alcohol Open Container Requirements	20.607	154AL-14-99	34,521
Direct Award	Alcohol Open Container Requirements	20.607	Z15GHS316	148,451
				<u>182,972</u>
TN Emergency Management Agency	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	34101-23412	3,672
Total Department of Transportation				7,595,247
Environmental Protection Agency				
Direct Award	Air Pollution Control Program Support	66.001	A-00408210-05	345,384
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-96497508-9	237,294
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA-95490112-0	151,864
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA-95495812-0	35,078
				<u>424,236</u>
Total Environmental Protection Agency				769,620
Department of Energy				
TN Housing Development Agency	Weatherization Assistance for Low - Income Persons	81.042	WAP-12-09	(27,132)
Department of Health and Human Services				
National Association of County and City Health Organizations	Medical Reserve Corps Small Grant Program	93.008	MRC-11-0150/13-0150	725
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	31602-15009	6,162

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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
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	CA140329-31602-14009	\$ 2,253 <u>8,415</u>
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	31602-15009	36,515
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	31602-15009	37,211
<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	31602-15009	754,087
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	31602-15009	1,119,724
TN Commission on Aging and Disability	Nutrition Services Incentive Program	93.053	31602-15009	<u>155,728</u>
<i>Total Aging Cluster</i>				<u>2,029,539</u>
TN Commission on Aging and Disability	National Family Caregiver Support, Title III, Part E	93.052	31602-15009	277,723
TN Department of Health	Public Health Emergency Preparedness	93.069	GG-15-4376-00	910,152
Direct Award	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FK0037-03	192,930
Direct Award	Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90FK037-04	<u>458,639</u> <u>651,569</u>
TN Department of Mental Health	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	30843-GG1238239	641,080
TN Department of Health	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-15-43703-00	1,630,068
TN Department of Mental Health	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	44666	67,979
TN Department of Health	Immunization Cooperative Agreements	93.268	1239788	271,016
TN Department of Health	Immunization Cooperative Agreements	93.268	GG13-37212-00	<u>272,421</u> <u>543,437</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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-1239790	\$ 29,477
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG13-35406	19,033
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-1437970	<u>9,439</u>
				57,949
TN Governor's Office of Children's Care Coordination	Pregnancy Assistance Fund Program	93.500	GG1136105	171,911
TN Department of Health	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	GG-14-38634	182,300
TN Department of Human Services	Child Support Enforcement	93.563	GG-11-32442	77,080
TN Department of Human Services	Child Support Enforcement	93.563	GG-1339728	<u>1,550,838</u>
				1,627,918
TN Department of Human Services	Low -Income Home Energy Assistance	93.568	LIHEAP-15-14	6,495,954
TN Department of Human Services	Low -Income Home Energy Assistance	93.568	Z-05-021704-09	<u>2,222,067</u>
				8,718,021
TN Department of Human Services	Community Services Block Grant	93.569	Z-15-49115	2,132,080
Direct Award	Head Start	93.600	04CH3447/45	403,741
TN Department of Human Services	Social Services Block Grant	93.667	CA075023	22,050
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-1237993-00	26,047
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-1336397-00	<u>19,212</u>
				45,259
TN Department of Health	Medical Assistance Program	93.778	GG-11-32226	2,836

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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
TN Commission on Aging and Disability	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	31602-15009	\$ 34,920
TN Department of Health	National Bioterrorism Hospital Preparedness Program	93.889	GE-15-44347-00	249,004
Direct Award	HIV Emergency Relief Project Grants	93.914	6 H89HA11464-06-01	(8,052)
Direct Award	HIV Emergency Relief Project Grants	93.914	CA14-1064	7,601,270
				<u>7,593,218</u>
TN Department of Health	HIV Care Formula Grants	93.917	GG-1332870-00	71,202
TN Department of Health	HIV Care Formula Grants	93.917	GG-1336912-00	22,284
				<u>93,486</u>
Direct Award	Healthy Start Initiative	93.926	H49MC00036-12-00	156,460
Direct Award	Healthy Start Initiative	93.926	H49MC00036-13-01	330
				<u>156,790</u>
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	34348	448,459
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-1237993-00	522,658
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-1336397-00	518,443
				<u>1,489,560</u>
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-1237993-00	72,129
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-1336397-00	70,641
				<u>142,770</u>
TN Department of Health	Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-41730-00	52,756
TN Department of Health	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	GU-5-45765-00	3,390
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-1237993-00	392,005
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-1336397-00	345,902
				<u>737,907</u>
TN Department of Health	Preventive Health and Health Services Block Grant	93.991	G-13-39680	105,822

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, 2015

Federal/Pass-Through Agency	Program	CFDA Number	Contract Number	Total Expenditures
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-13-33273	\$ 497,149
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-13-39492	122,921
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GU-13-32848	<u>203,300</u>
				<u>823,370</u>
Total Department of Health and Human Services				31,681,471
Office of National Drug Control Policy				
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G12GC0005A	10,456
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G13GC0005A	25,950
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G15GC0005A	<u>69,935</u>
				<u>106,341</u>
Department of Homeland Security				
Direct Award	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	34101-36112	7,434
TN Department of Mental Health	Hazard Mitigation Grant	97.039	GG-10-28271	174,568
TN Department of Health	Emergency Management Performance Grants	97.042	34101-09414	149,000
Direct Award	Assistance to Firefighters Grant	97.044	EMW-2011-FO-09328	10,779
Direct Award	Port Security Grant Program	97.056	41174889	4,815
TN Emergency Management Agency	Homeland Security Grant Program	97.067	34101-17514	<u>405,253</u>
Total Department of Homeland Security				<u>751,849</u>
Total federal awards				55,654,269

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, 2015

Grantor Agency	Program Name	Contract Number	Total Expenditures
TN Administrative Office of the Courts	Child Support Mediation	N/A	\$ 11,585
TN Commission on Aging & Disability	Aging Program	31602-15009	1,140,450
TN Commission on Aging & Disability	Aging Program	31602-15009	2,432,094
TN Department of Children's Services	Court Appointed Spec Advocates	35910-20396	9,000
TN Department of Children's Services	At Risk Youth	GG-1235222	67,688
TN Department of Corrections	Offender Re-Entry Program	32901-31258-44108	98,069
TN Department of Environment & Conservation	Clean Tennessee Energy Grant	32701-02033-40076	106,687
TN Department of Environment and Conservation	Tire Recycling	CA123779	498,359
TN Department of Environment and Conservation	Household Hazardous Waste	CA154367	84,999
TN Department of Health	Tenndercare Outreach	GG-14-38634	1,088,552
TN Department of Health	Fetal Infant Mortality Review	GG-15-43098	538,361
TN Department of Health	Home Visiting Services	GG-15-43704	512,270
TN Department of Health	CDC Antiterrorism Grant	GG13-35406	114,438
TN Department of Health	Tobacco Settlement Funds 2014	34101-09414	146,454
TN Department of Health	Tobacco Settlement Funds 2015	A00408215-2	220,502
TN Department of Health	TennCare Dental Prevention	GG-15-42428	1,400,014
TN Department of Health	HIV	GG-1237993-00	68,468
TN Department of Health	HIV	GG-1336397-00	33,608
TN Department of Health	Family Planning	GG-15-42610-00	793,552
TN Department of Health	New born Outreach	CC123-5950	20,100
TN Department of Health	Children's Special Services	GG-13-33273	244,969
TN Department of Health	BCS Enrollments and Deferrals	N/A	6,360
TN Department of Health	HMEP	GE15-42780	917,800
TN Department of Housing and Urban Development	State Aid Program	B-13-US-47-001	1,149,455
TN Department of Human Services	Title IV-D Process Paper Grant	GG-11-32442	387,357
TN Department of Human Services	DHS Advocacy Services	GG-1339444	249,934
TN Department of Human Services	Down Payment Assistance	N/A	340,252
TN Department of Mental Health	Mentally Ill Inmate Services	GG-10-28271	66,279
TN Department of Transportation	CMAQ Air Quality	110389	1,024
TN Department of Transportation	State Aid Program Ward Rd. Bridge	N/A	663,074
TN Department of Transportation	State Aid Road and Bridge Maintenance	152	903,888
TN Dept of Mental Health & Substance Abuse	Residential Drug Treatment	42058	545,259
TN Emergency Management Agency	FEMA Disaster 1978 4-4-11	34101-36112	1,577
TN Highway Beautification Office	Roadside Grant	Z15LIT079	211,823
Total state awards			<u>15,074,301</u>
Total federal and state awards			<u><u>\$ 70,728,570</u></u>

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

SHELBY COUNTY, TENNESSEE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

June 30, 2015

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, 2015 (the Shelby County Board of Education, a component unit of the County, issues a separate financial report and is not included in the Schedule). The information in this Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

- 2) Pass-through entity contract numbers are presented where available.

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	\$ 70,728,570
Less: Expenditures in non-grant funds	(1,661,044)
Add: Expenditures not shown on this schedule	3,069,585
Add: County matching	4,771,969
Total grant fund expenditures	<u><u>\$ 76,909,080</u></u>

NOTE 4 – AMOUNTS AWARDED TO SUBRECIPIENTS

The following amounts were awarded to subrecipients during the fiscal year ended June 30, 2015:

CFDA Number(s)	Program	Amount
16.523	Juvenile Accountability	\$ 41,101
16.590	Blueprint for Safety	78,079
16.730	Defending Childhood Initiative	323,144
16.738	JAG Program	419,166
93.044/ 93.045 / 93.053	Aging Cluster	3,393,687
93.104	Just Care Family Network	423,842
93.500	Parenting Success	166,484
93.600	Head Start	61,301
93.940	HIV	413,290
95.001	HIDTA Grant	34,787
97.039	Hazard Mitigation	633
97.067	Homeland Security	59,884
Total amounts awarded to subrecipients		<u>\$ 5,415,398</u>

SHELBY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2015

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 OMB Circular A-133.
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 Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs included:
 - CFDA 20.205 – Highway Planning and Construction
 - CFDA 93.568 – Low-Income Home Energy Assistance
 - CFDA 93.569 – Community Services Block Grant
8. The threshold for distinguishing between Type A and B programs was \$1,669,628.
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, 2015

None