



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, 2017, 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 15, 2017. 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. However, this report, insofar as it relates to the results of the other auditors, is based solely on the report of the other 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 Wilkerson, PLLC

Banks, Jolley, White & Co.

Memphis, Tennessee
December 15, 2017



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, 2017. 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 \$3,633,758 and \$226,002,468 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, 2017. 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, 2017.

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
December 15, 2017

SHELBY COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2017

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-15-438885-00/01	\$ -	\$ 6,000,731
TN Department of Health	Commodity Supplemental Food Program	10.565	GG-15-438885-00/01	-	442,371
Total Department of Agriculture				-	6,443,102
Department of Housing and Urban Development					
Direct Award	Community Development Block Grants	14.218	B16UC470002	72,820	800,902
Direct Award	Community Development Block Grants	14.218	151	-	(108,036)
Direct Award	Community Development Block Grants	14.218	B10UF47001	835,565	882,202
				908,385	1,575,068
Direct Award	Home Investment Partnership Program	14.239	M16UC47002	-	28,453
Direct Award	Home Investment Partnership Program	14.239	B08UN470001	-	9,934
				-	38,387
Direct Award	National Disaster Resilience Competition	14.272	B-13BIS-47-0002	-	670,874
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TNLHB056513	-	122,478
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TNLHB06116	-	215,136
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	33791	-	79,697
Direct Award	Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	32403	-	41,624
				-	458,935
Total Department of Housing and Urban Development				908,385	2,743,264
Department of Justice					
Direct Award	Law Enforcement Assistance - Narcotics and Dangerous Drugs - Laboratory Analysis	16.001	TN0790000	-	412,780

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Direct Award	OVW Technical Assistance Initiative	16.526	2015-S1-AX-K004	\$ 27,025	\$ 27,025
TN Office of Violence Against Women	Violence Against Women Formula Grants	16.588	260703	-	39,492
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2014-WE-AX-0049	-	65,104
Direct Award	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	32441	-	12,479
				-	77,583
Direct Award	State Criminal Alien Assistance Program	16.606	CA175507	-	81,545
Direct Award	Reduction and Prevention of Children's Exposure to Violence	16.730	2011MV-MU-K005	246,410	350,473
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0910	419,550	469,059
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0333	-	174,546
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	28640	-	156,130
Direct Award	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0559	-	58,224
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0590	-	109,611
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	26631	-	37,557
Office of Juvenile Justice and Delinquency Prevention	Edward Byrne Memorial Justice Assistance Grant Program	16.738	27219	-	40,803
				419,550	1,045,930

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Direct Award	Support for Adam Walsh Act Implementation Grant Program	16.750	26774	\$ -	\$ 680,951
Direct Award	Second Chance Act Reentry Initiative	16.812	2016-CY-BX-0020	-	42,101
Total Department of Justice				692,985	2,757,880
Department of Transportation					
MS Dept of Transportation	Highway Planning and Construction	20.205	GG-1237135-2	-	653,728
TN Dept of Transportation	Highway Planning and Construction	20.205	106571-001000	-	470,005
TN Dept of Transportation	Highway Planning and Construction	20.205	150062	-	18,400
TN Dept of Transportation	Highway Planning and Construction	20.205	2000286	-	7,043,234
TN Dept of Transportation	Highway Planning and Construction	20.205	110386	-	124,136
TN Dept of Transportation	Highway Planning and Construction	20.205	150174-77	-	235,000
TN Dept of Transportation	Highway Planning and Construction	20.205	CA1417424	-	5,595
TN Dept of Transportation	Highway Planning and Construction	20.205	130275	-	221,634
TN Dept of Transportation	Highway Planning and Construction	20.205	TN-80-004-00	-	274,161
TN Dept of Transportation	Highway Planning and Construction	20.205	Various	-	2,938,757
				-	11,984,650
<i>Highway Safety Cluster</i>					
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-16-39	-	1,765
TN Dept of Transportation	State and Community Highway Safety	20.600	PT-17-52	-	11,106
				-	12,871
TN Dept of Transportation	National Priority Safety Programs	20.616	M5HVE-16-17	-	53,482
<i>Total Highway Safety Cluster</i>				-	66,353
Direct Award	Alcohol Open Container Requirements	20.607	154AL-17-215	-	153,348
Direct Award	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	CA149374	-	17,095
Total Department of Transportation				-	12,221,446

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Environmental Protection Agency					
Direct Award	Air Pollution Control Program Support	66.001	A00408215	\$ -	\$ 506,754
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	XA-00D42616	-	166,468
Direct Award	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM96497515	-	93,828
				-	260,296
Total Environmental Protection Agency				-	767,050
Department of Health and Human Services					
National Association of County and City Health Organizations	Medical Reserve Corps Small Grant Program	93.008	MRC16-0150	-	11,025
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	31602-15049	10,900	10,900
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	31602-15049	41,900	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	31602-15049	59,358	59,358
<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	31602-15049	676,527	1,220,465
TN Commission on Aging and Disability	Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	31602-15049	1,357,170	1,559,470

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, 2017

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	Nutrition Services Incentive Program	93.053	31602-15049	\$ 195,761	\$ 195,761
<i>Total Aging Cluster</i>				2,229,458	2,975,696
TN Commission on Aging and Disability	National Family Caregiver Support, Title III, Part E	93.052	31602-15049	364,966	524,987
TN Department of Health	Public Health Emergency Preparedness	93.069	Z17-1443-26	-	899,321
TN Department of Health	Medicare Enrollment Assistance Program	93.071	31602-15049	-	42,336
TN Department of Health	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG17-50731	-	1,573,938
TN Department of Mental Health	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	52536	-	406,601
TN Department of Health	Immunization Cooperative Agreements	93.268	GG16-4875	-	450,231
TN Department of Health	Immunization Cooperative Agreements	93.268	GG17-541180	-	125,289
				-	575,520
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG15-43969	-	29,089
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG16-45430	-	33,744
TN Department of Health	Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG17-535556-00	-	10,386
				-	73,219
TN Department of Health	State Health Insurance Assistance Program	93.324	31602-15049	-	97,277

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	GG17-51803-00	\$ -	\$ 259
TN Department of Human Services	Child Support Enforcement	93.563	GG 13-39728	-	1,135,834
TN Department of Human Services	Child Support Enforcement	93.563	GG 13-39444	-	201,901
				<hr/>	<hr/>
				-	1,337,735
TN Department of Human Services	Low-Income Home Energy Assistance	93.568	LIHEAP-16-14	-	279,781
TN Department of Human Services	Low-Income Home Energy Assistance	93.568	LIHEAP-16B-14	-	8,583,215
				<hr/>	<hr/>
				-	8,862,996
TN Department of Human Services	Community Services Block Grant	93.569	Z17-49115	-	2,566,091
TN Department of Human Services	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	GG17-50272	-	112,795
TN Department of Health	National Bioterrorism Hospital Preparedness Program	93.889	GE-15-44347-00	-	404,720
Direct Award	HIV Emergency Relief Project Grants	93.914	CA171064	526,064	736,856
Direct Award	HIV Emergency Relief Project Grants	93.914	CA161064	5,219,171	6,303,591
				<hr/>	<hr/>
				5,745,235	7,040,447
TN Department of Health	HIV Care Formula Grants	93.917	GG17-535556-00	-	58,697
TN Department of Health	HIV Care Formula Grants	93.917	GG16-49516-01	-	126,312
TN Department of Health	HIV Care Formula Grants	93.917	GG16-50751-00	-	73,088
TN Department of Health	HIV Care Formula Grants	93.917	CA1720471	1,450,208	1,482,966
TN Department of Health	HIV Care Formula Grants	93.917	CA1820471	-	11,354
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				1,450,208	1,752,417
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-1648719-01	-	504,004
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	GG-1752230-00	-	444,192
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1720485	357,143	425,437
TN Department of Health	HIV Prevention Activities - Health Department Based	93.940	CA1720689	408,231	455,360
				<hr/>	<hr/>
				765,374	1,828,993

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-1648719-01	\$ -	\$ 49,567
TN Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	GG-1752230-00	-	45,235
				-	94,802
TN Department of Health	Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-41730-00	-	53,177
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-1648719-01	-	280,569
TN Department of Health	Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	GG-1752230-00	-	368,232
				-	648,801
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GU16-46720	-	152,475
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG17-49528-00	-	773,061
TN Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	GG15-43749-00	-	124,989
				-	1,050,525
Total Department of Health and Human Services				10,667,399	33,058,736
Office of National Drug Control Policy					
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G15GC0005A	3,444	23,244
Direct Award	High Intensity Drug Trafficking Areas Program	95.001	G16GC0005A	8,644	112,074
Total Office of National Drug Control Policy				12,088	135,318

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, 2017

Federal Grantor/Pass-through	Grantor/Program or Cluster Title	CFDA Number	Contract Number	Passed to Subrecipients	Total Federal Expenditures
Department of Homeland Security					
TN Emergency Management Agency	Emergency Management Performance Grants	97.042	CA1715332	\$ -	\$ 149,000
TN Emergency Management Agency	Port Security Grant Program	97.056	EMW-2016-PU-00388-S01	-	133,200
TN Emergency Management Agency	Homeland Security Grant Program	97.067	34101-10877	58,044	315,654
Total Department of Homeland Security				<u>58,044</u>	<u>597,854</u>
Total federal awards				<u>\$ 12,338,901</u>	\$ 58,724,650

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, 2017

Grantor Agency	Program Name	Contract Number	Total Expenditures
<i>State Financial Assistance:</i>			
TN Commission on Aging & Disability	Aging Program	31602-15049	\$ 186,268
TN Commission on Aging & Disability	Aging Program	301602-15090	2,532,489
TN Department of Children's Services	Court Appointed Spec Advocates	CA-171075	9,001
TN Department of Corrections	Offender Re-Entry Program	32901-31258	56,299
TN Department of Environment and Conservation	Tire Recycling		538,567
TN Department of Environment and Conservation	Household Hazardous Waste	CA174367	111,865
TN Department of Health	Prenatal Presumptive Eligibility Expansion	GR-17-52059	62,000
TN Department of Health	Title IV-D Process Paper Grant	CA160373	523,389
TN Department of Health	Fetal Infant Mortality Review	GG17-51803-00	601,209
TN Department of Health	Home Visiting Services	GG15-43704	592,297
TN Department of Health	Tobacco Settlement Funds 2017	CA1417480	50,000
TN Department of Health	Tobacco Settlement Funds 2016		463,754
TN Department of Health	NHBS HIV Testing	CA1720484	90,851
TN Department of Health	NHBS HIV Behavioral Surveillance 18	CA1720484	50,081
TN Department of Health	Tennicare Dental Prevention	GG17-51348-00	709,154
TN Department of Health	TDH Laboratory & Bioterrorism	GG15-43969	151,718
TN Department of Health	Tenndercare Outreach	GG17-51803-00	1,087,341
TN Department of Health	DHS Advocacy Services	GG 13-39444	104,010
TN Department of Health	DHS IV-D Child Support Service	GG 13-39728	585,127
TN Department of Health	Family Planning	GG-15-472610-00	606,973
TN Department of Health	HIV	GG-1648719-01	82,384
TN Department of Health	Direct Appropriation	CA1713500	25,050
TN Department of Health	HIV	GG-1752230-00	91,512
TN Department of Health	Childhood Lead Paint Prevention	GU16-46720	50,825
TN Department of Health	BCS Enrollments and Deferrals	DA17-49206-00	5,360
TN Department of Health	HMEP	GE1648790	917,800
TN Department of Housing and Urban Development	Down Payment Assistance		353,602
TN Department of Mental Health	Mentally Ill Inmate Services	50030	141,114
TN Department of Mental Health	Mental Health Court	49959	80,000
TN Department of Transportation	State Aid Program	151	489,819
TN Department of Transportation	Roadside Grant	Z17LIT079	164,626
TN Department of Transportation	State Aid Program Ward Rd. Bridge	152	80,678
TN Department of Transportation	State Aid Program Sledge Rd. Bridge		924,303
TN Department of Transportation	State Aid Road and Bridge Maintenance	CA1720702	2,513,324
TN District of Finance & Administration	VOCA DAG Gang and Hispanic Victims	DAGVOC30VW	34,808
TN District of Finance & Administration	Victim Coordinator Grant	30158	31,924
Total state financial assistance			<u>15,099,522</u>
Total federal awards and state financial assistance			<u>\$ 73,824,172</u>

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

SHELBY COUNTY, TENNESSEE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2017

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, 2017 (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 expenditure balances in the grant fund, per the County’s financial statements:

Totals per schedule of expenditures	\$ 73,824,172
Less: Expenditures in non-grant funds	(3,359,233)
Add: Expenditures not shown on this schedule	1,477,040
Add: County matching	3,698,631
Add: State awards classified as federal awards	1,114,912
Total grant fund expenditures	<u>\$ 76,755,522</u>

SHELBY COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

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 93.914 – HIV Emergency Relief Project Grants
 - CFDA 93.940 – HIV Prevention Activities – Health Department Based
 - CFDA 93.568 – Low-Income Home Energy Assistance
8. The threshold for distinguishing between Type A and B programs was \$1,761,740.
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, 2017

None