



**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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2018. 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*. A schedule of cash shortages and thefts has been filed with the State of Tennessee Division of County Audit. The schedule includes all cash shortages and theft, and any investigative audits being performed. 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  
December 21, 2018



## **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, 2018. 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 \$3,985,520 and \$230,776,641 in federal awards, respectively, which are not included in the schedule of expenditures of federal awards and state financial assistance for the year ended June 30, 2018. Our audit, described below, 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, 2018.

## 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 of compliance, 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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  
December 21, 2018

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2018

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
<b>Department of Agriculture</b>					
TN Department of Health	Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-438885-02	\$ -	\$ 5,368,336
TN Department of Health	Commodity Supplemental Food Program	10.565	GG-15-438885-02	-	398,629
Total Department of Agriculture				-	5,766,965
<b>Department of Housing and Urban Development</b>					
Direct Award	Community Development Block Grants	14.218	B16UC470002	190,250	1,066,634
Direct Award	Home Investment Partnership Program	14.239	M17UC47002	-	237,680
Direct Award	Home Investment Partnership Program	14.239	H-3TN-004-1A	-	46,507
				-	284,187
Direct Award	National Disaster Resilience Competition	14.272	B-13BIS-47-0002	-	3,433,839
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TNLHB06116	-	831,695
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	33791	-	105,533
				-	937,228
Total Department of Housing and Urban Development				190,250	5,721,888
<b>Department of Justice</b>					
Direct Award	Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	TN0790000	-	200,050
TN Office of Violence Against Women	Crime Victim Assistance	16.575		-	1,877
TN Office of Violence Against Women	Violence Against Women Formula Grants	16.588	260703	-	40,679

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

<b>Federal Grantor/Pass-through</b>	<b>Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Passed to Subrecipients</b>	<b>Total Federal Expenditures</b>
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0049	\$ -	\$ 93,097
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	32441	-	3,362
				<hr/>	96,459
Direct Award	Reduction and Prevention of Children's Exposure to Violence	16.730	2011MV-MU-K005	-	32,636
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0910	-	82,002
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	28640	-	149,870
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0559	-	188,477
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0590	-	110,024
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	26631	-	39,594
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	27219	-	64,482
				<hr/>	634,449
Direct Award	Support for Adam Walsh Act Implementation Grant Program	16.750	Various	-	677,328
Direct Award	Second Chance Act Reentry Initiative	16.812		-	158,995
Total Department of Justice				<hr/>	1,842,473

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
<b>Department of Transportation</b>					
MS Dept of Transportation	Highway Planning and Construction	20.205	GG-1237135-2	\$ -	\$ 709,861
TN Dept of Transportation	Highway Planning and Construction	20.205	150174-77	-	341,194
TN Dept of Transportation	Highway Planning and Construction	20.205	CA1417424	-	306,679
TN Dept of Transportation	Highway Planning and Construction	20.205	CA1615972	-	49,341
TN Dept of Transportation	Highway Planning and Construction	20.205	CA1620428	-	160,335
TN Dept of Transportation	Highway Planning and Construction	20.205	Various	-	6,346,816
				-	7,914,226
<i>Highway Safety Cluster</i>					
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-18-32	-	120,631
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-17-52	-	6,044
<i>Total Highway Safety Cluster</i>				-	126,675
Direct Award	Alcohol Open Container Requirements	20.607	154AL-17-215	-	42,354
Direct Award	Alcohol Open Container Requirements	20.607	154AL-18-048	-	17,335
				-	59,689
<b>Total Department of Transportation</b>				-	8,100,590
<b>Environmental Protection Agency</b>					
Direct Award	Air Pollution Control Program Support	66.001	A00408215	-	436,542
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA-00D42616	-	250,080
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM96497515	-	79,199
				-	329,279
<b>Total Environmental Protection Agency</b>				-	765,821

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**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

<b>Federal Grantor/Pass-through</b>	<b>Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Passed to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>Department of Health and Human Services</b>					
National Association of County and City Health Organizations	Medical Reserve Corps Small Grant Program	93.008	MRC16-0150	\$ - \$	3,975
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		7,423	13,500
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		47,800	47,800
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		54,494	54,494
<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		750,167	970,283
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		1,436,026	2,133,480
TN Commission on Aging and Disability	Nutrition Services Incentive Program	93.053		189,214	189,214
<i>Total Aging Cluster</i>				<u>2,375,407</u>	<u>3,292,977</u>
TN Commission on Aging and Disability	National Family Caregiver Support, Title III, Part E	93.052		247,512	362,128
TN Department of Health	Public Health Emergency Preparedness	93.069	GG-18-54814-00	-	734,116
TN Department of Health	Medicare Enrollment Assistance Program	93.071		-	5,925

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

<b>Federal Grantor/Pass-through</b>	<b>Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Passed to Subrecipients</b>	<b>Total Federal Expenditures</b>
TN Department of Health	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	GG-18-57447	\$ -	\$ 18,240
TN Department of Health	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-18-54816-00	-	1,339,787
TN Department of Mental Health	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	52536	-	355,243
TN Department of Health	Immunization Cooperative Agreements	93.268	GG17-541180	-	457,664
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-18-57381-00	52,500	400,285
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG17-53555-00	-	41,596
				52,500	441,881
TN Department of Health	State Health Insurance Assistance Program	93.324		-	96,704
TN Department of Human Services	Child Support Enforcement	93.563	CA1820853	-	1,155,849
TN Department of Human Services	Child Support Enforcement	93.563	CA187845	-	214,483
				-	1,370,332
TN Department of Human Services	Low-Income Home Energy Assistance	93.568	LIHEAP-17-14	-	8,489,407
TN Department of Human Services	Community Services Block Grant	93.569	Various	-	2,195,464
TN Department of Human Services	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	GG-17-53739-00	-	109,353

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	GE-18-56910	\$ -	\$ 879,675
TN Department of Health	National Bioterrorism Hospital Preparedness Program	93.889	GE-15-44347-00	-	354,720
Direct Award	HIV Emergency Relief Project Grants	93.914	CA171064	401,706	488,760
Direct Award	HIV Emergency Relief Project Grants	93.914	CA181064	1,662,116	1,982,549
Direct Award	HIV Emergency Relief Project Grants	93.914	CA161064	3,440,702	4,062,034
				<u>5,504,524</u>	<u>6,533,343</u>
TN Department of Health	HIV Care Formula Grants	93.917	CA 34360-30518	727,312	758,234
TN Department of Health	HIV Care Formula Grants	93.917	CA34360-30518	243,745	273,774
TN Department of Health	HIV Care Formula Grants	93.917	GG-17-53556-00	-	238,543
TN Department of Health	HIV Care Formula Grants	93.917	GG-18-57222	-	112,867
TN Department of Health	HIV Care Formula Grants	93.917	GG-18-57964-00	-	77,285
				<u>971,057</u>	<u>1,460,703</u>
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1720484	-	110,814
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1720485	752,427	928,290
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1720689	234,968	250,630
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA34349-76518	181,862	197,130
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG/1856922-00	-	393,136
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-1752230-00	-	418,638
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-18-55398-00	-	132,459
				<u>1,169,257</u>	<u>2,431,097</u>
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG/1856922-00	-	127,940
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-1752230-00	-	109,835
				<u>-</u>	<u>237,775</u>

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

<b>Federal Grantor/Pass-through</b>	<b>Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Passed to Subrecipients</b>	<b>Total Federal Expenditures</b>
TN Department of Health	Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-41730-00	\$ -	\$ 52,281
TN Department of Health	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	GU154576500	-	7,000
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG/1856922-00	-	286,803
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-1752230-00	-	311,421
				-	598,224
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-17-49528	-	665,025
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG-18-54862	-	125,000
				-	790,025
Total Department of Health and Human Services				10,429,974	32,733,833
<b>Office of National Drug Control Policy</b>					
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G16GC0005A	5,819	91,307
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G17GC0005A	26,744	134,925
Total Office of National Drug Control Policy				32,563	226,232
<b>Department of Homeland Security</b>					
TN Emergency Management Agency	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	CA186492-2	-	26,388
TN Emergency Management Agency	Emergency Management Performance Grants	97.042	CA186317	-	149,000
TN Emergency Management Agency	Port Security Grant Program	97.056	EMW-2016-PU-00388-S01	-	22,246

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

<b>Federal Grantor/Pass-through</b>	<b>Grantor/Program or Cluster Title</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Passed to Subrecipients</b>	<b>Total Federal Expenditures</b>
TN Emergency Management Agency	Homeland Security Grant Program	97.067	Various	\$ -	\$ 337,561
Total Department of Homeland Security				-	535,195
Total federal awards				10,652,787	55,692,997

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

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**(Continued)**  
For the Year Ended June 30, 2018

Grantor Agency	Program Name	Contract Number	Total Expenditures
<i>State Financial Assistance:</i>			
TN Commission on Aging & Disability	Aging Program	31602-18031	\$ 2,622,344
TN Department of Children's Services	Court Appointed Spec Advocates	CA-171078	9,000
TN Department of Corrections	Offender Re-Entry Program	32901-31258	65,650
TN Department of Environment and Conservation	Waste Reduction	32701-02639	37,119
TN Department of Environment and Conservation	Tire Recycling		535,591
TN Department of Health	Prenatal Presumptive Eligibility Expansion	GU-18-5440-00	53,000
TN Department of Health	Title IV-D Process Paper Grant	CA150373	476,819
TN Department of Health	Fetal Infant Mortality Review	GG-18-54144-00	575,794
TN Department of Health	Home Visiting Services	GG15-43704	559,557
TN Department of Health	TennCare Dental Prevention	GG17-51348-00	727,158
TN Department of Health	TDH Laboratory & Bioterrorism	GG-18-57447	167,883
TN Department of Health	Tenndercare Outreach	GG17-51803-00	1,155,992
TN Department of Health	Family Planning	GG-15-472610-00	375,220
TN Department of Health	Direct Appropriation	CA1713500	18,153
TN Department of Health	HIV	GG-1752230-00	89,617
TN Department of Health	HIV	GG/1856922-00	89,764
TN Department of Health	Childhood Lead Paint Prevention	GU16-46720	152,475
TN Department of Health	BCS Enrollments and Deferrals	DA-18-53592-00	5,320
TN Department of Health	AEDES and CULEX Surveillance	Z-18-168404	90,000
TN Department of Health	Child Support Services	CA1820853	595,438
TN Department of Health	Children's Special Services	GG-17-49528	51,688
TN Department of Health	Advocacy Services	CA187845	110,491
TN Department of Health	Residential Drug Treatment	CA184499	550,001
TN Department of Housing and Urban Development	Down Payment Assistance		160,474
TN Department of Housing and Urban Development	Resilience Grant		137,819
TN Department of Mental Health	Mentally Ill Inmate Services	54916	179,646
TN Department of Mental Health	Mental Health Court	54891	80,000
TN Department of Transportation	Rideshare	170017	66,932
TN Department of Transportation	Rideshare	160014	396,619
TN Department of Transportation	Roadside Grant	Z18LIT079	196,680
TN Department of Transportation	State Aid Program	B-13-US-47-001	148,971
TN Department of Transportation	State Aid Road and Bridge Maintenance	CA1820702	2,031,479
TN District of Finance & Administration	VOCA DAG Gang and Hispanic Victims	DAGVOC30VW	49,427
TN District of Finance & Administration	Victim Coordinator Grant	30158	73,665
TN District of Finance & Administration	Direct Appropriation		
TN Emergency Management Agency	May 2017 Storm	CA186492-2	3,443
TN Housing Development Agency	MAAG THDA Emergency Repair Grant		60,000
Total state financial assistance			<u>12,699,229</u>
Total federal awards and state financial assistance			<u>\$ 68,392,226</u>

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

**SHELBY COUNTY, TENNESSEE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2018

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance (the “Schedule”) includes the federal and state grant activity of Shelby County, Tennessee (the “County”) under programs of the federal and state government for the year ended June 30, 2018 (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 identifying 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 AWARDS AND STATE FINANCIAL ASSISTANCE TO THE FINANCIAL STATEMENTS**

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

Totals per schedule of expenditures	\$ 68,392,226
Less: Grant revenues in non-grant funds	(2,679,690)
Add: Local grants not shown on this schedule	3,495,878
Add: Other revenues in grant fund	1,025,951
Total grant fund revenues	<u>\$ 70,234,365</u>

**SHELBY COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2018

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**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Shelby County, Tennessee, were prepared in accordance with accounting principles generally accepted in the United States of America.
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, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs are reported.
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 2 CFR Section 200.516(a).
7. The programs tested as major programs included:
  - CFDA 14.272 – Natural Disaster Resilience Competition
  - 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 \$1,670,790.
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**  
For the Year Ended June 30, 2018

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**FINDINGS – FINANCIAL STATEMENT AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE