

SHELBY COUNTY, TENNESSEE
Federal I.D. #62-600841

Single Audit Report
For the Year Ended June 30, 2006

SHELBY COUNTY, TENNESSEE

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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

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

We have audited 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, 2006, and have issued our report thereon dated November 9, 2006. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements referred to above being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements referred to above are free of material misstatement, we performed tests of the County's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated November 9, 2006.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Thompson Dunavant LLC". The signature is written in a cursive, flowing style.

Memphis, Tennessee
November 9, 2006

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of Shelby County, Tennessee (the "County") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

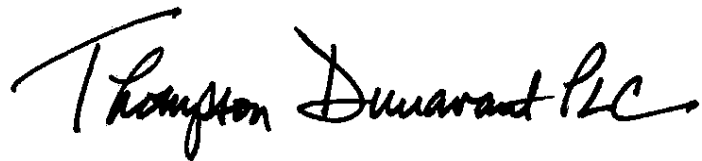
The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedules of Expenditures of Federal and State and Other Awards

We have audited 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, as of and for the year ended June 30, 2006, and have issued our report thereon dated November 9, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedules of expenditures of federal and state and other awards are presented for purposes of additional analysis as required by OMB Circular A-133, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the County Mayor and Commissioners, management, the State of Tennessee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Thompson Duvarand PC". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Memphis, Tennessee
November 9, 2006

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred	Non-Federal Expenditures Incurred	Total Grant Expenditures Incurred
10.550		Commodity Assistance-National School Lunch	U.S. Department of Agriculture	\$ 630,532	\$ -	\$ 630,532
10.553		School Breakfast Program	U.S. Department of Agriculture	664,343	-	664,343
10.555		School Lunch Program	U.S. Department of Agriculture	4,029,120	-	4,029,120
10.557	GG-06-12319-00	WIC Program	TN Department of Health	2,080,773	133,750	2,214,523
10.557	GG-05-11566-00	WIC Program	TN Department of Health Total WIC Program	786,219 2,866,992	31,231 164,981	817,450 3,031,973
10.558	03-47-64531-00-0	Child & Adult Care Food Program	TN Department of Human Services	1,151,298	-	1,151,298
10.558	DA-0500086-06	Child & Adult Care Food Program	TN Department of Human Services Total CACF Program	225,015 1,376,313	-	225,015 1,376,313
10.565	GG-05-11615-00	CSFP	TN Department of Health	115,891	-	115,891
10.565	GG-06-11615-00	CSFP	TN Department of Health Total commodity supplemental food program	271,274 387,165	-	271,274 387,165
10.568	Z-05-024506-00	Commodities Distribution	TN Department of Agriculture	38,511	-	38,511
10.568	Z-06-028679-01	Commodities Distribution	TN Department of Agriculture Total food donation	99,784 138,295	-	99,784 138,295
12.300		Reserve Office Training Corp (ROTC)	U.S. Department of Navy	73,283	-	73,283
14.218	B-02-UC-47-0002	Community Development Block	HUD	478,053	-	478,053
14.218	B-02-UC-47-0002	Community Development Block	HUD	616,738	-	616,738
14.218	B97-UC-47-0002	Community Development Block	HUD	214,869	-	214,869
14.218	B03-UC-47-0002	Community Development Block	HUD	248,130	-	248,130
14.235	TN37B301014	Emergency Mental Health & Detox Program	HUD	1,557,790	-	1,557,790
14.235	TN37D150799	Emergency Mental Health & Detox Program	HUD	194,262	157	194,419
		Emergency Mental Health & Detox Program	HUD Total emergency mental health & detox program	31,160 225,422	- 157	31,160 225,579
14.239	MOU4UC470205	Home Entitlement	HUD	206,554	-	206,554
14.239	MOU4UC470205	Community Development Block	HUD	275,768	-	275,768
14.239	M03-UC-47-0003	Home Entitlement	HUD	15,000	-	15,000
		Home Entitlement	HUD Total home program	497,322 497,322	-	497,322 497,322

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred	Non-Federal Expenditures Incurred	Total Grant Expenditures Incurred
14.243	Y-00-IM-TN-0155	Youth Build	HUD	\$ 55,204	\$ -	\$ 55,204
14.243	Y-02-IM-TN-0097	Youth Build	HUD	326,976	-	326,976
			Total youth build program	382,180	-	382,180
14.900	TNLHD0006-03	City Lead Grant	City of Memphis Housing & Comm. Svcs.	48,481	-	48,481
14.900	TNLHB0244-03	Lead Based Paint	HUD	1,238,719	-	1,238,719
			Total lead base paint program	1,287,200	-	1,287,200
16.202	GG-03-10183-00	Serious and Violent Offenders	TN Department of DCS	436,219	-	436,219
16.523	GG-05-11456-00	Juvenile Accountability Incentive Block Grant	TN Commission on Children & Youth	199,571	-	199,571
16.523	GG-06-12119-00	Juvenile Accountability Incentive Block Grant	TN Commission on Children & Youth	168,341	-	168,341
			Total juvenile accountability incentive block grant program	367,912	-	367,912
16.540	GG-05-11533-00	REACHH	TN Commission on Children & Youth	15,129	-	15,129
16.540	GG-06-12209-00	REACHH	TN Commission on Children & Youth	30,687	-	30,687
			Total REACH program	45,816	-	45,816
16.542	2005-JL-FX-0131	Student Conflict Resolution	Office of Juvenile Justice and Delinquency Prevention	17,394	-	17,394
16.575	Z00099344-01	Bilingual Victim Advocate	Office of Criminal Justice Programs	41,402	-	41,402
16.575	Z00099343-01	Homicide Response Program	Office of Criminal Justice Programs	146,848	-	146,848
			Total homicide response program	188,250	-	188,250
16.579	Z99088338-00	Drug Task Force Byrne Grant	TN Office of Criminal Justice Programs	498,931	-	498,931
16.579	DG-99-01332-06	Pre Trial Day Reporting Center	TN Office of Criminal Justice Programs	93,532	-	93,532
			Total Byrne formula grant program	592,463	-	592,463
16.582	2002-VF-GX-XK015	Linking Neighborhoods	U.S. Department of Justice Office for Victims of Crime	83,955	-	83,955
16.582	Z00001448-01	STOP	TN Office of Criminal Justice Programs	67,569	-	67,569
16.582	2004-WE-AX-0031	Arrest Policies	U.S. Department of Justice Office on Violence Against Women	238,204	-	238,204
16.582	2002-VF-GX-K015	Linking Neighborhoods	U.S. Department of Justice Office for Victims of Crime	31,687	-	31,687
			Total crime victim assistance/discretionary grant	421,415	-	421,415

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

<u>CFDA</u>	<u>Contract Number</u>	<u>Program Name</u>	<u>Grantor or Pass-Through Agency</u>	<u>Federal Expenditures Incurred</u>	<u>Non-Federal Expenditures Incurred</u>	<u>Total Grant Expenditures Incurred</u>
16.588	Z0000140100	First Step to Safety	TN Office of Criminal Justice Programs	\$ 64,791	\$ -	\$ 64,791
16.592	2003LB-BX-2210	Local Law Enforcement Block Grant	U.S. D.O.J. Bureau of Justice Assistance	84,938	-	84,938
16.592	2004LB-BX-0673	Local Law Enforcement Block Grant	U.S. D.O.J. Bureau of Justice Assistance	68,376	-	68,376
			Total local law enforcement block grant program	153,314	-	153,314
16.593	A9908849500	Moral Rehabilitation Therapy	TN Office of Criminal Justice Programs	19,200	-	19,200
16.607		Bulletproof Vest Program	U.S. D.O.J. Bureau of Justice Assistance	30,222	-	30,222
16.609	2003-GP-CX-0515	PSN Programs Attorney General	U.S. D.O.J. Bureau of Justice Assistance	127,082	-	127,082
16.744	2006-PG-BX-0088	Anti-Gang Initiative	U.S. D.O.J. Bureau of Justice Assistance	8,097	-	8,097
16.710	2004-SHWX0182	Cops in Schools 2004	U.S. Department of Justice	135,528	-	135,528
16.710		Public Safety Partnership & Community Policing	U.S. Department of Justice	1,631	-	1,631
			Total	137,159	-	137,159
16.738	2055DJBX1160	Edward Byrne Justice Assistance Grant	U.S. D.O.J. Bureau of Justice Assistance	1,026,057	-	1,026,057
20.205	04ERGR0010	Geospatial Decision Support System	U.S. Geological Survey	24,436	-	24,436
20.205	Z-05-024525-00	Transportation Planning-FHWA	TN Department of Transportation	409,794	24,025	433,819
20.205	Z-06-030936-00	Memphis Metropolitan Planning	TN Department of Transportation	935,610	59,250	994,860
20.205	040-344.00	CMAQ Rideshare	TN Department of Transportation	23,172	5,684	28,856
20.205	79-5303-S3-004	FTA	TN Department of Transportation	2,325	412	2,737
20.205	CM-STP9404(81)	CMAQ Rideshare	TN Department of Transportation	367,131	48,948	416,079
20.205	76008-0700410	Transportation Planning	TN Department of Transportation	17,676	3,078	20,754
20.205	CM-NHE-7900-28	CMAQ Intersection Improvements	TN Department of Transportation	337,721	-	337,721
20.205	79-901-9684-04	Commuter Transportation Assistance Program	TN Department of Transportation	57,489	-	57,489
			Total metropolitan planning program	2,175,354	141,397	2,316,751
20.505	STP-M 7900 (30)	CMAQ MSTO Grant	TN Department of Transportation	26,098	-	26,098
20.505	MS-08-008	MDOT Section 8	MS Department of Transportation	654	-	654
			Total transportation program	26,752	-	26,752
20.600	PT-06-08	Police Traffic Services	TN Department of Transportation	81,280	-	81,280
20.600		State and Community Highway Safety	TN Department of Transportation	2,303	-	2,303
			Total cross over to safety program	83,583	-	83,583

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

CFDA	Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred	Non-Federal Expenditures Incurred	Total Grant Expenditures Incurred
20.605	J8-06-03	You DUI Grant	TN Governor's Highway Safety Office	\$ 18,618	\$ -	\$ 18,618
20.605	IN5-06-16	Domestic & Date Violence	TN Governor's Highway Safety Office	2,415	-	2,415
20.605	Z-05-024146-00	Traffic Enforcement	TN Governor's Highway Safety Office	31,864	-	31,864
20.605	Z-05-024145-00	Youth DUI Project	TN Governor's Highway Safety Office	79,126	-	79,126
		Total traffic enforcement program		132,023	-	132,023
47.076		Education and Human Resources	National Science Foundation	25,332	-	25,332
66.001	A004082-05-01	Air Pollution	Environmental Protection Agency	345,875	52,051	397,926
66.001	AO0408206	Air Pollution	Environmental Protection Agency	1,065,976	200,276	1,266,252
		Total air pollution program		1,411,851	252,327	1,664,178
66.034	PM-97475903	Special Air Pollution Section 103	Environmental Protection Agency	60,459	-	60,459
66.034	PM-96437705-0	Special Air Pollution Section 103	Environmental Protection Agency	108,173	-	108,173
		Total special air pollution program		168,632	-	168,632
81.042	Z-05-021680-03	Weatherization	Department of Human Services	773,493	-	773,493
83.524	N14502/CA013024	Biological Response	TN Department of Health & Human Services	16,106	-	16,106
84.010		Improving Basic Programs Operated by LEA's	TN Department of Education	2,116,442	-	2,116,442
84.027		Special Education – Grants to States	TN Department of Education	9,447,309	-	9,447,309
84.041		Impact Aid	U.S. Department of Education	77,206	-	77,206
84.048A		Vocational Education – Basic Grants to States	TN Department of Education	577,798	-	577,798
84.173A		Preschool Grants for Children with Disabilities	TN Department of Education	186,181	-	186,181
84.184	Q184L050266	Safe Schools/Healthy Students	TN Department of Education	3,679	-	3,679
84.184E		Emergency Response and Crisis Management	TN Department of Education	25,091	-	25,091
84.084L		Safe Schools/Healthy Students	TN Department of Education	403,337	-	403,337
84.186A		Safe and Drug-Free Schools and Communities	TN Department of Education	126,395	-	126,395

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

<u>CFDA</u>	<u>Contract Number</u>	<u>Program Name</u>	<u>Grantor or Pass-Through Agency</u>	<u>Federal Expenditures Incurred</u>	<u>Non-Federal Expenditures Incurred</u>	<u>Total Grant Expenditures Incurred</u>
84.195B		Bilingual Education: Training for all Teachers	TN Department of Education	\$ 39,564	\$ -	\$ 39,564
84.213		Even Start	TN Department of Education	114,283	-	114,283
84.255A	Q255A030048	Women in Community Service	U.S. Department of Education	120,242	-	120,242
84.255A	Q255A030048	Women in Community Service	U.S. Department of Education	179,664	-	179,664
		Total women in community service program		299,906	-	299,906
84.215K		FIE Earmark Grant Awards	TN Department of Education	50,837	-	50,837
84.287C		21 st Century Community Learning Centers	TN Department of Education	168,227	-	168,227
84.293B		Foreign Language Assistance Program	TN Department of Education	126,094	-	126,094
84.298A		Innovative Programs	TN Department of Education	147,913	-	147,913
84.318X		Enhancing Education Through Technology	TN Department of Education	250,718	-	250,718
84.365A		English Language Acquisition	TN Department of Education	120,182	-	120,182
84.367A		Teacher and Principal Training and Recruiting	TN Department of Education	894,955	-	894,955
84.938		Hurricane Education Recovery	TN Department of Education	2,062,701	-	2,062,701
93.008	MRCSG030121-03-00	Demonstration Project for Medical Reserve	Department of Health and Human Services- Office of Public Health and Science	50,000	-	50,000
93.008	US2SGHO3079-01-0	Demonstration Project for Medical Reserve	Department of Health and Human Services- Office of Public Health and Science	26,076	-	26,076
		Total medical reserve program		76,076	-	76,076
93.042	C6-02-09316-00	Aging Program - Preventive Health	TN Commission on Aging	941,545	-	941,545
93.042	C6-02-09316-00	Aging Program - Ombudsman Services	TN Commission on Aging	47,833	-	47,833
		Total aging program		989,378	-	989,378
93.043	C6-02-09316-00	Aging Program - Preventive Health	TN Commission on Aging	91,209	-	91,209
93.043	C6-02-09316-00	SHIP I & A	TN Commission on Aging	208,854	-	208,854
		Total aging program		300,063	-	300,063

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

CFDA Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred	Non-Federal Expenditures Incurred	Total Grant Expenditures Incurred
93.044	GG607170600	Aging Program - Supportive Services	TN Commission on Aging	\$ 1,744,670	\$ 1,744,670
93.045	GG607170600	Aging Program - Supportive Services	TN Commission on Aging	-	-
93.045	GG607170600	Aging Program - Nutrition Services	TN Commission on Aging	204,200	204,200
93.045	GG607170600	Aging Program - Nutrition Services	TN Commission on Aging	588,049	588,049
			TN Commission on Aging	527,449	527,449
		Total aging program	1,319,698	-	1,319,698
93.052	GG607170600	Aging Program	TN Commission on Aging	35,600	35,600
93.053	C6-02-09316-00	Aging Program-NSIP	TN Commission on Aging	392,280	392,280
93.116	GG-04-10467-00	TB Outreach	Department of Health	3,954	3,954
93.116	GG-06-11974-01	TB Outreach	Department of Health	1,032,300	1,114,000
		Total tuberculosis outreach program	1,036,254	81,700	1,117,954
93.130	GG-05-11097-00	Health Planning	Department of Health & Human Services	1,587	1,587
93.197	GG-05-11097-00	CDC Lead Grant-Childhood Poisoning	Department of Health & Human Services	445	445
93.197	GG-06-11910-01	CDC Lead Grant-Childhood Poisoning	Department of Health & Human Services	229,640	247,533
		Total childhood poisoning program	230,085	17,893	247,978
93.217	GU-06-03317-00	Family Planning	Department of Health	566,800	566,800
93.243	4H79SM55058-03	SAMHSA Co-Occurrence	Department of Health & Human Services	-	-
93.243	6H79TI16384-01	SAMHSA Co-Occurrence	Substance Abuse & Mental Health Svcs.	276,904	276,904
93.243	6H79TI16384-01	SAMHSA Co-Occurrence	Department of Health & Human Services	276,677	276,677
		Total SAMHSA program	30,126	-	30,126
			583,707	-	583,707
93.268	GG-05-11097-00	WIC Immunization	Department of Health	185	185
93.268	GG-05-11097-01	WIC Immunization	Department of Health	135,924	138,443
93.268	GG-06-12157-00	Immunization	Department of Health	378,910	383,480
		Total immunization program	515,019	7,089	521,923

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006**

<u>CFDA</u>	<u>Contract Number</u>	<u>Program Name</u>	<u>Grantor or Pass-Through Agency</u>	<u>Federal Expenditures Incurred</u>	<u>Non-Federal Expenditures Incurred</u>	<u>Total Grant Expenditures Incurred</u>
93.283	GG-06-11915-00	Central Lab/BOP Terrorism	TN Department of Health	\$ 27,449	\$ 81,900	\$ 109,349
93.283	GG-05-11909-00	Chempack Storage	TN Department of Health	3,944	-	3,944
93.283	GG-05-11011-00	Homeland Security Bioterrorism	Department of Health	3,423	-	3,423
93.283	GG-06-12168-00	Homeland Security Bioterrorism	Department of Health	730,002	108,499	838,501
93.283	GG-06-11911-00	Tobacco Risk	TN Department of Health	63,600	1,565	65,165
		Total CDC-investigations and technical assistance program		828,418	191,964	1,020,382
93.399	GG-06-11977-00	Breast and Cervical Cancer	Department of Health	59,200	2,000	61,200
93.558		Early Childhood Education Pilot Project	TN Department of Education	64,571	-	64,571
93.563	GG06-11967-00	Child Support IV-D	Department of Human Services	9,462,845	1,270,166	10,733,011
93.568	Z-05-021704-04	LIHEAP	Department of Human Services	5,625,701	-	5,625,701
93.568	Z-05-021680-03	LIHEAP Weatherization	Department of Human Services	459,349	-	459,349
		Total LIHEAP program		6,085,050	-	6,085,050
93.569	Z-05-020698-01	Community Services Block Grant	Dept. of Health & Human Services	2,309,502	-	2,309,502
93.569	Z-00-093423-01	Community Services Block Grant	Dept. of Health & Human Services	-	55,326	55,326
		Total community services grant		2,309,502	55,326	2,364,828
93.600	O4CH3447	HeadStart	Dept. of Health & Human Services	14,445,537	-	14,445,537
93.600	O4CH3447-39	HeadStart	Dept. of Health & Human Services	12,872,670	-	12,872,670
		Total HeadStart program		27,318,207	-	27,318,207
93.917	GG-06-12259-00	HIV Case Management	Department of Health	49,295	-	49,295
93.917	GG-05-11833-00	HIV Case Management	Department of Health	170,516	6,165	176,681
		Total HIV case formula grant program		219,811	6,165	225,976
93.918		Early Intervention	Department of Health	350,000	-	350,000
93.926	H49MC00036-05	Healthy Start Initiative	U.S. Department of Health & Human Services - Material & Child Bureau	534,038	29,600	563,638
93.958	GG-06-11881-00	Mentally Ill Inmate Services FY01	TN Office of Criminal Justice Programs	100,999	-	100,999
93.959	GG-06-11979-00	Community Prevention Initiative for Children	TN Department of Health	171,812	-	171,812
93.959	GG-06-12340-00	Community Prevention Initiative for Children	TN Department of Health	90,878	2,710	93,588
		Total		262,690	2,710	265,400

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2006

CFDA Contract Number	Program Name	Grantor or Pass-Through Agency	Federal Expenditures Incurred	Non-Federal Expenditures Incurred	Total Grant Expenditures Incurred
93.977	HIV	TN Department of Health	\$ 953,363	\$ 16,772	\$ 970,135
93.977	HIV	Department of Health	874,038	-	874,038
		Total state VD program	<u>1,827,401</u>	<u>16,772</u>	<u>1,844,173</u>
93.991	Health Risk Reduction	TN Department of Health	271	-	271
93.991	Community Prevention Initiative	TN Department of Health	24,890	4,693	29,583
93.991	Health Risk Reduction	TN Department of Health	110,221	-	110,221
		Total	<u>135,382</u>	<u>4,693</u>	<u>140,075</u>
93.994	Newborn Outreach	TN Department of Health	-	20,100	20,100
93.994	Children's Special Services	Department of Health & Human Services	15,712	-	15,712
93.994	Family Planning	Department of Health & Human Services	421,744	-	421,744
93.994	Children's Special Services	Department of Health & Human Services	441,563	31,609	473,172
93.994	Care Coordination	TN Department of Health	370,411	27,479	397,890
93.994	HUGS - Help Us Grow Successfully	TN Department of Health	160,643	18,700	179,343
		Total children's special services	<u>1,410,073</u>	<u>97,888</u>	<u>1,507,961</u>
94.002	Retired and Senior Volunteer Program	Corporation for National Community Service	46,882	-	46,882
97.004	FY2004 Office of Domestic Preparedness	Department of Homeland Security	856,854	-	856,854
97.004	First Responders for Weapons of Mass Destruction	Department of Homeland Security	1,973,050	-	1,973,050
97.004	FY2003 Part II Planning/Admin	Department of Homeland Security	39,306	-	39,306
		Total community service program	<u>2,869,210</u>	<u>-</u>	<u>2,869,210</u>
97.006	CBRNE Drills	Department of Homeland Security	52,816	-	52,816
97.007	Hazardous Material Emergency Planning Grant	Department of Homeland Security	9,512	-	9,512
97.008	FY2003 UASI Equipment	Department of Homeland Security	4,944,530	-	4,944,530
97.008	FY2004 UASI ODP	Department of Homeland Security	290,111	-	290,111
97.008	FY2004 UASI	Department of Homeland Security	1,523,555	-	1,523,555
97.008	FY2004 UASI Equipment	Department of Homeland Security	374,054	-	374,054
97.008	FY2003 UASI Training	Department of Homeland Security	81,437	-	81,437
97.008	FY2003 UASI Equipment	Department of Homeland Security	34,447	-	34,447
		Total UASI equipment program	<u>7,248,134</u>	<u>-</u>	<u>7,248,134</u>
97.044	EMW-2004-FG-12980 Fire Grant	Department of Homeland Security	10,740	-	10,740
97.071	Environmental Health Services	Department of Homeland Security	52,270	-	52,270
		Total federal awards	<u>\$108,852,260</u>	<u>\$ 2,342,828</u>	<u>\$111,195,088</u>

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE
 Schedule of Expenditures of State and Other Awards
 For the Year Ended June 30, 2006

Contract Number	Program Name	Grantor Agency	Expenditures Incurred
	City Courts Child Safety Seats	City of Memphis City Courts	\$ 152,917
	United Way HIV Nutrition	United Way of Mid South	22,500
CG-02-09316-00	Aging Program State HCBS	TN Commission on Aging	597,484
CG-02-09316-00	Aging Program State Senior Centers	TN Commission on Aging	116,229
CG-02-09316-00	Aging Program State Waivers	TN Commission on Aging	101,546
CG-02-09316-00	Aging Program State Waivers	TN Commission on Aging	166,147
CG-02-09316-00	Aging Program State Waivers	TN Commission on Aging	26,829
CG-02-09316-00	Aging Program State Waivers	TN Commission on Aging	102,198
CG-02-09316-00	Aging Program State Waivers	TN Commission on Aging	55,500
	Down Payment Assistance Program	TN Housing Development Agency	49,496
	Down Payment Assistance Program	TN Housing Development Agency	129,454
Z-06-028009-00	TDOT Roadside Litter Grant	TN Highway Beautification Office	229,661
CA053261	Methodist Youth Care HIV Program	Methodist – LeBonheur Healthcare Foundation	8,709
CA053261	Methodist Youth Care HIV Program	Methodist – LeBonheur Healthcare Foundation	31,058
Z-06-031284	Operation Warm Homes	TN Department of Human Services	945,000
CA061521	CSA – Special Funding	TN Department of Human Services	14,961
	CSA – Special Funding World Overcomers	TN Department of Human Services	16,160
Z-03-011369-00	Tire Recycling	TN Department of Environment & Conservation	735,717
CA052761	Robert Wood Johnson Health	TN Health Care Campaign	37,136
	City Schools Nursing	City Board of Education	174,099
	County Schools Nursing	County Board of Education	978,101
	Chickasaw Basin Authority Operations	State of Tennessee	60,725
	Industrial Development Board	Industrial Development Board	309,692
	Industrial Development Board	Industrial Development Board	233,588
2004-MP-A1439	Metropolitan Medical Response Systems	City of Memphis	55,999
	Integrated Delivery System	Health Loop – The Regional Medical Center	3,153,551
Z06002645-00	Court Appointed Special Advocate	TN Commission on Children & Youth	9,000
GU-02-02865-00	Juvenile Offenders Residential Care & Treatment	TN Department of Children's Services	6,689,940
GG-0612010-00	Child Support IVD	TN Department of Human Services	458,455
06-009	Safe Haven Grant	TN Department of Health	2,745
GG-05-11834-00	Tendercare Outreach	TN Department of Health	52,195
GG-06-11973-00	Tendercare Outreach	TN Department of Health	581,576
	EPSDT	TN Department of Health	1,293,030
GG-06-11885-00	TennCare Dental Program	TN Department of Health	1,511,616

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Schedule of Expenditures of State and Other Awards (Continued)
For the Year Ended June 30, 2006

<u>Contract Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Expenditures Incurred</u>
GG-06-11911-00	Health Planning	Department of Health & Human Services	\$ 143,044
04-046-R05	Gun Violence Media Campaign	The Assisi Foundation	50,000
GG-06-03311-00	Newborn Outreach	TN Department of Health	347,250
	Shelby County Drug Court	City of Memphis Police Department	75,000
	State-Public Guardianship - Fee Account	TN Commission on Aging and Disability	79,792
GG-06-12505-00	State Grant in Aid	TN Department of Health	917,800
GG-06-11943-00	Child & Family Intervention	TN Department of Children Services	90,250
	United Way HIV Nutrition	United Way of Mid South	<u>16,500</u>
		Total state and other awards	<u>\$ 2,822,650</u>

The accompanying notes are an integral part of the schedules of expenditures of federal and state and other awards.

SHELBY COUNTY, TENNESSEE

Notes to the Schedules of Expenditures of Federal and State and Other Awards June 30, 2006

Note 1 - Basis of presentation

The schedules of expenditures of federal and state and other awards include the transactions related to the receipt of federal awards by Shelby County, Tennessee (the "County") and its component units receiving federal awards that do not issue separate financial statements under OMB Circular A-133. Accordingly, the Shelby County Board of Education and the Shelby County Healthcare Corporation, both component units of the County, are included in the schedule for the year ended June 30, 2006. The schedule also includes transactions of the County related to the receipt of state awards and designated contributions from individuals, corporations, foundations, and other groups. Such state awards and designated contributions received by the County's component units are not included in the schedule of expenditures of federal awards.

The schedules of expenditures of federal and state and other awards are 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.

Note 2 - Reconciliation of the schedules of expenditures of federal and state and other awards to the financial statements

The following is a reconciliation of expenditures per the schedules of expenditures of federal and state and other awards to the expenditure balances in the grant fund, per the County's financial statements.

Totals per Schedules of Expenditures:	
Federal expenditures	\$ 108,852,260
Non-federal expenditures	2,342,828
State and other awards	20,822,650
Total Board of Education grants	(22,426,348)
Total Shelby County Healthcare Corporation grants	(350,000)
Transfers to other funds	<u>(10,535,652)</u>
Total grant fund expenditures	<u>\$ 98,705,738</u>

SHELBY COUNTY, TENNESSEE

Notes to the Schedules of Expenditures of Federal and State and Other Awards (Continued)
June 30, 2006

Note 3 - Non-cash assistance

Non-cash assistance is included in the schedules of expenditures of federal and state and other awards. The amount received and expended in the current year is \$22,250,904 and \$28,345,365, respectively.

Note 4 - Program types

The threshold for distinguishing types A and B programs was \$3,265,568.

SHELBY COUNTY, TENNESSEE

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2006

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Shelby County, Tennessee.
2. No reportable conditions relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements 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 reportable conditions or material weaknesses were noted during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for Shelby County, Tennessee expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with OMB Circular A-133 are reported in this schedule. The audit did not disclose any audit findings related to major programs that are required to be reported under OMB Circular A-133.
7. The programs tested as major programs included:

10.553/10.555	Child Nutrition Cluster
84.938	Hurricane Education Recovery
93.600	Head Start
97.004	State Domestic Preparedness Equipment Support Program
97.008/97.042	Home Land Security Grant Cluster
8. The threshold for distinguishing Type A and B programs was \$3,265,568.
9. Shelby County, Tennessee was determined to be a low risk auditee.

SHELBY COUNTY, TENNESSEE

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2006

B. Findings - Financial Statement 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, 2006

There were no prior year audit findings.