

SHELBY COUNTY BOARD OF EDUCATION

Single Audit Report

June 30, 2022



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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 Education
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Shelby County Board of Education's (a component unit of Shelby County, Tennessee) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Shelby County Board of Education's major federal programs for the year ended June 30, 2022. The Shelby County Board of Education's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Shelby County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Shelby County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Shelby County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Shelby County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Shelby County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Shelby County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Shelby County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Shelby County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Shelby County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, aggregate remaining fund information, and the budgetary comparisons for the general fund, special revenue – categorically aided fund, of the Shelby County Board of Education (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Shelby County Board of Education's basic financial statements. We issued our report thereon dated January 30, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Watkins Mikusall, PLLC

Banks, Jenkins, White & Co.

Memphis, Tennessee
April 11, 2023

**Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022**

**Shelby County
Board of Education**

Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Grantor Number	Expenditures
Federal Awards			
U.S. Department of Justice Passed Through State			
Comprehensive School Safety Initiative	16.560	2016-CK-BX-0011	\$ 18,419
Total 16.560 - National Institute of Justice Research, Evaluation, and Development Project Grants			<u>18,419</u>
U.S. Department of Agriculture Passed Through State of Tennessee			
Child Nutrition Program Cluster			
Seamless Summer Option Program-Breakfast	10.553	N/A	17,921,038
Total 10.553 School Breakfast Program			<u>17,921,038</u>
National School Lunch Program Grant	10.555	215TN100H1703	9,463,257
National School Lunch Program-Non Cash Assistance	10.555	N/A	3,257,152
Seamless Summer Option Program-Lunch	10.555	N/A	46,824,825
NSLP - Supply Chain Assistance Grant	10.555	225TN333N8903	2,185,323
Total 10.555 National School Lunch Program			<u>61,730,557</u>
Summer Food Service Program	10.559	N/A	859,586
Total 10.559 Summer Food Service Program for Children			<u>859,586</u>
Fresh Fruit and Vegetable Program	10.582	N/A	1,676,139
Total 10.582 Fresh Fruit and Vegetable Program			<u>1,676,139</u>
Total Child Nutrition Program Cluster			<u>82,187,320</u>
At Risk Supper Program	10.558	N/A	569,414
CACFP-Emergency Operational Costs	10.558	N/A	588,055
Child Care Food Program	10.558	N/A	6,827
Head Start Reimbursable Meals	10.558	N/A	379,575
Total 10.558 Child and Adult Care Food Program			<u>1,543,871</u>
Farm to School Program	10.575	N/A	9,547
Total 10.575 Farm to School Grant Program			<u>9,547</u>
Pandemic-EBT Administrative Costs Grants	10.649	215TN100S9009	5,814
Total 10.649 Pandemic EBT Administrative Costs			<u>5,814</u>
Total U.S. Department of Agriculture			<u>83,746,552</u>
Federal Communications Commission Direct Funding			
Emergency Connectivity Fund (ECF)	32.009	N/A	11,078,060
Total 32.009 Emergency Connectivity Fund Program			<u>11,078,060</u>
U.S. Department of Education Direct Funding			
Transition School to Work Program	84.126	57874	28,570
Transition School to Work Program	84.126	53622	153,664
Total 84.126 Rehabilitation Services Vocational Rehabilitation Grants to States			<u>182,234</u>
Libraries in the Blend	84.215G	S215G210096	65,638
STEM in the Library	84.215G	S215G180121	469,753
Total 84.215G Innovative Approaches to Literacy; Promise Neighborhoods; and Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community Projects.			<u>535,391</u>
Subtotal U.S. Department of Education Direct Funding			<u>717,625</u>
U.S. Department of Education Passed Through State Department of Education			
ATSI 2018 Designation Grant	84.010A	S010A180042	304,975
ATSI 2019 Designation Grant	84.010A	S010A190042	95,799
District Priority School Improvement Grant	84.010A	S010A180042	1,268,806
ESEA Consolidated Administration	N/A	N/A	3,246,666
Priority School Exit Grant	84.010A	S010A190042	38,296
School Turnaround Pilot Program	84.010A	S425D210047	250,000
Title I, Neglected	84.010A	S010A210042	679,966
Title I, Part A Improving Basic Programs-Operated by LEA's *	84.010A	S010A210042	63,382,860
Title I, Part D Delinquent	84.010A	S010A210042	129,538
Turnaround Action Grant	84.010A	S010A200042	1,144,536
Total 84.010A Title I Grants to Local Educational Agencies			<u>70,541,442</u>

**Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022**

**Shelby County
Board of Education**

Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Grantor Number	Expenditures
Federal Awards Cont'd			
Title I, Part C Migrant Education	84.011A	S013A220042	\$ 2,346
Total 84.011A Migrant Education-State Grant Program			<u>2,346</u>
HQMI Literacy Implementation Networks	84.371C	S371C200013	53,144
Total 84.371C Comprehensive Literacy Development			<u>53,144</u>
Special Education Cluster			
IDEA Part B *	84.027A	H027A200052	31,730,777
ARP IDEA Part B	84.027X	H027X210052	251,874
IDEA Partnership for Systemic Change	84.027A	H027A200052	2,733
Total 84.027 Special Education Grants to States			<u>31,985,384</u>
IDEA Part B - Preschool - Special Education - Preschool Grants	84.173A	H173A210095	327,173
Total 84.173A Special Education Preschool Grants			<u>327,173</u>
Total Special Education Cluster			
			<u>32,312,557</u>
GEAR-UP	84.334S	P334S170004	169,164
Total 84.334S Gaining Early Awareness and Readiness for Undergraduate Programs			<u>169,164</u>
Vocational Education - Basic Grants to States	84.048A	V048A210042	2,649,221
Total 84.048A Career and Technical Education - Basic Grants to States			<u>2,649,221</u>
Title IX, A - Education for Homeless Children and Youth	84.196A	S196A210044	153,849
Total 84.196A Education for Homeless Children and Youth			<u>153,849</u>
ARP Homeless 1.0	84.425W	S425W210044	84,171
ARP Homeless 2.0	84.425W	S425W210044-21A	182,152
Early Literacy Network	84.425	S425D2000047	50,000
American Rescue Plan-Elementary and Secondary Schools Emergency Relief Fund	84.425U	S425U210047	75,866,999
The Coronavirus Aid, Relief and Economic Security Act (CARES) * ESSER	84.425D	S425D210047	134,015
Civic Seal Grant	84.425C	S425C200027	13,693
The Coronavirus Aid, Relief and Economic Security Act (CARES) * Tennessee ALL Corps	84.425D	S425D210047	5,345,775
The Coronavirus Aid, Relief and Economic Security Act (CARES) * ESSER 1.0	84.425D	S425D200047	12,664,906
The Coronavirus Aid, Relief and Economic Security Act (CARES) * ESSER 2.0	84.425D	S425D200047	82,602,674
Innovative High Schools Models Grant	84.425D	N/A	591,404
Literacy Training Teacher Stipend Grant	84.425C	S425C200047	489,000
Total 84.425 COVID-19 Education Stabilization Fund			<u>178,024,788</u>
Twenty First Cent. Community Learning-Cohort 2017	84.287	S287C200043	122,054
Twenty First Cent. Community Learning-Cohort 2018	84.287	S287C200043	388,528
Twenty First Cent. Community Learning-Cohort 2019	84.287	S287C200043	522,336
Total 84.287 Twenty First Century Community Learning Centers			<u>1,032,918</u>
Title III-Language Instruction for English Learners and Immigrant Students*	84.365A	S365A210042	1,153,397
Total 84.365A English Language Acquisition State Grants			<u>1,153,397</u>
Title II, Part A Improving Teacher and Leader Quality	84.367A	S367A190040	18,506
Title II, Part A Teacher and Principal Training & Recruiting *	84.367A	S367A210040	6,492,819
Total 84.367A Supporting Effective Instruction State Grants			<u>6,511,325</u>
Title IV-A Student Support and Academic Enrichment *	84.424A	S424A210044	5,126,094
Total 84.424A Student Support and Academic Enrichment Program			<u>5,126,094</u>
Subtotal U.S. Department of Education Passed Through			<u>297,730,245</u>
Total U.S. Department of Education			<u>298,447,869</u>
U.S. Department of Health and Human Services Centers for Disease Control and Prevention			
Epidemiology & Laboratory Capacity (ELC)	93.323	N/A	22,131,972
Total 93.323 Epidemiology & Laboratory Capacity			<u>22,131,972</u>
U.S. Department of Health and Human Services Center for Mental Health Services			
Head Start Cluster			
American Rescue Plan	93.600	04HE000471-01-01	2,571,093
Head Start	93.600	04CH011116-03-00	9,251,034
Head Start	93.600	04CH011116-04-02	10,209,373
Head Start CRRSA Grant	93.600	04HE000471-01-00	620,277
Total 93.600 Head Start and Head Start Cluster			<u>22,651,776</u>
Substance Abuse Prevention and Treatment	93.959	DGA65807_2020-2021_017	201,656
Total 93.959 Block Grants for Prevention and Treatment of Substance Abuse			<u>201,656</u>

Schedule of Expenditures of Federal and State Awards
For the year ended June 30, 2022

Shelby County
Board of Education

Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Grantor Number	Expenditures
U.S. Department of Health and Human Services			
Passed Through Center For Disease Control			
CDC/Mental Health Supplement	93.079	6 NU87PS004371-04-01	\$ 7,555
CDCP HIV/STD Prevention	93.079	1 NU87PS004371-03-01	56,205
CDCP HIV/STD Prevention	93.079	5 NU87PS004371-03-03	145,876
CDCP HIV/STD Prevention	93.079	5 NU87PS004371-04-00	244,554
Total 93.079 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance			454,190
Total U.S. Department of Health and Human Services			45,439,594
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Passed through Shelby County Government			
Pre-Diaster Mitigation Grant	97.047	CA2200564	1,798,746
Total 97.047 Pre-Diaster Mitigation Grant			1,798,746
Total Federal Awards			440,529,240
State Awards			
State Department of Education			
Career Ladder	N/A	N/A	747,733
Coordinated School Health	N/A	N/A	396,350
Early Postsecondary Expansion Grant	N/A	N/A	1,000
Evening Reporting Center	N/A	N/A	229,601
Family Resource Center	N/A	N/A	85,241
IDEA Part B-High Cost	N/A	N/A	604,674
Lottery for Education: Afterschool Programs	N/A	N/A	294,668
Middle School CTE/STEM Start-Up Grants	N/A	N/A	7,998
Middle School CTE/STEM Start-Up Grants	N/A	N/A	42,402
Safe Schools	N/A	N/A	2,930,449
Summer Learning Camps	N/A	N/A	11,780,774
Summer Learning Camps	N/A	N/A	4,790,975
TN SCORE	N/A	N/A	16,416
Trauma Intensive Parent (TIP) Grant	N/A	N/A	66,678
Voluntary Pre-K	N/A	N/A	9,593,625
			31,588,584
Total State Awards			31,588,584
Total Federal and State Awards			\$ 472,117,824

* Uniform Guidance applicable to the Federal awards

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards is based on the modified accrual basis of accounting, consistent with accounting for governmental type funds. It includes the transactions related to the receipt of federal and state funds by the Shelby County Board of Education (the "District") under programs of the federal and state government for the year ended June 30, 2021. 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Individual awards within each category of federal awards are identified by Federal Assistance Listing and program name. The awards are also presented in total by funding agency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either Cost Principles for State, Local and Indian Tribal Governments, or the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Federally negotiated indirect cost rates are used.

There were no federal awards passed through to subrecipients.

FOOD DONATION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the Shelby County Board of Education had food commodities totaling \$407,812 in inventory.

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

The following is a reconciliation of expenditures per the schedule of expenditures of federal and state awards to the expenditure balances in the Categorically Aided Fund, per the District's financial statements.

Totals per schedule of expenditures	\$ 472,117,824
Add: Expenditures not shown on the schedule	8,295,000
Subtract: Food service expenditures not reported in categorically aided fund	(83,746,552)
Other expenditures not reported in categorically aided fund	(21,336,196)
Total categorically aided fund expenditures	\$ 375,330,076

SECTION I – SUMMARY OF INDEPENDENT AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? X Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes X No

Identification of major programs:

Child Nutrition Cluster -

Federal Assistance Listing # 10.553 - School Breakfast Program

Federal Assistance Listing # 10.555 - School Lunch Program

Federal Assistance Listing # 10.559 - Summer Food Service Program for Children

Federal Assistance Listing # 10.582 - Fresh Fruit and Vegetable Program

Federal Assistance Listing # 32.009 - Emergency Connectivity Program

Federal Assistance Listing # 84.424 - Student Support and Academic Enrichment Program

Education Stabilization Fund -

Federal Assistance Listing # 84.425C - Governor's Emergency Education Relief Fund

Federal Assistance Listing # 84.425D - Elementary and Secondary School Emergency Relief

Federal Assistance Listing # 84.425U - American Rescue Plan - Elementary and Secondary School Emergency Relief

Federal Assistance Listing # 84.425W - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth

Federal Assistance Listing # 93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Did auditee qualify as a low-risk auditee?

 X Yes No

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS AND RESPONSES

See separately issued *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*, dated January 30, 2023.

SECTION III – STATE AUDIT MANUAL FINDINGS AND RESPONSES

See separately issued *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*, dated January 30, 2023.

SECTION IV - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2022

**SHELBY COUNTY
BOARD OF EDUCATION**

PRIOR YEAR FINDINGS FINANCIAL STATEMENTS FINDINGS AND QUESTIONED COSTS

NONE

PRIOR YEAR FINDINGS STATE AUDIT MANUAL

See separately issued Summary Schedule of Prior Year Audit Findings issued with 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*, dated January 30, 2023.

PRIOR YEAR FINDINGS – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE