



**BOARD OF EDUCATION OF
SHELBY COUNTY, TENNESSEE**

(A COMPONENT UNIT OF SHELBY COUNTY, TENNESSEE)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2015

**Board of Education
Shelby County, Tennessee**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2015**

Prepared by:

Shelby County Board Of Education
(A Component Unit of Shelby County, Tennessee)

Department of Finance



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Introductory Section

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Shelby County Board of Education
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Shelby County Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read 'M. Pepera', written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



160 S. Hollywood Street • Memphis, TN 38112 • (901) 416-5300 •

www.SCSK12.org

December 9, 2015

Citizens and Shelby County Board of Education
Shelby County, TN

State law requires that every general purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Watkins Uiberall, PLLC and Banks, Finley, White & Co., have issued an unmodified (“clean”) opinion on the Shelby County Board of Education’s financial statement for the year ended June 30, 2015. Their independent report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction.

PROFILE OF THE SHELBY COUNTY BOARD OF EDUCATION

The first Shelby County-funded school opened in January 1871, and after five months of operation, the trustee for the school reported spending \$554.20.

Shelby County Schools has grown from this modest beginning to now being the largest school system in the state of Tennessee and one of the largest districts in the nation.

During the last several years, Shelby County Schools (SCS) has experienced monumental change. On December 20, 2010, the Memphis City Board of Commissioners voted to surrender Memphis City Schools’ (MCS) Charter. Tennessee Code Annotated required that a referendum be held. Memphis voters ratified the Board’s decision to transfer the administration of Memphis City Schools to Shelby County Schools on March 8, 2011. Shelby County Schools filed a complaint for declaratory judgment on February 11, 2011, and a U.S. District Judge ruled in August 2011 that Memphis City Schools would cease to exist at the conclusion of the 2012-2013 school year.

Governor Bill Haslam approved House Bill 1288 in April 2013, paving the way for the creation of six new municipal school districts in Shelby County. The voters approved the separate school districts in a special referendum held in July 2013. As a result, 33 Shelby County schools became part of the municipal school districts for the 2014-2015 school year.

Shelby County Schools—before the merger with the former Memphis City Schools—was the fourth largest school system in Tennessee. After the merger, Shelby County Schools became the largest school system in Tennessee and remains the largest after the creation of the municipal school districts. The District includes most of the public schools within the City of Memphis—excluding those served by the Achievement School District (ASD)—and all schools in the unincorporated areas of Shelby County, TN. SCS educated 109,950 students in grades K-12, including charter schools, in over 220 locations in fiscal year 2014-15.

During fiscal year 2014-15, the student demographic was 78.4 percent African American, 8.1 percent Caucasian, 11.3 percent Hispanic and 2.2 percent other races and nationalities. The District had a composite ACT score of 16.9 compared to the State’s average of 19.4. The SCS graduation rate was 75 percent in 2015 compared to the State’s rate of 87.8 percent.

Shelby County Schools is a component unit of Shelby County Government, which is defined as the oversight entity by GASB Codification Section 2100. Reporting for SCS follows the criteria established by the Governmental Accounting Standards Board (GASB). During fiscal year 2015, the District was governed by a nine-member Shelby County Board of Education. The Board members elect a member to serve as Chairman and a member to serve as Vice Chairman of the Board for a one-year term.

PROFILE OF SHELBY COUNTY

Shelby County is located on the southwest corner of Tennessee, at the east bank of the Mississippi River. Shelby is the state’s largest county, with the city of Memphis as the county seat. The corporate limits contain 783 square miles and include seven incorporated municipalities: Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis and Millington. The County’s 2010 population was 927,644 with the 2014 population estimated at 938,803, according to the U.S. Census Bureau. The County is empowered to levy, without limit, a property tax on both real and personal property located within its boundaries.

Shelby County was incorporated in 1819. It currently operates under the Mayor-Commission style of government, with the Mayor as chief executive officer. The Mayor oversees the operations of the County’s six divisions. The 13 members of the Shelby County Board of Commissioners—as the legislative branch of government—reviews and approves county programs and budgets. The Mayor and each Commissioner serve four-year terms. The Assessor, Circuit Court Clerk, County Clerk, Criminal Court Clerk, General Sessions Court Clerk, Juvenile Court Clerk, Probate Court Clerk and Sheriff are also elected to four-year terms.

LOCAL ECONOMIC OUTLOOK

As of June 2015, the Memphis Statistical Area generally underperformed the nation in terms of annual employment growth, the unemployment rate, personal income growth, manufacturing forecasts and the issuance of building permits. The following points illustrate these assessments:

Based on the most recent (June 2015) report prepared by the Eighth Federal Reserve District on economic conditions in the Memphis area at the close of March 2015, the annual growth of employment, building permits and housing prices was 1.5 percent, 6.5 percent, and 3.4 percent, respectively, in the Memphis Statistical Area (MSA) and 2.3 percent, 8.6 percent and 4.8 percent, respectively, in the nation. At the same time, the annual growth of personal income was 3.5 percent in Tennessee and 3.8 percent in the nation. Employment growth in the Memphis zone slowed from 1.6 percent in 2012 to 0.2 percent in 2014, but improved to 1.5 percent the first quarter of 2015. Net job gains in the Professional and Business Services; and Trade Transportation and Utilities sectors have been the key drivers of this trend. Slow employment growth in the Memphis area has not been enough to surpass the nation's rates, but did result in a slight decrease in local unemployment. The Memphis unemployment rate of 7 percent is 1.5 percent higher than the national rate.

Changes in Employment and Unemployment Rate

Measured against the previous year (June 2014), total non-farm employment only rose by a modest percent of 1.5 in the Memphis zone. In the Memphis Statistical Area, employment in the Professional and Business Sector rose 5.75 percent. This sector represents approximately 15.0 percent of the labor force. The Memphis Statistical Area also experienced high percentage gains in Trade Transportation and Utilities (3.5 percent), Financial Activities (3.0 percent), and National Resources, Mining, and Construction (3.0 percent), which accounts for 27, 5, and 3 percent of the labor force, respectively. The Government; Leisure and Hospitality; and Manufacturing sectors in Memphis demonstrated employment losses that offset the modest growth in the above mentioned sectors. Overall, the employment picture improved by 1.4 percent from March 2014 to March 2015.

Personal Income Growth

For several quarters before the national recession, which started in 2007, personal income growth in Tennessee was less than the nation. Between the last quarter of 2014 and the first quarter of 2015, personal income grew 3.5 percent in Tennessee, compared with 3.8 percent in the nation.

Manufacturing Forecasts

On the manufacturing side, the Memphis area's manufacturing employment declined 1.7 percent in the first quarter, as compared to a 1.8 percent increase in the U.S. and a 2.5 percent increase in the state of Tennessee. The durable goods sector experienced moderate employment growth in the State by 3.4 percent, while it declined by 0.3 percent in Memphis and only increased by 2.5 percent in the nation. The employment rate of non-durable goods sector experienced a decline of 3.4 percent in Memphis, while the state of Tennessee and the U.S. increased 0.8 percent and 0.5 percent, respectively.

Building Permits

Relative to the same period last year, housing activity in the Memphis zone has been strong in the first quarter of 2015. The number of building permits issued in the Memphis zone during the first quarter of 2015 was significantly higher at 6.5 percent above the number issued during the same period in 2014. In comparison, national housing activity grew by 8.6 percent.¹ Relative to the nation, Memphis area home prices increased close to the pace nationally. Home prices increased in the Memphis area by 3.4 percent from March 2014 to March 2015, which fell slightly short of national home prices increase of 4.8 percent in the same period.

Projected Enrollment

The District's enrollment projections for fiscal year 2015-16 estimate that it will serve 109,489 students in grades kindergarten through grade 12. The estimate is a decrease of 461 students from the fiscal year 2014-15 40-day end-of-month membership count of 109,950. Of the 2015-16 estimated student population, 12,417 are expected to enroll in one of the District's 45 charter schools.

Charter Schools

In 2002, the State of Tennessee passed the Tennessee Public Charter Schools Act. The Act permits the Board to authorize the establishment of public charter schools with the primary purpose of improving the learning for all students and closing the achievement gap between high- and low-performing students. An agreement must be entered into between the sponsor of the charter school and the Board of Education. The charter is approved for an initial period of 10 years, but can be revoked by the Board or the State if the school violates certain requirements of the Act. Each school must be operated by a not-for-profit organization with exemption from Federal taxation under 501(c) (3) of the Internal Revenue Code and is responsible for establishing its own governing body separate from that of the Board of Education. The charter schools are supported by the Board of Education as a pass-through from State and local funding sources.

Shelby County Schools operated 39 charter schools in fiscal year 2014-15. Metropolitan Nashville Public Schools had 23 charter schools and Chattanooga Public Schools had three in fiscal year 2014-15, per the Tennessee Charter School Center. Other charter schools in operation in the State of Tennessee are authorized by the ASD.

Charter schools started in Tennessee in 2003 as an alternative for students assigned to failing urban schools. Charter operators have flexibility to set their own hours and school calendar and hire at their discretion. However, teachers hired must be state-certified. Tax dollars for education follow the student to the charter school. With the amendment of T.C.A. § 49-13-113 in January 2011 (effective FY 2011-12), any child may attend a charter school in Tennessee, regardless of family income or the academic standing, as determined by the state of the child's home school. There is no longer a limit on the number of charter schools permitted in a district.

Age of School Buildings

As of June 30, 2015, the average age of the District's school buildings is 50 years. Shelby County Schools does not issue general obligation debt and relies upon the County of Shelby for financing its capital needs. The County of Shelby conducts its finances so that the amount of general

¹ Current Economic Conditions in the Eighth Federal Reserve District Memphis Zone, Second Quarter 2015

obligation debt does not exceed 12 percent of the County's taxable assessed valuation or 5 percent of the appraised valuation.

EDUCATIONAL PROGRAMS

The District provides the following programs: General education, special education, career and technical education, alternative education, J.R.O.T.C., charter school instruction, CLUE, Optional Schools programming, blended learning and virtual learning instruction.

Highlights:

Thirty-five Shelby County schools earned their way onto the State's coveted 2015 Reward Schools list, which are the top five percent of schools in the state for progress or performance.

Pierre Jackson, a Middle College High School Science teacher, was awarded the prestigious Presidential Award for Excellence in Mathematics & Science Teaching (PAEMST) by President Obama.

Kimbrelle Barbosa Lewis, principal of Cordova Elementary School in Cordova, Tennessee, was appointed to the Board of Directors of the National Association of Elementary School Principals (NAESP).

Melissa Collins, a second grade teacher at John P. Freeman Optional School, was a recipient of the 2015 Kennedy Center/Stephen Sondheim Inspirational Teacher Award. Collins is one of 13 teachers nationwide to receive this prestigious award that recognizes teachers for their "extraordinary impact on the lives of students."

White Station Middle School was named a 2015 School of Excellence by the Magnet Schools of America (MSA), a professional education association that represents more than 2,000 magnet schools across the country. These awards are given to magnet schools that show a commitment to high academic standards, curriculum innovation and consistent delivery of a high-quality education.

Sharon McNary, principal of Richland Elementary School, was named the 2015 West Tennessee Principal of the Year by the Tennessee Department of Education.

Jennifer Shiberou, Visual Art teacher at Colonial Middle School, was named the 2014-15 Middle Level Art Teacher of the Year by the Tennessee Art Education Association (TAEA).

Ebony Johnson, Visual Art teacher at White Station High School, was named the 2014-15 High Level Art Teacher of the Year by the Tennessee Art Education Association (TAEA).

Karen Vogelsang, fourth grade teacher at Keystone Elementary, was named Tennessee's 2015 Teacher of the Year.

Whitehaven Elementary School was selected as one of 20 schools nationwide to pilot Project Lead the Way's (PLTW) elementary school program, Launch. PLTW is one of the nation's leading providers of STEM curriculum, delivering programs to over 5,000 K-12 schools in the United States.

Shelby County Schools had the following academic goals for the 2014–15 school year, based on the State of Tennessee's Annual Measurable Objectives (AMOs):

- Increase the percentage of students who are Proficient or Advanced to at least 34.4 percent in third grade Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 36.9 percent in seventh grade Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 37.8 percent in grades 3 – 8 in Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 50.7 percent in English II.
- Increase the percentage of students who are Proficient or Advanced to at least 25.9 percent in English III.
- Increase the percentage of students who are Proficient or Advanced to at least 45.2 percent in third grade Mathematics.
- Increase the percentage of students who are Proficient or Advanced to at least 33.4 percent in seventh grade Mathematics.
- Increase the percentage of students who are Proficient or Advanced to at least 39.3 percent in grades 3 – 8 in Mathematics.
- Increase the percentage of students who are Proficient or Advanced to at least 53.7 percent in Algebra I.
- Increase the percentage of students who are Proficient or Advanced to at least 33.4 percent in Algebra II.
- Increase the graduation rate to 72.6 percent.

Through meeting our AMOs outright or via a state issued safe harbor option, Shelby County Schools met 9 of its 11 state achievement goals. Furthermore, the District met all five state achievement goals for Math, and SCS remains a TVAAS level 5, the highest level for growth awarded.

In school year 2014-15, two schools earned their way off the State's Priority list, 35 schools were placed on the Reward List, and iZone schools outpaced the state-run ASD.

FINANCIAL INFORMATION

SCS faced financial shortfalls in fiscal year 2015 due to enrollment decline resulting from additional charter school and Achievement School District locations. The District utilized general fund balance to offset the excess of expenditures over revenues, contributions to the OPEB Trust, and match funds for the Gates Foundation grant. SCS ended fiscal year 2015 with total net position of \$767.7 million, a decrease of approximately \$109.5 million from fiscal year 2014.

Budgetary Adoption and Controls

According to Board policy, the Board shall adopt a budget and appropriate funds for each fiscal year prior to the beginning of the fiscal year. The approval of the annual operating budget by the Board provides authorization to the Superintendent and the administrative staff to expend any or all of the amounts appropriated to the limit of each separate fund for the specific budget year. In accordance with state law, regulations and Board policy, the Superintendent and Chairman of the Board of Education will submit a budget to the State.

According to state law and Board policy, the District is required to operate under an annual balanced budget approved by resolution of the Shelby County Board of Education (SCBE) and the Shelby County Commission. The Board defines a "balanced budget" as when the sum of estimated revenues and appropriated fund balance is equal to expenditure appropriations. Revenues and expenditures are defined in accordance with generally accepted accounting principles.

Budgets are developed to support District goals, priorities, and strategic objectives. Budgets are prepared annually on a basis consistent with generally accepted accounting principles for the General Fund, Capital Projects Fund, Categorically-Aided Funds and Food Service Fund. The adopted annual budget serves as the foundation for the District's financial planning and control. The District begins its budgeting process in November each year by projecting enrollment for the upcoming school year. Enrollment projections drive staffing and expenditure allocations for schools. Enrollment projections are based on the second 20-day attendance count.

Expenditures

Allocations for each school are based on per-pupil allocations, instructional and administrative staffing allocations and other required operating and maintenance (O&M) service levels. Per-pupil allocation helps determine how much O&M funding each school will receive. The allocations to each school are considered discretionary funds. The discretionary funds for each school are accounted for separately by way of Site-Based Budgets.

Each department is responsible for preparing supporting documentation. Before any budgets are submitted to Budget and Fiscal Planning, a line item justification must be completed, which aligns to District goals and priorities. The support documents enable Budget and Fiscal Planning to determine if all cost allocations are justifiable and accurate. These documents also help the District to determine where cost savings can be maximized.

Revenues

The estimation of revenues begins in October and is, in part, based upon enrollment projections which are developed by school and grade level. The projections take into account mobility factors, such as birth rates and housing changes.

State revenue estimates are generated through sales tax collections and are calculated using the Basic Education Program (BEP) formula. BEP revenues are a funding plan and not a spending plan. However, certain requirements must be met when using the funds. BEP estimates are not finalized until the State calculates average daily membership (ADM) and finalizes its budget.

SCS must submit its budget for approval each year to the following:

- Shelby County Board of Commissioners
- State of Tennessee – Pursuant to Tennessee Code Annotated (TCA) §49-3-316 the District has 30 days after the beginning of each fiscal year to submit to the Commissioner of Education a complete and certified copy of its entire school budget for the current school year. On or before August 1 of each year, the District must submit to the Commissioner of Education a correct and accurate financial report of the receipts and expenditures for all public school purposes of the District during the previous school year ending on June 30.

In the event that the local fiscal body has not adopted a budget for the operation of the public schools by July 1 of any year, the District budget for the year just ended shall continue in effect, by resolution, until a new District budget has been approved.

However, expenditures mandated by this part and implemented by rules, regulations and minimum standards of the State Board shall be incorporated into this continuing budget. Any continuing budget adopted by the local fiscal body shall not be valid beyond October 1 of the current fiscal year for purposes of the local fiscal body's eligibility to receive school funds from the State.

Budget Administration and Management Process

When unforeseen circumstances arise during the fiscal year, which require an amendment to the final adopted operating budget, adjustments can be accomplished in the following manner.

The Superintendent or his designee is authorized to transfer budget amounts between line items of the same state functional classification and within the same major object type, i.e. salaries and benefits or discretionary account. A budget transfer shall be effective when the Superintendent or his designee has approved the item by signature. Budget revisions that increase the balance of a fund are taken by resolution before the Board and the Shelby County Board of Commissioners.

The monitoring of expenditures and revenues is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to ensure a balanced budget at year-end.

Position Control

An integral part of the District's adopted budget is Position Control, which defines the approved budgeted positions. The purpose of Position Control is to ensure the District's staffing does not

exceed its authorized positions. The Position control budget is maintained by Budget and Fiscal Planning.

Any salary increase that is requested for an employee by a department administrator for purposes of reclassification, equity or other circumstances must first be approved by the Human Resources Division of Compensation, and the Superintendent makes the final approval. The department administrator must identify funding for the increase as the department or division's budget must remain budget neutral. Savings realized through vacancies cannot be used to fund salary increase requests.

Fund Accounting

SCS reports its financial activities through the use of fund accounting. This is a system wherein transactions are reported in self-balancing sets of accounts to reflect the results of activities. *(See note 1 of the Notes to the Basic Financial Statements for a summary of significant accounting policies and a description of fund types).*

Internal Control

SCS has established a comprehensive internal control framework designed to protect the District's assets from loss, theft or misuse. In addition, the District manages its accounting system to provide reasonable assurance regarding the reliability of financial records for preparing financial statements and maintaining accountability for assets. "Reasonable assurance" recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management. Our external auditors annually test the District's compliance with its Internal Controls for each major program as required by OMB Circular A-133.

LONG-TERM FINANCIAL PLANNING

The financial position of Shelby County Schools remains relatively stable, despite increased financial pressure from the growth of charter schools and the Achievement School District. The District's conservative budgeting methodology and its ability to maintain disciplined spending practices have been the primary drivers behind the stable financial position. To ensure spending remains sound, SCS has implemented and continues to explore new opportunities for cost savings, cost avoidance and revenue generation. We are managing the District's footprint in the community, from a financial perspective, as the local education landscape continues to evolve.

The District has committed to developing and implementing a strategic budget and long-term financial plan to improve academic outcomes. To do this, the focus is on strengthening early literacy; improving post-secondary readiness; developing teachers, leaders, and central office to drive success; expanding high quality school options; and mobilizing family and community partners. These initiatives will be achieved by 2025 through the District's 80/90/100% Strategic Goals. The goals were established to ensure, by 2025, that 80 percent of seniors will be college- or career-ready, 90 percent of seniors will graduate on time, and 100 percent of college- and career-ready graduates will enroll in a post-secondary opportunity. With the SCBE approval of the District's strategic goals focused around the mission of college- and career-readiness, SCS will make significant strides towards educational leadership. So by 2025, when this year's third graders

are graduating, Shelby County Schools expects 80 percent of them will earn diplomas and be immediately ready to succeed in college or in the 21st century workforce. Currently, the District is collaborating with community partners and other stakeholders to create the infrastructure necessary to accomplish these goals.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shelby County Schools for its comprehensive financial report (CAFR) for the fiscal year ended June 30, 2014. This was the first year the District received this prestigious award. In order to be awarded a Certificate of Achievement, a school district must publish an easily readable and efficiently organized (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitted to GFOA to determine its eligibility for another certificate. Our GFOA certificate can be found on page 3 of the CAFR.

In addition, the District received its first Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting award for its 2014 CAFR. This award, valid for one year, is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials. Shelby County Schools plan to submit the 2015 CAFR to ASBO and believes the report continues to meet ASBO's certificate program requirements. The ASBO Certificate of Excellence in Financial Reporting can be found on page 4 of the CAFR.

The preparation of this report was accomplished through the commitment, dedication, and tireless effort of the entire Department of Finance. We would also like to extend our thanks to other SCS and non-SCS personnel who assisted in the preparation of this report. Due credit is also given to all Board members for their interest in complete transparency and support in conducting the planning and operation of SCS.

Respectfully submitted,



Dorsey E. Hopson, II
Superintendent of Schools



Lin Johnson, III
Chief Financial Officer

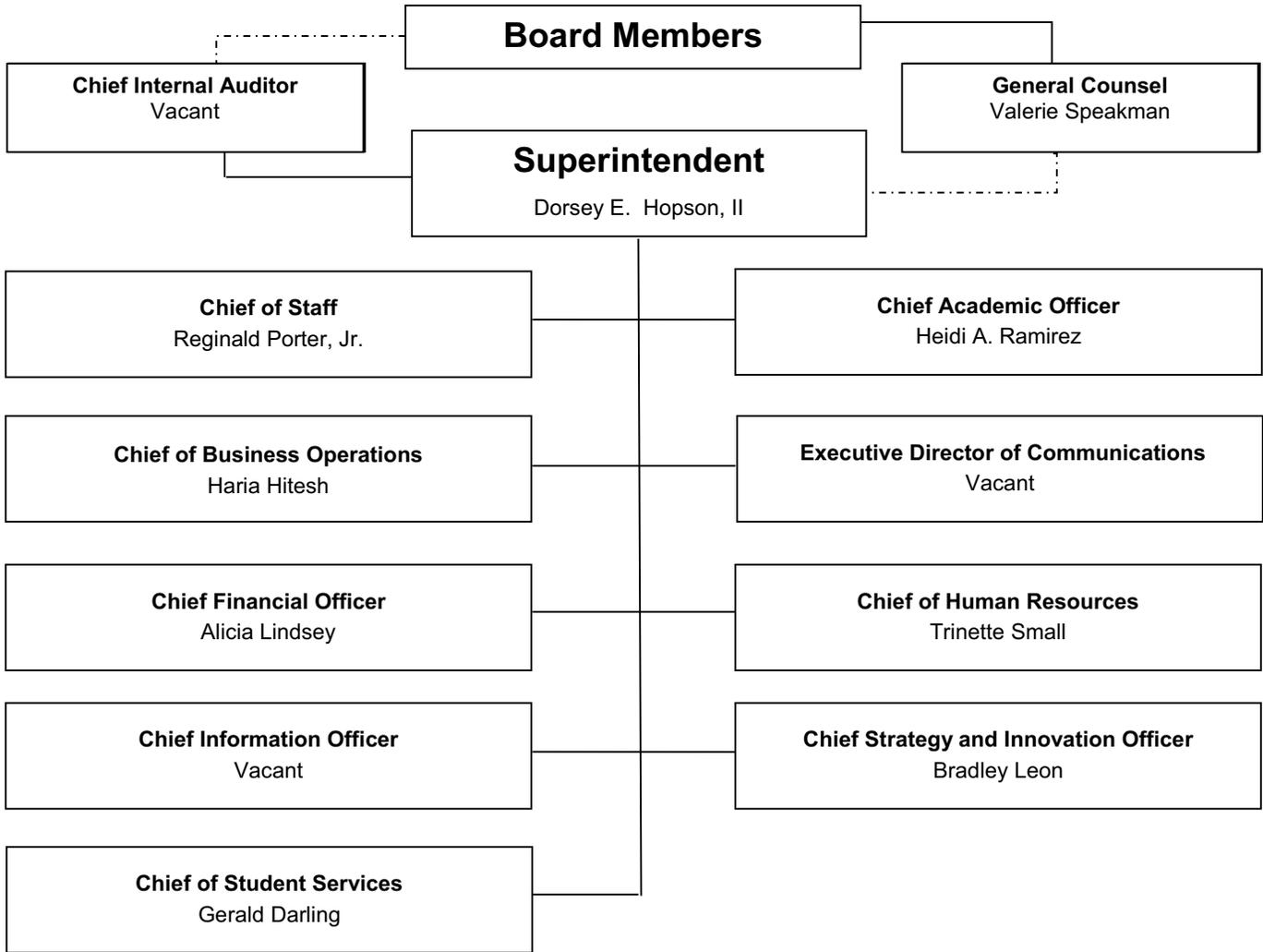


Angela R. Carr, CPA
Director, Accounting &
Reporting

**Board of Education
June 30, 2015**

COMMISSIONER	DISTRICT	TERM EXPIRATION
Teresa D. Jones, Chairperson	District 2 (Elected)	8/31/2016
Kevin Woods, Vice-Chairman	District 4 (Elected)	8/31/2016
Christopher Caldwell	District 1 (Elected)	8/31/2018
Stephanie P. Love	District 3 (Elected)	8/31/2016
Scott McCormick	District 5 (Elected)	8/31/2016
Shante Avant	District 6 (Elected)	8/31/2018
Miska Clay-Bibbs	District 7 (Elected)	8/31/2016
William "Billy" Orgel	District 8 (Elected)	8/31/2018
Mike Kernell	District 9 (Elected)	8/31/2018

**SHELBY COUNTY
BOARD OF EDUCATION
ORGANIZATIONAL CHART
June 30, 2015**



Financial Section





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



INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the
Shelby County Board of Education
Memphis, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information, and the budgetary comparison for the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Board of Education of the Shelby County Schools has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 16 to the financial statements, which describes a restatement decreasing the beginning Governmental Activities net position by \$251,362,039. This restatement was necessary because of the transitional requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 through 39, and the other required supplementary information on pages 99 through 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial

statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015, on our consideration of the Board of Education of the Shelby County Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the Shelby County Schools' internal control over financial reporting and compliance.

Watkins Mikusall, PLLC *Bandy, Joubly, White & Co.*

Memphis, Tennessee
December 9, 2015

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As management of Shelby County Board of Education (the Board), we offer readers of the school district's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2015. Comparative financial information is reported for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the school district's financial performance as a whole, or as an entire operating entity. Readers should also review the transmittal letter found at the front of this report in conjunction with basic financial statements and notes to enhance their understanding of the school district's financial performance.

Financial Highlights

- Total assets and deferred outflows of the school district exceeded its liabilities and deferred inflows at June 30, 2015, by \$767.7 million (net position) due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 and related GASB Statement No. 71.
- Total net position decreased by \$109.5 million or 12.48% over the prior fiscal year. Net position was restated for a change in accounting principle to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.
- The school district's unrestricted liabilities exceeded its unrestricted assets by \$348.6 million primarily due to the OPEB annual required contribution (ARC) and pension benefits. GASB Statements No. 68 and No. 71 required recording the beginning net pension liability and the beginning deferred outflow of resources, contribution subsequent to the measurement date, for all defined pension benefit plans.
- At June 30, 2015, the school district's total general operating fund balance was \$156.1 million or 16.27% of total general fund expenditures.
- Unassigned fund balance for the General fund was \$59.9 million or 6.25% of total general fund expenditures, a decrease of \$48.4 million from the previous year. The unassigned fund balance is available to balance future budgets.
- Fund balance in the Categorically Aided fund was \$3.8 million, or 2.22% of expenditures, an increase of \$0.7 million for the year.
- The Capital Projects fund is categorized as a nonmajor fund and thus reported with the Food Services fund. The fund balance for Nonmajor Funds was \$43.0 million, or 52.03% of total expenditures. Additional information for the Capital Projects fund and Food Services fund is located in the Nonmajor fund section.

Overview of the Financial Statements

This discussion and analysis document is intended to serve as an introduction to the Board’s basic financial statements. The Board’s basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The following graphic summarizes the components of the report:



Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the school district’s finances, in a manner similar to a private-sector business. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* provides information on the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the whole school district. Net position is the difference between the school district’s total assets and deferred outflows of resources and total liabilities and deferred inflows of resources, using the accrual basis of accounting used by most private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether our financial position is improving or diminishing, respectively.

The *statement of activities* presents information showing how the school district’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts. Funds are used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board uses many funds to account for a multitude of financial transactions. All of the funds of the Board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund financial statements focus on the school district’s most significant funds.

Governmental Funds. Most of the Board’s activities are reported in governmental fund financial statements. These statements focus on how monies flow into and out of those funds and the balances left at year-end that are available for spending in the future periods. These funds are

reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the school district's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term decisions. Both the *governmental funds balance sheet* and the *governmental funds statement of revenues, expenditures, and changes in fund balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Board maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Categorically Aided Fund. The Categorically Aided Fund is comprised of two categories – federal and non-federal. The school district has two nonmajor funds, which are Capital Projects and Food Service. Data from the nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor funds is provided in the form of combining statements. The Board adopts an annual appropriated budget for all its funds. Budgetary comparison statements have been provided to demonstrate compliance with budget.

Proprietary Funds. The Board maintains one type of proprietary fund, the Internal Service Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the school district's functions for its central services (printing and supply chain management), government services, health self-insurance and unemployment benefits. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds (or Trust and Agency Funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the school district's own programs. The Board holds the Local Pensioner's Retirement investment accounts and the individual schools' Internal School funds in a fiduciary capacity.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding pensions and funding progress for retirement and other post-retirement benefits.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Board's assets, as a whole, exceeded liabilities at June 30, 2015, and 2014 by \$767,684,675 and \$877,168,356, respectively.

Condensed Statement of Net Position

	2015	2014 (as restated)	Percentage Change 2015 - 2014
Assets			
Current and Other Assets	\$ 377,598,104	\$ 461,332,128	(18.15%)
Capital Assets	1,035,893,821	1,096,710,029	(5.55%)
Net Pension Asset	58,119,485	-	0.00%
Total Assets	<u>1,471,611,410</u>	<u>1,558,042,157</u>	(5.55%)
Deferred outflows related to pensions	<u>62,172,428</u>	-	0.00%
Liabilities			
Long-term Liabilities	358,625,299	312,442,903	14.78%
Net Pension Liability	-	251,362,039	(100.00%)
Other Liabilities	100,781,179	117,068,859	(13.91%)
Total Liabilities	<u>459,406,478</u>	<u>680,873,801</u>	(32.53%)
Deferred inflows related to pensions	<u>306,692,685</u>	-	0.00%
Net Position			
Net Investment in Capital Assets	1,035,129,637	1,095,398,461	(5.50%)
Restricted	81,169,306	66,600,622	21.87%
Unrestricted	<u>(348,614,268)</u>	<u>(284,830,727)</u>	(22.39%)
Total Net Position	<u>\$ 767,684,675</u>	<u>\$ 877,168,356</u>	(12.48%)

Capital assets (e.g., land, buildings, machinery, equipment, intangibles and construction in progress) are the largest portion 70.39% of the total assets. These assets are not available for future spending. The value of the on-going construction of new schools or renovation of existing facilities accounts for 0.36% of the capital assets.

The net pension asset at June 30, 2014, which is being recorded in the June 30, 2015 financial statements, needs to be viewed with the understanding that several favorable trends occurred during that fiscal year. The likelihood is that pension liabilities will be less favorable when the June 30, 2015 net pension asset is determined for the June 30, 2016 financial statements.

The favorable trends that reduced overall expected pension liabilities for the year ended June 30, 2014 included (1) investment returns of more than 16 percent which significantly exceeded the 5.5 percent assumption, (2) cost-of-living adjustments for retirees, which were less than assumed for actuarial purposes, and (3) employee salary adjustments, which were collectively less than assumed for actuarial purposes. The biggest driver impacting pension liabilities was investment returns.

Since the investment marketplace has been less favorable during the current year, it is likely that the net pension asset will be less favorable in the June 30, 2016 financial statement than the amount recorded in the June 30, 2015 financial statements.

Total debt (including compensating absences) owed by the school district is 78.06% of total liabilities with 99.51% of the debt due after one year. The liabilities decreased due to the recognition of a net pension asset in fiscal year 2015 versus a net pension liability in fiscal year 2014. The reduction was also attributable to lower payables resulting from the de-merger of Municipal School Districts and payment of the ENA Settlement.

Governmental Activities. Governmental activities during fiscal year 2015, coupled with a prior period adjustment of the beginning balance, decreased the school district's net position by \$109,483,681 or 12.48% of total net position as compared to an increase of \$941,008,208 or 501.81% of total net position during fiscal year 2014.

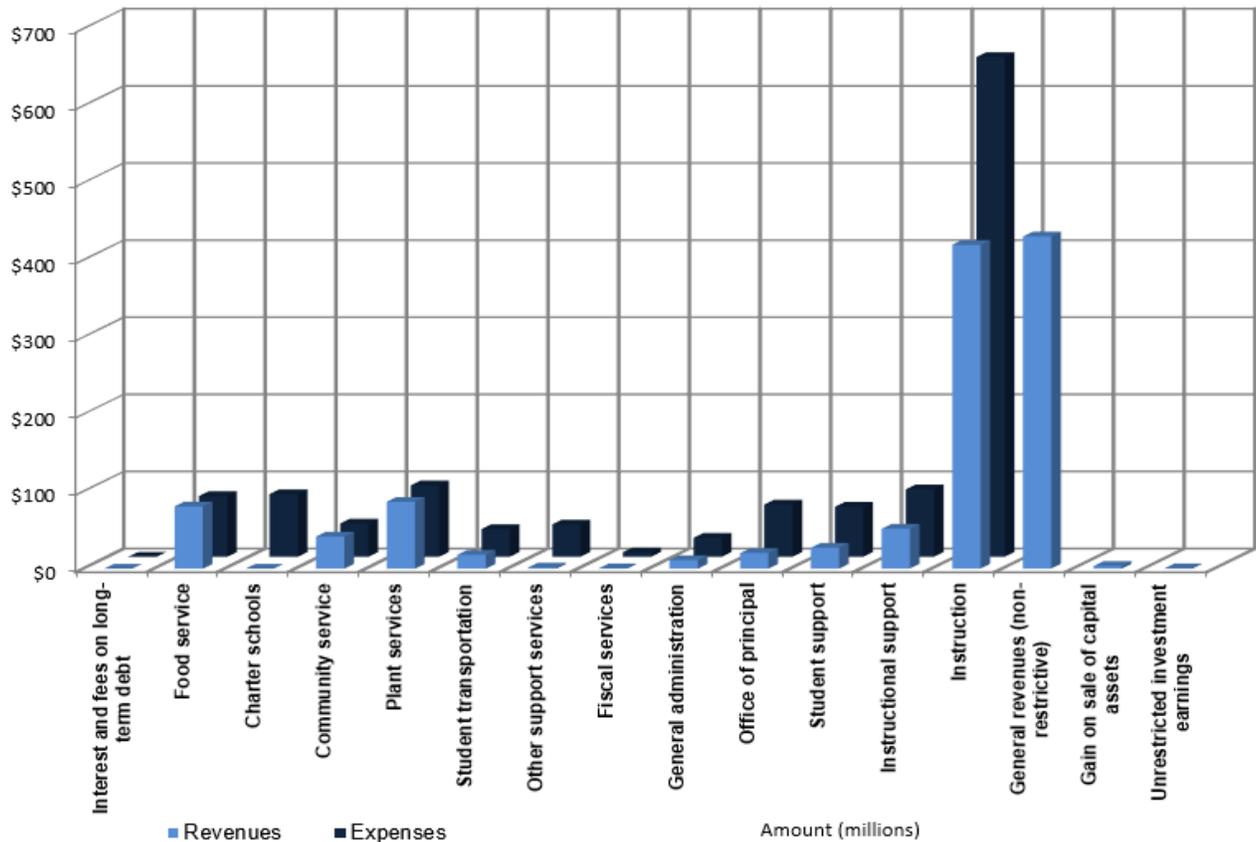
The net position of governmental activities, restated for a change in accounting principle, decreased \$109.5 million during fiscal year 2015. A loss of final settlement related to legacy Memphis City Schools' lawsuit with the City of Memphis accounted for \$29.8 million of the decrease. Please see note 15 for additional information on the settlement. The decrease was offset by a \$3.6 million gain on the sale of capital assets.

Condensed Statement of Changes in Net Position

	2015	2014 (as restated)	Percentage Change 2015 - 2014 (as restated)
Revenues			
Program Revenues:			
Charges for services	\$ 1,355,785	\$ 19,642,997	(93.10%)
Operating grants and contributions	752,732,906	855,368,174	(12.00%)
Capital grants and contributions	5,066,684	5,753,509	(11.94%)
General Revenues:			
Shelby County	306,525,759	422,599,533	(27.47%)
Local option and state sales taxes	118,473,827	159,752,215	(25.84%)
Other local sources	5,830,798	5,410,727	7.76%
Gain on sale of capital assets	3,570,476	-	-
Unrestricted investment earnings	411,950	230,122	79.01%
Total revenues	<u>1,193,968,185</u>	<u>1,468,757,277</u>	<u>(18.71%)</u>
Expenses			
Instruction	648,328,804	1,096,495,154	(40.87%)
Instructional support	87,621,804	60,741,347	44.25%
Student support	65,093,403	113,550,075	(42.67%)
Office of principal	67,794,495	94,262,960	(28.08%)
General administration	24,830,863	25,945,874	(4.30%)
Fiscal services	5,938,485	8,428,601	(29.54%)
Other support services	41,954,932	35,303,585	18.84%
Student transportation	36,004,590	37,650,956	(4.37%)
Plant services	92,771,794	110,525,399	(16.06%)
Community service	43,152,157	23,778,501	81.48%
Charter schools	81,234,455	66,987,992	21.27%
Food service	78,916,667	96,956,709	(18.61%)
Interest on long-term debt	2,628	111,556	(97.64%)
Total expenses	<u>1,273,645,077</u>	<u>1,770,738,709</u>	<u>(28.07%)</u>
Increase (decrease) in net position	(79,676,892)	(301,981,432)	(73.62%)
Special items:			
Loss of final settlement	(29,806,789)	-	100.00%
Total changes in net position	<u>(109,483,681)</u>	<u>(301,981,432)</u>	<u>63.74%</u>
Net position - beginning	877,168,356	1,430,511,827	(38.68%)
Prior period adjustment	-	(251,362,039)	(100.00%)
Net position - beginning (restated)	-	877,168,356	(100.00%)
Net position - ending	<u>\$ 767,684,675</u>	<u>\$ 877,168,356</u>	<u>(12.48%)</u>

The *statement of activities* reflects the cost of program services and the charges for those services in addition to grants and contributions offset by those services. The following chart of governmental activities shows the total cost of services with the revenues directly supporting the services.

Program Revenues and Expenses - Governmental Activities

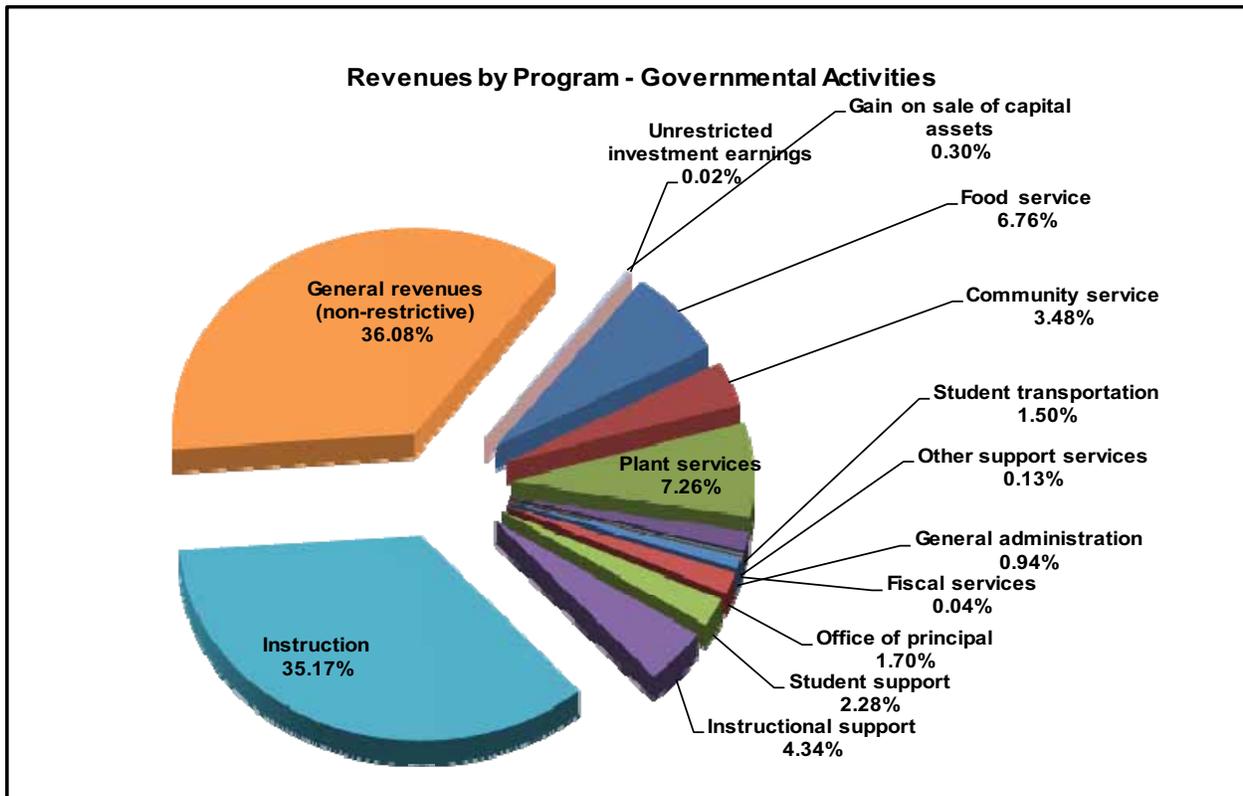


- Instructional expenses include activities directly linked to the teaching of pupils and the interaction between the teacher and pupil. The components include regular, exceptional children, alternative, vocational and adult instruction.
- Instructional support includes the activities involved in assisting instructional staff with the content and process of teaching to pupils. Support services provide administrative, supervisory support to facilitate and enhance instruction.
- Student support includes the activities assisting students in technical services (such as library, guidance, health, and alternative choices) and providing a safe school environment.
- Office of principal includes activities of directing and managing the operation of a particular school. Such activities include those performed by the principal and assistant principal while they supervise all operations of the school, evaluate staff, assign duties to

staff, maintain the records of the school, and coordinate school instructional activities within the total school system. These activities also include the work of secretarial and clerical staff in support of the teaching and administrative duties.

- General administration includes the Board of Education and Office of the Superintendent. Activities are centered on establishing and administering policy for operating the Local Education Agency (LEA). Other general services include commission fees assessed by the County Trustee for tax collection, external audit, legal services, communications, and administrative supervision of the Board.
- Fiscal services include: budgeting and financial reporting, financial and property accounting, payroll and tax reporting, managing of funds, purchasing, receipts and disbursements, and internal auditing.
- Other support services provide non-instructional services to students and staff by the Human Resources and Information Technology Divisions.
- Student transportation includes activities involved with the conveyance of students for regular, vocational and special educational instruction to and from school, as well as school activities, as provided by state and federal law.
- Plant services supports maintaining the school grounds, buildings, and equipment in an effective working condition and state of repair.
- Community services include community development programs for Shelby County Schools, which promote the Board and its objectives. It also includes Early Childhood Development, Parental Involvement, Volunteer Services and Innovation and Planning.
- In accordance with T.C.A.§49-13-106, charter schools are transferred state and local revenues based on an average daily membership of the Board. Thirty-nine charter schools were operational during fiscal year 2015.
- Food service includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.
- Interest on long-term debt provides for the payment of interest and other related charges of debt with the school district.

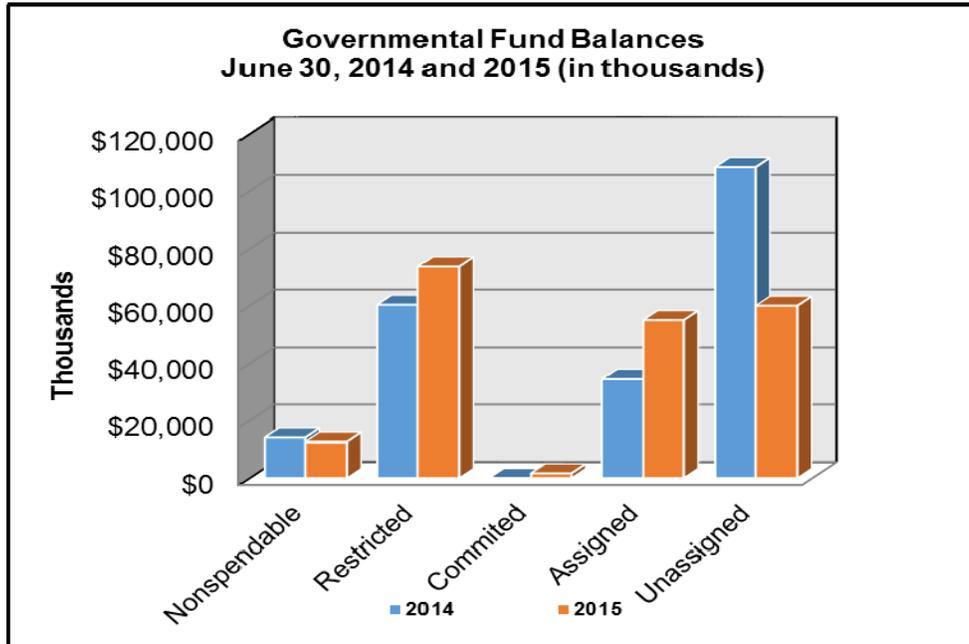
A major portion of the general revenues is not included above because the revenues are not directly identified as supporting a unique or specific activity. Instead, these revenues are general in their support for all activities. General revenues are primarily comprised of local tax revenues provided to support education as a whole. In contrast, State Basic Education Program and federal programs are directly supportive of specific activities. The dependence upon general tax revenues from the community for all governmental activities is clear. General tax revenues support 33.90% of the governmental activities. A breakdown of revenues by program is presented below.



Financial Analysis of the Government’s Funds

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Board’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the school district’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.



As of June 30, 2015, and 2014 the school district's governmental funds reported combined ending fund balances of \$202,779,777 and \$217,154,380, respectively; a decrease of \$14,374,603 in 2015 when compared with 2014. Approximately 29.55% of the total amount (\$59,927,330) is comprised of unassigned fund balance, which is available for spending at the Board's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$12.5 million), 2) restricted for specific purposes (\$73.8 million), 3) committed for specific purposes (\$1.7 million), or 4) assigned for specific purposes (\$54.9 million). The components of the balances by funds are:

	June 30, 2015	June 30, 2014	Percentage Change 2015 - 2014
General Fund			
Nonspendable	\$ 6,799,292	\$ 7,636,851	(10.97%)
Restricted	34,442,225	28,469,654	20.98%
Assigned	54,883,849	34,547,426	58.87%
Unassigned	59,927,330	108,369,481	(44.70%)
Categorically Aided Fund			
Restricted	2,069,870	3,075,832	(32.71%)
Committed	1,701,091	-	-
Total, except Nonmajor Funds	159,823,657	182,099,244	(12.23%)
Nonmajor Funds			
Nonspendable	5,693,585	6,330,708	(10.06%)
Restricted	37,262,535	28,724,428	29.72%
Total all government funds	\$ 202,779,777	\$ 217,154,380	(6.62%)

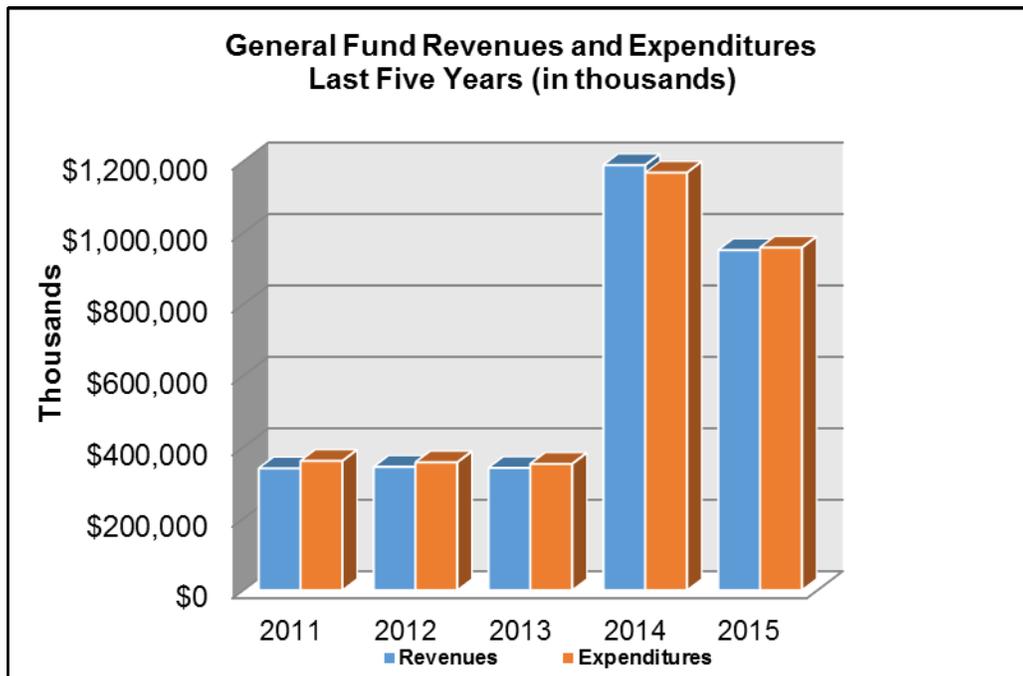
There was approximately a \$22.3 million decrease in fund balance excluding nonmajor funds that included an decreased of \$23.0 million in the general fund and an increase of \$.7 million in the Categorically Aided Fund. There was a \$7.9 million increase in the Nonmajor funds. The changes are discussed in the following fund sections.

Major Funds

General Fund

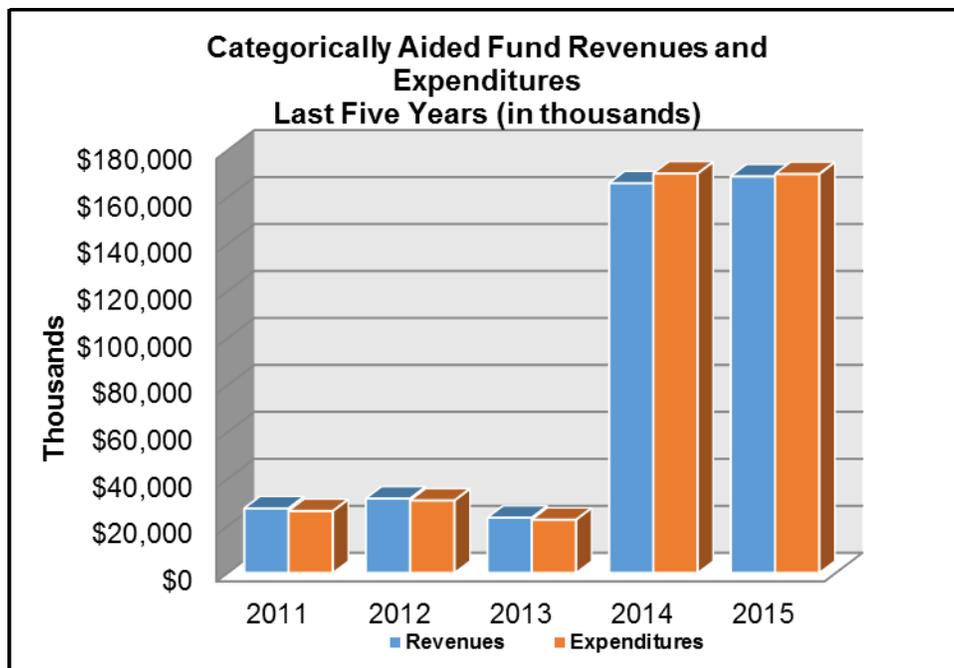
The General Fund is the general purpose and chief operating fund of the school district used to account for the ordinary operations and financial resources not accounted for in any other fund. Taxes, state equalization funding, and other general revenues finance the operations.

As a measure of liquidity, the General Fund unassigned fund balance was approximately \$59.9 million or 6.25% of total fund expenditures, while total fund balance represents 16.27% of that same amount. The unassigned amount is available for contingencies for unforeseen operational emergencies or investments in the future. Expenditures exceeded revenues by \$7.0 million. Contributions to the OPEB Trust and match to Teacher Leadership Effectiveness, offset by the sale of capital assets, resulted in the overall fund balance decrease of \$23.0 million. General Fund revenues decreased by \$238.0 million and expenditures decreased by \$210.0 million from the previous year (GAAP basis). The decreases were primarily related to the de-merger with municipal schools. Although the Board experienced an overall decrease in revenues, state funding for the combined school district decreased primarily due to funding reallocated to the Achievement School District (ASD). The ASD was created by the State in fiscal year 2013 to improve the performance of the State’s lowest performing schools. In fiscal year 2015, there were nineteen locations, including partially run schools, under the ASD umbrella.



Categorically Aided Fund

The Categorically Aided Fund accounts for restricted funds received from various agencies, state and federal governments that are to be spent for specific purposes, based on contractual agreements or grant applications. The available fund balance increased \$0.7 million from the previous year. Categorical fund balances are restricted or committed and are either reserved for future program needs or encumbered commitments. Revenues increased by \$2.9 million and expenditures decreased by \$0.2 million. As a result of the de-merger, approximately 92,000 students received Title I services compared to prior year of 114,000 students, including students at eligible non-public and charter schools. The Board also received increased funding for Individuals with Disabilities; Pre-Kindergarten; Teacher Incentive; and Science, Technology, Engineering, and Mathematics grants.



Nonmajor Funds

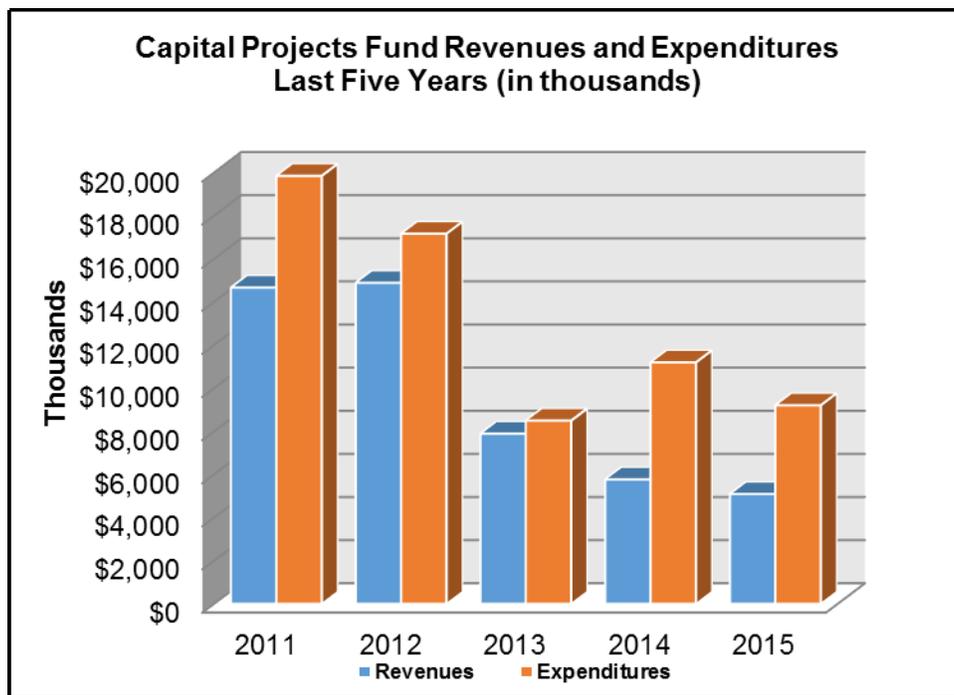
As previously stated, the Capital Projects fund and Food Services fund are the District’s only nonmajor funds. Although the funds are combined for presentation, the funds are discussed separately to clearly identify and discuss revenues, expenditures, and fund balance changes.

Capital Projects Fund

The Capital Projects Fund accounts for intangible assets and transactions related to resources obtained and used for the acquisition, construction or improvement of capital facilities financed primarily through the County of Shelby bond issues. The available fund balance was decreased by \$0.5 million compared to fiscal year 2015.

The fund balance of the Capital Projects Fund is restricted for specific projects approved by funding bodies and may not be used for other purposes. The balance fluctuates year-to-year according to the type of funding agreements in place at the time. The current fund balance consists of residual funds from the former Memphis City Schools; an allocation from the County of Shelby Government for life safety capital needs; and proceeds from the sale of Lanier Middle School and land parcels.

During fiscal year 2014, the County of Shelby Government provided the Board an allocation of \$52.2 million to address critical capital needs. Local revenue sources included rental revenues, interest earnings, and proceeds from the sale of capital assets. Thirty-seven projects were completed during the fiscal year.

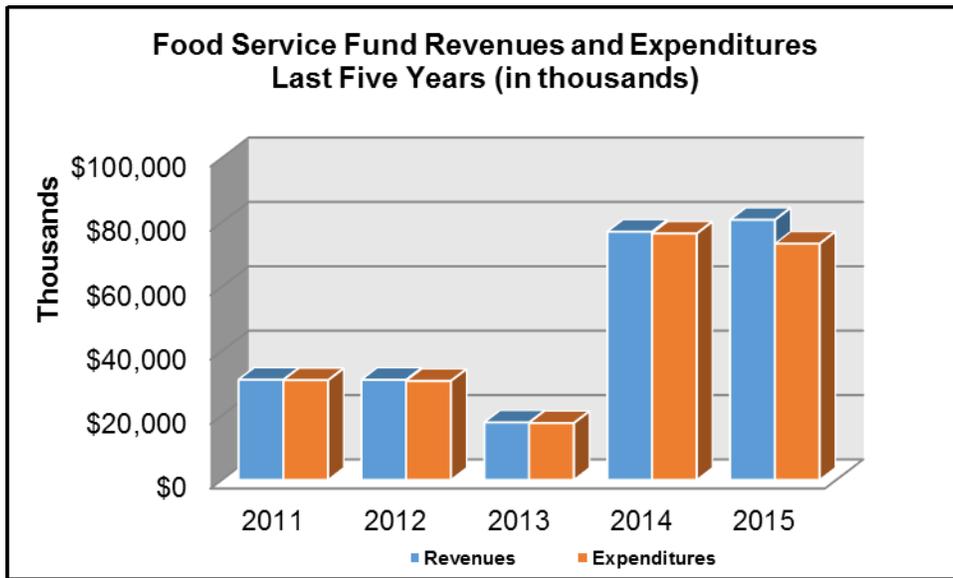


Food Service Fund

The Food Service Fund is used to designate cafeteria transactions of preparing and serving regular and incidental meals, breakfast, lunches and snacks in connection with non-instructional services. Revenue is provided primarily from governmental agencies, which is restricted for the cafeterias. The fund experienced increases of \$7.4 million in fund balance and revenues of \$3.7 million. Expenditures decreased by \$3.2 million. The revenues increased as a result of daily meal service which included 86,922 lunches via the National School Lunch Program compared to 83,380 in fiscal year 2014. An additional \$.06 per meal was allowed by the USDA to certify menus and regulate meal pattern requirements. The increase in revenue and in the number of lunches served was primarily attributable to the fiscal year 2015 adoption of the Community Eligibility Provision of the Healthy Hunger Free Kids Act of 2010. Under the Community Eligibility Provision all students, regardless of income, are able to receive a daily breakfast and a daily lunch at no charge. The USDA reimbursement rate per meal is based upon the percentage of

students who would be eligible for free meals without submitting a meal application. This formula resulted in all eligible breakfasts and lunches being reimbursed at 100% of the free meal rate, which is the highest reimbursement rate

The USDA daily meal service included approximately 61,000 breakfasts via the National School Breakfast Program which included breakfast in the classroom. Breakfast in the classroom started in the former Memphis City Schools during the 2009-2010 school year with increasing numbers in the years that followed. In fiscal year 2015, there were 102 schools serving breakfast in the classroom with a plan of increasing this number of schools.



Proprietary Funds

Internal Service Funds

The school district’s internal service funds account for the Board’s central services, government services, health self-insurance and unemployment benefits. They provide the same type of information found in the government-wide financial statements (full accrual accounting based on economic substance of transactions), but in more detail. The net position decreased by \$6.4 million from losses realized during the year in the Insurance Fund.

General Fund Budgetary Highlights

The school district planned to use \$9.5 million of fund balance. However, transfers to other funds offset by the sale of capital assets resulted in the use of \$12.7 million.

Actual day student enrollment of 109,950 based on the 40-day end-of-month membership count, was down 7,319 students from projected enrollment figures of 117,269. Actual membership

declined 31,864 students from the previous year (141,814) with the majority moving to the six new municipal districts.

General operating revenues exceeded budget estimates by \$4.5 million. Key factors contributing to the revenue variance include:

- Shelby County revenue exceeded forecasts by \$4.7 million primarily from improved local sales taxes collections despite nearly \$2.8 million less received in property tax revenues.
- The District received \$1.7 million less than projected from the State's Basic Education Program - net of the pass-through to the Achievement School District – due to revised average daily membership.
- Lease and rental income and sale of property exceeded the revenue budget by \$1.1 million due to additional lease agreements with charter schools.
- Revenues from the State of Tennessee for the Career Ladder Program, Extended Contracts and Other State Revenue did not meet the budgeted forecast by \$2.1 million.
- Higher than expected indirect cost revenue related to both the Food Service Fund and Special Revenue Federal Programs Fund account for the \$3.5 variance in Federal Government category.
- Other charges for services, tuition and miscellaneous refunds budgets were not realized. The Local category fell short of projections by \$1 million.

The District experienced cost savings of \$3.5 million in expenditures compared to the budget due to controlled spending. Key factors contributing to the expenditure variance include:

- Salary and benefit expenditures exceeded budget forecast by \$14.7 million largely due to the allocation of grant positions back to the General Fund late in the fiscal year and fewer vacancies than anticipated.
- Benefit costs in the General Fund were 23% of salaries. Insurance costs account for approximately 46% of total benefits, consistent with the previous year. Salary and benefit costs were approximately 75% of total expenditures, slightly lower than a year ago.
- The District restricted spending for non-essential items in April. As a result the District realized \$4.9 million savings in contracted savings, \$0.8 million in capital outlay and \$7.8 million in other charges and items.
- Information Technology received \$5 million in State funds for technology purchases which will be completed in FY2015-16.
- The school district had a total of thirty-nine charter schools with an aggregate budget of \$80.4 million. In accordance with state law, \$80.7 million was transferred to the charter

schools based on actual revenue proceeds distributed on a per pupil basis. Charter schools' actual enrollment was greater than projected, resulting in a \$.3 million variance.

Capital Asset and Debt Administration

Capital Assets

The school district's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$1,035.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, intangibles, machinery and equipment. Overall capital assets decreased \$60.8 million from fiscal year 2014 to fiscal year 2015. Accumulated depreciation increased by \$29.3 million.

Condensed Statement of Capital Assets

	Governmental Activities		Percentage
	2015	2014	Change
			2015 - 2014
Land	\$ 45,335,576	\$ 45,600,887	(0.58%)
Buildings and improvements	951,962,127	996,910,237	(4.51%)
Machinery and Equipment	30,298,549	45,347,418	(33.19%)
Intangible Assets	4,537,100	5,104,238	(11.11%)
Construction in progress	3,760,469	3,747,250	0.35%
Total	\$ 1,035,893,821	\$ 1,096,710,030	(5.55%)

Additional information on the school district's capital assets can be found in Note 8.

Long-term Debt

The total debt decreased by \$547,384 during fiscal year 2015 resulting in an ending balance of \$764,184.

Condensed Statement of Outstanding Debt

	Governmental Activities		Percentage
	2015	2014	Change
			2015 - 2014
Bonded Debt Due to State of Tennessee	\$ 764,184	\$ 1,311,568	(41.74%)

Additional information on the school district's long-term obligations (debt) can be found in Note 6.

Economic Factors and Next Year’s Budgets

Fiscal Year 2015-16 reflects the first year for the restructured Shelby County Schools in which there were not major movements in governance, i.e. mergers or municipal district formations that shifted student populations. However, four additional schools were taken over by the Achievement School District (ASD) and six new charter schools were opened.

The Shelby County Board of Education adopted the Fiscal Year 2015-16 General Fund budget in the amount of \$985,869,882 including transfers to charter schools. The Fiscal Year 2015-16 budget is an increase of \$26.4 million from the Fiscal Year 2014-15 budget. Six new charter schools will open, bringing the total number of charter schools to forty-five, with an aggregate budget of \$88 million. The Fiscal Year 2015-16 General Fund budget includes \$36 million in planned use of fund balance. State statute requires the District to set aside three percent of next year’s General Fund Expenditure Budget of \$985,869,882 which equates to \$29,576,096.

The Shelby County Board of Commissioners voted to approve the Shelby County Schools’ Fiscal Year 2015-16 budget including \$316,475,544 in revenues from all County sources. The District’s share of the total County appropriation will be impacted by the weighted full-time equivalent average daily attendance (WFTEADA) figures that are calculated among Shelby County Schools and the six municipal school districts in the County. Education’s share of the property tax levy is expected to remain at \$2.14 of the \$4.37 per \$100 of assessed property value.

Student enrollment is the primary driver of instruction and school expenditure budgets. Shelby County Schools’ combined 40th day end-of-month enrollment is expected to decrease from 109,950 to 109,489 day students.

Requests for Information

This financial report is designed to provide a general overview of the school district’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Room 226, Shelby County Schools, 160 South Hollywood Street, Memphis, Tennessee 38112.

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Basic Financial Statements



STATEMENT OF NET POSITION
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 195,625,948
Investments	50,145,718
Due from County of Shelby	20,094,449
Due from other governments	60,113,444
Other receivables	39,125,668
Inventories	12,492,877
Capital assets, not being depreciated	49,096,045
Capital assets, being depreciated, net	986,797,776
Net pension asset	58,119,485
Total assets	<u>1,471,611,410</u>
Deferred Outflows of Resources	
Pension differences between expected and actual experience	6,503,515
Pension employer contributions during fiscal year 2015	55,668,913
Total deferred outflows of resources	<u>62,172,428</u>
Liabilities	
Accounts payable and other accrued liabilities	86,800,827
Insurance claims payable	11,037,984
Unearned revenue	2,942,368
Long-term liabilities, due within one year:	
Capital related liabilities	547,385
Non-capital related liabilities	1,203,307
Long-term liabilities, due beyond one year:	
Capital related liabilities	216,799
Non-capital related liabilities	356,657,808
Total liabilities	<u>459,406,478</u>
Deferred Inflows of Resources	
Pension differences between expected and actual experience	31,468,554
Pension difference between investments projected and actual earnings	263,146,906
Pension changes in proportion of Net Pension Liability (Asset)	12,077,225
Total deferred inflows of resources	<u>306,692,685</u>
Net Position	
Net investment in capital assets	1,035,129,637
Restricted for :	
Capital projects	12,488,134
Contracted grant programs	3,770,961
Food service	30,467,986
Education	34,442,225
Unrestricted	(348,614,268)
Total net position	<u>\$ 767,684,675</u>

The notes to the basic financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 648,328,804	\$ 520,359
Instructional support	87,621,804	-
Student support	65,093,403	-
Office of principal	67,794,495	-
General administration	24,830,863	-
Fiscal services	5,938,485	-
Other support services	41,954,932	-
Student transportation	36,004,590	-
Plant services	92,771,794	-
Community service	43,152,157	-
Charter schools	81,234,455	-
Food service	78,916,667	835,426
Interest and fees on long-term debt	2,628	-
Total governmental activities	\$ 1,273,645,077	\$ 1,355,785

The notes to the basic financial statements are an integral part of this statement.

**SHELBY COUNTY
BOARD OF EDUCATION**

Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Contributions	Total
\$ 419,364,465	\$ -	\$ (228,443,980)
51,822,650	-	(35,799,154)
27,235,359	-	(37,858,044)
20,242,173	-	(47,552,322)
11,169,211	-	(13,661,652)
482,907	-	(5,455,578)
1,537,805	-	(40,417,127)
17,922,763	-	(18,081,827)
81,586,484	5,066,684	(6,118,626)
41,493,458	-	(1,658,699)
-	-	(81,234,455)
79,875,631	-	1,794,390
-	-	(2,628)
\$ 752,732,906	\$ 5,066,684	\$ (514,489,702)

General revenues:

Shelby County	306,525,759
Local option and state sales taxes	118,473,827
Other local sources	5,830,798
Gain on sale of capital assets	3,570,476
Unrestricted investment earnings	411,950

Special Items:

Loss of final settlement	(29,806,789)
Total general revenues and special items	405,006,021

Changes in net position

(109,483,681)

Net position - beginning

1,128,530,395

Prior period adjustment

(251,362,039)

Net assets - beginning (restated)

877,168,356

Net position - ending

\$ 767,684,675

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue Categorically Aided Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 127,085,636	\$ 1,118,555	\$ 36,882,915	\$ 165,087,106
Investments	49,845,718	-	-	49,845,718
Due from County of Shelby	2,186,777	-	1,396,682	3,583,459
Due from other governments	39,200,987	-	-	39,200,987
Other receivables	390,429	35,160,098	1,949,967	37,500,494
Due from other funds	21,371,092	-	-	21,371,092
Inventories	6,799,292	-	5,693,585	12,492,877
Total assets	<u>\$ 246,879,931</u>	<u>\$ 36,278,653</u>	<u>\$ 45,923,149</u>	<u>\$ 329,081,733</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	73,573,078	8,991,350	2,879,443	85,443,871
Due to other funds	-	20,661,559	-	20,661,559
Unearned revenue - other	-	2,854,783	87,586	2,942,369
Total liabilities	<u>73,573,078</u>	<u>32,507,692</u>	<u>2,967,029</u>	<u>109,047,799</u>
Deferred Inflows of Resources				
Unavailable revenue - settlement	17,254,157	-	-	17,254,157
Total deferred inflows of resources	<u>17,254,157</u>	<u>-</u>	<u>-</u>	<u>17,254,157</u>
Fund balances				
Nonspendable	6,799,292	-	5,693,585	12,492,877
Restricted	34,442,225	2,069,870	37,262,535	73,774,630
Committed	-	1,701,091	-	1,701,091
Assigned	54,883,849	-	-	54,883,849
Unassigned	59,927,330	-	-	59,927,330
Total fund balances	<u>156,052,696</u>	<u>3,770,961</u>	<u>42,956,120</u>	<u>202,779,777</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 246,879,931</u>	<u>\$ 36,278,653</u>	<u>\$ 45,923,149</u>	<u>\$ 329,081,733</u>

The notes to the basic financial statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds	\$	202,779,777
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost	\$ 1,864,023,380	
Less accumulated depreciation	<u>(828,129,559)</u>	1,035,893,821
Net pension assets are not financial resources and therefore are not reported as assets in governmental funds		
		58,119,485
Internal service funds account for central and other government services, health insurance, life insurance, and unemployment services. The assets and liabilities of the internal service fund are included with governmental activities.		
		18,935,945
Short-term compensated absences (for active employees) not booked to governmental funds		
		(728,934)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities not included in governmental or proprietary funds at year-end consist of:		
Notes payable	\$ (764,184)	
Post employment benefits	(347,804,874)	
Long-term compensated absences (for active employees) not booked to governmental funds	<u>(8,724,643)</u>	(357,293,701)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		
City of Memphis Settlement		17,254,157
Accrued property taxes and other receivables in the Statement of Activities that do not provide current financial resources are not reported in the funds.		
County of Shelby	\$ 16,510,990	
Municipality agreements	<u>20,733,392</u>	37,244,382
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Actuarial experience deferred outflow	\$ 6,503,515	
Actuarial experience deferred inflow	(31,468,554)	
Investment earnings deferred inflow	(263,146,906)	
Change in proportionate share of NPL deferred inflow	(12,077,225)	
Current fiscal year contributions deferred outflow	<u>55,668,913</u>	<u>(244,520,257)</u>
Total net position - governmental activities	\$	<u>767,684,675</u>

The notes to the basic financial statements are an integral part of this statement.

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue Categorically Aided Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
City of Memphis	\$ 8,000,000	\$ 225,000	\$ -	\$ 8,225,000
Shelby County	431,706,384	-	4,712,627	436,419,011
State of Tennessee	492,578,157	13,009,277	679,557	506,266,991
Federal Government	11,473,778	135,250,423	70,427,744	217,151,945
Other local sources	8,278,680	20,348,438	10,031,842	38,658,960
Total revenues	\$ 952,036,999	\$ 168,833,138	\$ 85,851,770	\$ 1,206,721,907
Expenditures				
Current:				
Instruction	509,919,839	69,755,971	-	579,675,810
Instructional support	45,707,111	35,020,451	-	80,727,562
Student support	51,358,571	10,249,302	-	61,607,873
Office of principal	61,786,750	573,375	-	62,360,125
General administration	11,456,148	10,615,914	-	22,072,062
Fiscal services	5,494,584	71,933	-	5,566,517
Other support services	39,483,331	1,182,845	-	40,666,176
Student transportation	29,538,474	740,111	-	30,278,585
Plant services	89,435,966	789,774	-	90,225,740
Community service	1,145,371	40,797,913	-	41,943,284
Charter school	81,234,455	-	-	81,234,455
Retiree benefits	31,961,282	-	-	31,961,282
Food service	-	48,316	73,349,997	73,398,313
Debt Service:				
Principal	547,383	-	-	547,383
Interest and fees	2,628	-	-	2,628
Capital outlay	-	-	9,205,555	9,205,555
Total expenditures	959,071,893	169,845,905	82,555,552	1,211,473,350
Excess (deficiency) of revenues over expenditures	(7,034,894)	(1,012,767)	3,296,218	(4,751,443)
Other financing sources (uses)				
Transfer to insurance fund	(19,500,000)	-	-	(19,500,000)
Transfer to special revenue fund	(1,707,896)	1,707,896	-	-
Sale of capital assets	5,272,074	-	4,604,766	9,876,840
Net change in fund balance	(22,970,716)	695,129	7,900,984	(14,374,603)
Fund balance - July 1, 2014	179,023,412	3,075,832	35,055,136	217,154,380
Fund balance - June 30, 2015	\$ 156,052,696	\$ 3,770,961	\$ 42,956,120	\$ 202,779,777

The notes to the basic financial statements are an integral part of this statement.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

Amounts reported for governmental activities in the statement of activities are different because:

Total net change in fund balances - total governmental funds \$ (14,374,603)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. (Does not include cash proceeds)

Capital outlay	\$ 9,642,210	
Depreciation expense	<u>(56,212,034)</u>	(46,569,824)

Capital assets used in governmental activities are not reported as assets. The gain or loss on the disposal of the assets are also not reported. This is the amount by which cost of the disposed assets exceeds the accumulated depreciation of the disposed assets in the period.

Disposal of capital assets	\$ (7,940,021)	
Sale of capital assets	<u>(6,306,364)</u>	(14,246,385)

The repayment of the principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:

7,417,406

On the statement of activities the actual and projected long term expenditures for post employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.

(54,192,481)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in compensated absences totaled:

70,806

An internal service fund is used by the Board's management to charge the costs of central services, government services, self-insurance health and unemployment claims to the individual funds. The net revenue of the internal service fund is reported with governmental activities.

(6,418,880)

Recognition of unavailable revenue from Shelby County, City of Memphis, and the Municipalities increased the Board's receivable from these entities. This amount is the net change during the period.

(46,130,987)

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

64,961,267

Change in net position of governmental activities \$ (109,483,681)

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
City of Memphis	\$ -	\$ 8,000,000	\$ 8,000,000	\$ -
Shelby County	425,531,069	426,955,409	431,706,384	4,750,975
State of Tennessee	489,244,665	495,370,014	492,578,157	(2,791,857)
Federal Government	7,984,088	7,984,088	11,473,778	3,489,690
Other local sources	11,688,262	9,200,762	8,278,680	(922,082)
Total revenues	<u>934,448,084</u>	<u>947,510,273</u>	<u>952,036,999</u>	<u>4,526,726</u>
Expenditures				
Current:				
Instruction	522,920,177	512,150,770	509,910,033	2,240,737
Instructional support	40,346,431	45,410,428	45,972,200	(561,772)
Student support	48,259,079	50,861,880	52,386,321	(1,524,441)
Office of principal	60,082,482	60,074,720	61,750,336	(1,675,616)
General administration	11,604,993	11,917,125	11,421,859	495,266
Fiscal services	5,785,868	6,182,028	5,417,252	764,776
Other support services	39,233,380	42,383,102	39,533,980	2,849,122
Student transportation	28,616,005	32,616,005	28,071,487	4,544,518
Plant services	87,594,733	88,446,702	89,002,579	(555,877)
Community service	1,423,383	1,298,419	1,121,939	176,480
Charter schools	77,974,431	80,400,000	81,234,455	(834,455)
Retiree benefits	29,426,970	29,426,970	31,961,282	(2,534,312)
Debt Service:				
Principal	656,312	656,312	547,383	108,929
Interest and fees	2,628	2,628	2,628	-
Total expenditures	<u>953,926,872</u>	<u>961,827,089</u>	<u>958,333,734</u>	<u>3,493,355</u>
Excess (deficiency) of revenues over expenditures	\$ (19,478,788)	\$ (14,316,816)	(6,296,735)	\$ 8,020,081
Other financing sources (uses)				
Transfer to insurance fund	-	-	(19,500,000)	(19,500,000)
Transfer to special revenue fund	-	-	(1,707,896)	(1,707,896)
Sale of capital assets	-	4,800,000	5,272,074	472,074
Net change in fund balance	<u>\$ (19,478,788)</u>	<u>\$ (9,516,816)</u>	(22,232,557)	<u>\$ (12,715,741)</u>
Change in reserve for encumbrances			<u>(738,159)</u>	
Net change in fund balances (GAAP basis)			(22,970,716)	
Fund balance - July 1, 2014			<u>179,023,412</u>	
Fund balance - June 30, 2015			<u>\$ 156,052,696</u>	

The notes to the basic financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE - CATEGORICALLY AIDED FUND
For the Year Ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
City of Memphis	\$ 200,000	\$ 225,000	\$ 225,000	\$ -
State of Tennessee	13,209,347	13,251,641	13,009,277	(242,364)
Federal Government	116,092,272	206,793,173	133,900,091	(72,893,082)
Other local sources	<u>37,878,813</u>	<u>41,118,474</u>	<u>20,348,438</u>	<u>(20,770,036)</u>
Total revenues	<u>167,380,432</u>	<u>261,388,288</u>	<u>167,482,806</u>	<u>(93,905,482)</u>
Expenditures				
Current:				
Instruction	70,667,329	113,641,466	68,607,919	45,033,547
Instructional support	30,727,586	55,702,673	34,237,656	21,465,017
Student support	12,040,348	9,793,696	10,161,908	(368,212)
Office of principal	376,746	594,083	573,375	20,708
General administration	27,527,370	27,364,036	6,628,838	20,735,198
Fiscal services	-	341,666	(117,832)	459,498
Other support services	4,401,738	6,992,686	1,182,845	5,809,841
Student transportation	251,031	783,713	655,426	128,287
Plant services	1,125,036	1,455,207	686,827	768,380
Community service	21,570,919	47,071,407	42,251,528	4,819,879
Food service	-	56,194	49,250	6,944
Total expenditures	<u>168,688,103</u>	<u>263,796,827</u>	<u>164,917,740</u>	<u>98,879,087</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,307,671)</u>	<u>\$ (2,408,539)</u>	2,565,066	<u>\$ 4,973,605</u>
Other Financing Sources (Uses)				
Transfer from general fund	-	-	1,707,896	1,707,896
Net change in fund balances	<u>\$ (1,307,671)</u>	<u>\$ (2,408,539)</u>	4,272,962	<u>\$ 6,681,501</u>
Change in reserve for encumbrances			<u>(3,577,833)</u>	
Net change in fund balances (GAAP basis)			695,129	
Fund balance - July 1, 2014			<u>3,075,832</u>	
Fund balance - June 30, 2015			<u>\$ 3,770,961</u>	

The notes to the basic financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	<u>Governmental Activities - Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 30,538,842
Investments	300,000
Receivable from state	179,065
Other receivables	<u>1,520,237</u>
Total assets	<u>32,538,144</u>
Liabilities	
Current liabilities:	
Accounts payable	1,813,685
Insurance claims and premiums payable	11,037,984
Due to general fund	604,595
Accrued vacation	17,644
Noncurrent liabilities:	
Accrued vacation	<u>128,291</u>
Total liabilities	<u>13,602,199</u>
Net Position	
Unrestricted	<u><u>\$ 18,935,945</u></u>

The notes to the basic financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 6,452,182
Employee contributions	58,920,860
Board contributions	98,455,126
Medicare	1,924,111
Total operating revenues	<u>165,752,279</u>
Operating expenses:	
Personnel services	3,339,722
Material & supplies	486,534
Claims incurred	127,222,123
Life insurance premiums	3,504,016
Health insurance premiums	27,289,023
Administrative expenses	8,272,788
Contribution to qualifying trust	21,591,354
Total operating expenses	<u>191,705,560</u>
Operating loss	(25,953,281)
Nonoperating revenues (expenses):	
Interest income	34,401
Total nonoperating revenues (expenses)	<u>34,401</u>
Income (Loss) Before Transfers	(25,918,880)
Transfers from General Fund	<u>19,500,000</u>
Change in net position	(6,418,880)
Total net position - July 1, 2014	<u>25,354,825</u>
Total net position - June 30, 2015	<u><u>\$ 18,935,945</u></u>

The notes to the basic financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts for interfund services provided	\$ 107,034,929
Receipts from employees	58,920,860
Payments to suppliers	(574,146)
Payments to employees for salaries and benefits	(3,327,586)
Payments to other division funds	(1,982,056)
Payments for life insurance premiums	(3,504,016)
Payments for health insurance premiums	(27,289,023)
Payments for insurance and unemployment claims	(133,998,643)
Payments to qualifying trust	(21,591,354)
	<u>(26,311,035)</u>
Net cash by operating activities	
Cash Flows From Noncapital Financing Activities	
Transfers from other funds	<u>19,500,000</u>
Cash Flows From Investing Activities	
Interest received	34,401
	<u>34,401</u>
Net cash provided (used) by investing activities	
Net decrease in cash and cash equivalents	(6,776,634)
Cash and cash equivalents at beginning of year	<u>37,315,476</u>
Cash and cash equivalents at end of year	<u>\$ 30,538,842</u>
Reconciliation of operating to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (25,953,281)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	203,510
Accrued liabilities	(561,264)
Net cash by operating activities	<u>\$ (26,311,035)</u>

The notes to the basic financial statements are an integral part of this statement.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund	Internal School Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ -	\$ 9,630,725
Other receivables	6,915	326,827
Investments, at fair value:		
Short-term securities	658,528	502,907
Common stocks	803,972	-
Corporate bonds	53,229	-
Total Investments	<u>1,515,729</u>	<u>502,907</u>
Inventories	-	83,569
Total assets	<u><u>1,522,644</u></u>	<u><u>10,544,028</u></u>
Liabilities		
Accounts payable	12,121	308,621
Due to general fund	104,938	-
Due to student general fund	-	6,855,969
Due to student groups	-	3,379,438
Total liabilities	<u>117,059</u>	<u>10,544,028</u>
Net Position		
Held in trust for pension benefits	<u><u>\$ 1,405,585</u></u>	<u><u>\$ -</u></u>

The notes to the basic financial statements are an integral part of this statement.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund
Additions	
Contributions:	
State reimbursements for benefit payments and insurance premiums	\$ 89,582
Investment Earnings:	
Interest income	25,201
Net appreciation (depreciation) in fair value of investments	34,518
Total investment earnings	<u>59,719</u>
Less investment expense	<u>20,215</u>
Net investment earnings	39,504
 Total additions	 129,086
Deductions	
Benefit payments	393,735
 Total deductions	 <u>393,735</u>
 Change in net position	 (264,649)
Net Position	
July 1, 2014	<u>1,670,234</u>
June 30, 2015	<u>\$ 1,405,585</u>

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Determination of the Reporting Entity

The Shelby County Board of Education (the Board) is a component unit of Shelby County Government (the County), which is defined as the Primary Government (or oversight entity) when defining the Reporting Entity. In determining the reporting entity, the Board was determined to be a component unit based upon its financial accountability as a result of fiscal dependency on the County of Shelby and a financial benefit or burden relationship. The County levies taxes for the Board, approves its operating budget, is legally obligated to provide financial support, and issues debt for its capital projects. Therefore, the financial statements of the Board are included in the financial statements of the County of Shelby, TN, as a discretely presented governmental component unit.

Financial activities of the Board are recorded in the individual funds described below, each of which is deemed to be a separate accounting entity. The financial affairs and operations of each fund are accounted for in separate self-balancing entity accounts, which represent the funds' assets, liabilities, equity, revenue and expenditures.

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. Activities are generally financed through a share of tax revenue collected by Shelby County, grants, and other non-exchange revenues. For the most part, the effect of internal activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expense reported for individual functions and activities due to the allocation of overhead for certain grants. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include internally dedicated resources, non-specific grants and contributions, and investment earnings.

Fund Financial Statements

Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Board or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least 10% of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual fund are at least five percent of the corresponding total for all funds.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the general purpose and Chief Operating Fund of the school district used to account for the ordinary operations and financial resources not accounted for in any other fund. Taxes, state equalization funding, and other general revenues finance the operations.

Special Revenue Funds

Transactions related to resources obtained and used under certain federal and state programs and from other sources, upon which legal restrictions are imposed, are accounted for in Special Revenue Funds. The Special Revenue Funds are:

Categorically Aided Fund: The Board receives funds from various agencies, state and federal governments that are to be spent for specified purposes based upon contractual agreements or grant applications. Thus, the funds are restricted and the Categorically Aided Fund is used to keep these funds segregated from other funds.

Food Service Fund: This fund is used to account for the operations of the cafeterias in preparing and serving regular and incidental meals, breakfast, lunches, and snacks in connection with non-instructional services. Revenue is provided primarily from governmental agencies, which is to be spent specifically for the cafeterias. Thus, the funds are restricted and the Food Service Fund is used to keep these funds segregated from other funds.

Capital Projects Fund

Transactions for intangibles and resources obtained and used for the acquisition, construction or improvement of capital facilities are accounted for in the Capital Projects Fund.

Proprietary Funds

Internal Service Funds

Internal Service Funds account for central and other government services, health insurance, life insurance, and unemployment services provided to other funds of the Board or the Achievement School District that are funded through charges for services, and employee and Board contributions.

Achievement School District—Services to support the Achievement School District including transportation, facilities, security, and special education services.

Central Services—Central Service Operations include printing and supply chain management services to the district.

Insurance—Insurance Fund accounts for the school district's self - insurance for health and premiums for life insurance benefits for school district employees, their dependents, and retirees.

Unemployment Compensation—Unemployment Compensation accounts for the school district’s self-insurance for unemployment benefits which may be due for employment benefits for school district employees.

Fiduciary Funds (Not included in government-wide statements)

Trust and Agency Funds consist of the following:

Pension Trust Fund—Retirement Fund: Transactions related to resources held in a fiduciary capacity as agent for participants in the Retirement System of the Shelby County Board of Education Schools are accounted for in the Retirement Fund. See Note 7 for additional information regarding this retirement plan.

Agency Fund—Internal School Fund: Transactions related to resources held in a fiduciary capacity as agent for the general school population, or in some cases, for a specific segment of the school population, are recorded in the Internal School Fund. Agency funds are purely custodial and thus do not involve measurement of results of operations.

Major and Nonmajor Funds

The General Fund and Categorically Aided Fund are classified as major funds. The Capital Projects Fund and Food Service Fund are classified as nonmajor funds. See above for descriptions.

Measurement Focus

Measurement Focus is a term used to describe which transactions are recorded within the various financial statements.

The government-wide financial statements are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “Current Financial Resources” measurement focus or the “Economic Resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “Current Financial Resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.
- b. The proprietary and pension trust (fiduciary) funds utilize an “Economic Resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows (only for proprietary fund). All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and pension fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Budgeting and Budgetary Control

Revenue and expenditures accounted for in all funds with the exception of the health insurance and unemployment funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the Board's operations. The budgetary basis of accounting differs from generally accepted accounting principles because encumbrances have been recorded as expenditures. The District's operating budget is subject to approval by the Board of Education and the Shelby County Board of Commissioners.

The District cannot exceed the total budgeted expenditures. The District can amend its operating budget between line items if the amendment does not increase the total budget. The Superintendent or his designee is authorized to transfer budget amounts between line items of the same state functional classification and within the same major object type, i.e., salaries and benefits or discretionary accounts. Budget revisions that increase the balance of a fund are taken by resolution before the Board and the Shelby County Board of Commissioners for approval.

Basis of Accounting

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The fund financial statements, General, Special Revenue, and Capital Projects Funds, are prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized in the accounting period in which they become susceptible to accrual, which is defined as being both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized on the modified accrual basis which is defined as when measurable and when the related liability is incurred. When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed. Revenue susceptible to accrual under the modified accrual basis is principally:

- a. In determining availability, the Board considers property taxes associated with the current fiscal year to be available if they are collected within 30 days of the current fiscal year and sales taxes to be available if collected within two months of the end of the current fiscal year. The Board considers wheel taxes from the County associated with the current fiscal year to be available within one year of the end of the current fiscal year.
- b. Grants and subsidies from other governments, to the extent measurable and available – recognized as revenue as soon as all the eligibility requirements by the provider have been met.
- c. Interest earned on investments as of year-end.

The proprietary and pension funds utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded as earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All other revenue is considered nonoperating revenue. The agency fund utilizes the accrual basis of accounting for reporting of assets and liabilities only.

For budgetary reporting purposes, the encumbrance method of accounting for expenditures is used for the General, Special Revenue, and Capital Projects Funds. Under this method, commitments represented by purchase orders, contracts and repair authorizations, except for those related to inventory purchases, are recorded as expenditures in addition to actual expenditures incurred.

Outstanding encumbrances are classified as “Fund Balance—Assigned or Restricted” in the various funds. These amounts have been excluded from expenditures in all accompanying financial statements except for the statement which shows comparisons between actual expenditures (including encumbrances) and related budgeted amounts.

Receivables

Receivables consist primarily of grant funds receivable from the Federal Government and the State of Tennessee, and property taxes receivable from the City of Memphis and Shelby County. Outstanding balances between funds are reported as “due to/from other funds.” Transfers between funds are used to ensure current operations and programs are not interrupted.

Inventories and Prepaid Items

General Fund inventories consist of textbooks, maintenance and school supplies. Food Service Fund inventories consist of food and cafeteria supplies. Inventories are considered expenditures when issued from the central warehouse to the schools except food items, which are considered expenditures when issued (used) by the individual schools (Consumption Method). Inventories are reported in the balance sheet at average cost and are offset by a Fund Balance reserve of a like amount. Inventories in the Agency Fund are stated at cost determined by the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods. They are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Realty and Personal Property Taxes

The Board recognizes as revenue its net share of realty and personal property taxes collected by Shelby County (see Basis of Accounting above). The Board does not have any taxing authority. Consequently, it relies on a share of realty and personal property taxes collected by Shelby County. The Shelby County tax levy of \$4.37 per \$100 of assessed value included \$2.14 for county schools.

Cash Equivalents

Shelby County maintains a cash pool, of which the County Trustee is custodian. This pool is generally available for use by all Shelby County funds and related entities. At fiscal year end, cash and cash equivalents include amounts in the pool and demand deposits at various financial institutions. The Board considers all highly liquid investments with maturities of three-months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. State statutes authorize the County Trustee to invest in obligations of the U.S. Treasury, obligations issued or guaranteed by any U.S. Government agency, certificates of deposits at Tennessee and federal chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as underlying securities, prime banker's acceptances and prime commercial paper. The maximum maturity is two years.

Unearned Revenue

Unearned Revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item unavailable revenue is reported only in the governmental fund balance sheet. The Board reports unavailable revenue from a settlement with the City of Memphis. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis of accounting, deferred amounts related to pensions are reported only on the Statement of Net Position, and represent benefits that apply to future periods and so will not be recognized until that time.

Pensions

Net Pension Liabilities (Assets) are reported in the government-wide financial statement.

For purposes of measuring the Net Pension Liability (Assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Teacher Legacy Pension Plan for teachers and Public Employee Retirement Plan for non-teachers in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Legacy Pension Plan for teachers and the Public Employee Retirement Plan for non-teachers of TCRS. Investments are reported at fair value.

Capital Assets

Capital Assets, which include land, buildings and improvements, machinery and equipment, intangibles and construction in progress, are reported in the government-wide financial statements.

Capital Assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated Capital Assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001.

The District capitalizes assets with an initial cost of \$5,000 or more. As a result of the merger, the District is carrying some items that do not meet the criteria because the former Memphis City Schools also capitalized sensitive items regardless of cost.

Depreciation of all exhaustible Capital Assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

- Buildings and Improvements	10-50 years
- Intangibles	5-10 years
- Machinery and Equipment	5-20 years

Long-Term Obligations

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide financial statements. Long-term obligations consist primarily of notes payable, accrued compensated absences, and other post employment benefits.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Debt proceeds are reported as other financing sources and payments of principal and interest are reported as expenditures.

Compensated Absences

The liability for accrued vacation is recorded as incurred in the government-wide and proprietary fund financial statements. The current portion of this obligation is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, and only the absences which have matured and are probable to be paid (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). In governmental funds no expenditure would be recognized for unpaid balances of compensated absences for an employee still in active service at the end of the reporting period.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net positions that do not meet the definition of “restricted” or “net investment in capital assets.”

Governmental Fund Balances are reported, in accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as either Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

- Nonspendable Fund Balance includes amounts that are not in a spendable form such as inventory, prepaid amounts and the long-term amounts of loans and notes receivable, or are legally or contractually required to be maintained intact.
- Restricted Fund Balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislations. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed Fund Balance includes amounts that can be used only for the specific purposes determined by formal action by the Shelby County Schools Board members, the Board’s highest level of decision making authority. Commitments may be changed or lifted only by the Shelby County Schools Board members taking the same formal action that imposed the constraint.
- Assigned Fund Balance includes amounts that the Board intends to use for a specific purpose, but are not restricted or committed. The intent shall be expressed by resolution of the Shelby County Board of Education or official to which the Board has delegated the authority, such as the Superintendent or his designee (e.g. legal contingencies).
- Unassigned Fund Balance is the residual classification for the General Fund and General Purpose School Fund. It includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose. Any deficit balances in the other governmental fund types are reported as unassigned.

Minimum Fund Balance Policy

Shelby County Board of Education believes sound financial management principles require sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain a general fund balance sufficient to fund all cash flows of

the District, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

In order to maintain and protect the long term financial capacity of Shelby County Schools, total fund balance restricted for education in the General Fund will be maintained at a level not less than required by Tennessee Code Annotated (TCA) 49-3-352. Should the Restricted Fund Balance amount fall below the required level, the Board must approve and adopt a plan to restore this balance to the required level within 24 months. If restoration of the Restricted Fund Balance cannot be accomplished within such period without severe hardship to the District, the Board will establish a different time period.

Order of Expenditure of Funds

In accordance with Governmental Accounting Standards Board Statement No. 54, when multiple categories of fund balances are available, such as restricted and unrestricted resources in the General Fund, Capital Projects Fund, and Special Revenue Funds, the District will start spending from the most restricted category and spend those funds first before moving down to the next category with available funds.

Post Employment Benefits

In addition to providing pension benefits, the Board provides health insurance coverage for current and future retirees as described in Note 14.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents (excluding fiduciary funds) at June 30, 2015, consist of the following:

Deposit accounts	\$	175,773,970
Investments in state's local government investment pool		19,851,978
	\$	<u>195,625,948</u>

Cash and Cash Equivalents include cash on hand, demand deposits, savings accounts and short-term investments with maturities of three months or less at the time of purchase. The County pools substantially all of its cash and cash equivalents. The Board owns a pro rata share in the pool. Investment earnings of the pool are allocated monthly to each fund based upon the average balance.

Deposits with the State Treasurer's Local Government Investment Pool (LGIP) may be withdrawn with a maximum of one day's notice, are classified as cash equivalents and are valued at cost. The LGIP is not registered with the SEC as an investment company. However, the LGIP has a policy that it will – and does – operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the State Treasurer to administer the LGIP under the same terms and conditions, including collateral requirements, as required for other funds invested by the Treasurer. The reported value of the pool is the same as the fair value of the pool shares.

Custodial Credit Risk Bank deposits and certificates of deposit of the County, consistent with State statutes, are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the Treasurer of the State of Tennessee. On limited occasions the County may have deposits with financial institutions that do not participate in the State collateral pool; in these instances separate collateral equal to at least 105% of the uninsured deposit is collateralized and held in the County's name by a third party.

At June 30, 2015, the deposits held were \$214,178,484. The cash of the Fiduciary fund is not included here.

Shelby County Trustee	
LGIP	\$ 19,851,978
PFIC-BOA	17,942,421
PFDs-Regions	122,904,120
Liquid CDARs-Metropolitan	31,897,635
Liquid CDARs-Magna	11,961,613
Cash-Regions	8,620,474
Cash-BOA	1,000,243
	\$ 214,178,484

NOTE 3 – INVESTMENTS

Investments as of June 30, 2015, are recorded at fair value and consist of the following:

<u>Investment Type</u>	<u>General Fund</u>	<u>Retirement Fund</u>	<u>Health Insurance Fund</u>	<u>Internal School Fund</u>	<u>Total</u>	<u>Weighted Average Maturity in Years</u>
CDARs	\$21,514,210	-	-	-	\$ 21,514,210	-
CDs	18,610,408	-	300,000	-	18,910,408	-
Agencies	9,721,100	-	-	-	9,721,100	-
Common stocks	-	803,972	-	-	803,972	-
Corporate bonds	-	53,229	-	-	53,229	2.25
Short term investments	-	658,528	-	502,907	1,161,435	-
	\$49,845,718	\$ 1,515,729	\$ 300,000	\$502,907	\$ 52,164,354	

Shelby County Board of Education, except for the Retirement and Internal School Fund:

The County Trustee invests monies on behalf of the Board. Investments are stated at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. State statutes authorize the County Trustee to invest in obligations of the U.S. Treasury, obligations issued or guaranteed by any U.S. Government agency, certificates of deposits at Tennessee and federal chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as underlying securities, LGIP, prime banker's acceptances and prime commercial paper. The maximum maturity is two years.

Custodial Credit Risk Bank deposits and certificates of deposit of the County, consistent with State statutes, are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the Treasurer of the State of Tennessee. On limited occasions the County may have deposits with financial institutions that do not participate in the State collateral pool; in these instances separate collateral equal to at least 105% of the uninsured deposit is collateralized and held in the County's name by a third party.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Both State statutes and County's investment policy limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Both State statutes and the County's investment policy limit investment permissible investments or impose collateral and custody provisions as specified above.

Shelby County Board of Education Retirement Fund (Local Pensioners):

The Board invests in various fixed income debt securities such as agency securities and corporate bonds. Credit quality distributions for investments in fixed income debt securities, with credit risk as a percentage of total investments (excluding Internal School Fund) are approximately as follows as of June 30, 2015:

Baa2 3.51% 53,229

The Board limits its exposure to Interest Rate Risk by diversifying its investments by security type and institution.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes and Board policy limit investment maturities to control its exposure to fair value losses arising from increasing interest rates. Final maturity on the date of investment is not to exceed forty-eight (48) months or that may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight (48) month intervals.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Both State statutes and Board investment policy limit permissible investments or impose collateral and custody provisions as noted above or in Note 1 in order to limit credit risk.

NOTE 4 – DISCOUNTED ACCOUNTS RECEIVABLE

The Board reached agreements with each of the municipal school districts whereby payments over a twelve year period beginning November 2014 are to be submitted to the Board to reduce OPEB obligations incurred as of May 31, 2014. The \$20,733,392 discounted value of the payments, utilizing a 2% discount rate, is included in due from other governments in the government-wide statements.

The former Memphis City Schools obtained a judgment in the amount of \$57.4 million dollars from the City of Memphis in 2009. A settlement agreement was reached by both parties in January 2015. The Board has deferred inflows remaining at the fund level of \$17,254,157 based on the settlement agreement utilizing a 2% discount rate. Please see Note 15 for additional information.

NOTE 5 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Payables as of year-end for the School Board’s individual major funds and nonmajor funds disaggregated are as follows:

	General Fund	Categorically Aided Fund	Nonmajor Funds	Total Governmental Funds
Accounts payable	\$ 11,010,791	\$ 2,396,555	\$ 2,387,035	\$ 15,794,381
Accrued payroll and payroll deductions	62,161,780	6,547,424	483,557	69,192,761
Accrued vacation	400,507	47,371	8,851	456,729
Total	\$ 73,573,078	\$ 8,991,350	\$ 2,879,443	\$ 85,443,871

NOTE 6 – GENERAL LONG-TERM OBLIGATIONS

The Board of Education is fiscally dependent on the County of Shelby for the issuance of debt for its capital projects. Due to the merger with Memphis City Board of Education, Shelby County Board of Education became responsible for debt under the former specific agreements with the State of Tennessee.

At June 30, 2015, the Board is indebted for outstanding general long-term obligations (excluding accrued vacation) with interest rates of 0%. The Shelby County Board of Education also pays administration fees (required by County of Shelby) related to debt acquired by the county government on the Board’s behalf. This fiscal year, the county government waived the administrative fees. Debt service requirements for principal and interest are paid from the General Fund and there are no designations of fund balance for debt service because each year’s debt service requirements are expected to be paid from that year’s revenue. Other long-term liabilities, compensated absences, and pension liabilities are also paid from the General Fund.

Future years’ debt service requirements for long-term obligations are as follows:

Year Ending June 30,	Due to State of Tennessee	Total
Principal:		
2016	547,384	547,384
2017	72,267	72,267
2018	72,267	72,267
2019	72,266	72,266
Total	\$ 764,184	\$ 764,184

Debt detailed in the above schedule is from Qualified Zone Academy Bonds (QZAB) that are interest free. There are administrative fees other than interest associated with QZAB bonds. All administrative fees for Qualified School Construction Bonds (QSCB) and QZAB Bonds are included in interest and fees expenditures in the general fund. The Shelby County Government is liable for the QSCB debt.

The following is a summary of changes in general long-term obligations for the year June 30, 2015:

	Balance July 1, 2014	Additions	Payments and Retirements	Balance June 30, 2015	Due Within One Year
Due to State of Tennessee	\$ 1,311,568	\$ -	\$ 547,384	\$ 764,184	\$ 547,384
ENA Obligations	6,870,022	-	6,870,022	-	-
SubTotal	8,181,590	-	7,417,406	764,184	547,384
Post Employment Benefits	293,612,393	136,198,653	82,006,172	347,804,874	-
Pension Benefits	251,362,039	6,503,515	257,865,554	-	-
Compensated Absences	10,648,920	3,041,344	3,634,023	10,056,241	1,203,307
	<u>\$ 563,804,942</u>	<u>\$ 145,743,512</u>	<u>\$ 350,923,155</u>	<u>\$ 358,625,299</u>	<u>\$ 1,750,691</u>

Board employees are granted vacation and sick leave in varying amounts in accordance with administrative policy. A maximum of thirty-five vacation days may be accumulated for non-teacher employees. In the event of termination, an employee is reimbursed for accumulated vacation days. Employees are not reimbursed for accumulated unused sick leave upon retirement; however, such accumulated sick leave is credited to time in service in computing retirement benefits.

The Board accrues vacation benefits in the governmental funds only to the extent that there are pending payouts of unused leave owed to inactive employees as of the end of the reporting period.

NOTE 7 – RETIREMENT PLANS

A. Local Plan

Plan Description

Plan Administration. The Retirement Fund accounts for the activities of the Retirement System of the Board of Education of the Shelby County Schools (the Local Plan), a single-employer defined benefit plan. The accounting records are maintained and pension benefits are processed by employees of the Board. Management of the plan assets is outsourced to Strategic Assets, an investment management company. The authority to amend benefit terms resides with governing body of the Board of Education of the Shelby County Schools.

Plan Membership. At June 30, 2015, local pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	19
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>19</u>

The Local Plan was closed to new members effective December 31, 1957, and all present participants are fully vested.

Benefits Provided. The Board paid net benefits of \$304,154 (\$393,736 net of \$89,582 reimbursements from the state) for employees covered by the Local Plan for the year ended June 30, 2015. As provided by State law, the State of Tennessee Consolidated Retirement System (TCRS) pays the Local Plan for distribution to its retired participants amounts necessary to equalize retiree benefits as if they had retired with TCRS benefits. Contributions to the Local Plan from the TCRS were \$89,582 during the year ended June 30, 2015. The on-behalf payments by the state of fringe benefits and salaries for the local retirees were recognized as revenues and expenses.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. These cost-of-living adjustments should correlate with the adjustments made by the TCRS.

Contributions. Employees were required to contribute five percent of their individual compensation for the first thirty-five years of service. The Board's annual contribution could not be less than the aggregate employee contributions.

Investments

Investment Policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

Concentrations. As of June 30, 2015, the pension plan held five percent or more of the plan's fiduciary net position (other than issued or explicitly guaranteed by the U.S. government) in the following:

Ishares Russell 2000 ETF	8.24%
Ishares Russell Midcap ETF	6.80%

Rate of Return. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 2.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The pension plan reported no receivables from long-term contracts with the Board for contributions. The pension plan had no allocated insurance contracts that are excluded from pension plan assets. The pension plan had no reserves and no deferred retirement option program.

Net Pension Liability of the Board

The components of the net pension liability of the Board at June 30, 2015 were as follows:

Total pension liability	\$ 1,739,442
Plan fiduciary net position	(1,405,585)
Board's net pension liability	<u>\$ 333,857</u>
Plan fiduciary net position as a percentage of the total pension liability	80.81%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.00 percent
Investment rate of return	5.00 percent, net of pension plan investment expense
Municipal bond index rate	3.82 percent
Single equivalent interest rate	5.00 percent

The Mortality Rates are the same as those used by TCRS, but with an additional five years of mortality improvements using the Society of Actuaries' Scale AA. The rates without improvement reflect an experience study conducted by the TCRS for the period July 1, 2008 through June 30, 2012. Representative values of the assumed rates of death after service retirements are as follows:

Age	Male	Female
65	0.7455%	0.5851%
70	1.2981	0.8777
75	2.3298	1.441
80	4.3746	2.8965
85	8.4963	6.0162
90	15.2905	11.9196
95	24.355	19.4048
100	33.8068	24.5536

Discount Rate. The discount rate used to measure the total pension liability was five percent. The projection of cash flows used to determine the discount rate assumed Employer contributions will be made equal to the actuarially determined contribution amounts. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the System, calculated using the discount rate of five percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is One-percentage-point lower (four percent) or One-percentage-point higher (six percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Shelby County School's net pension liability	\$ 500,369	\$ 333,858	\$ 197,332

B. Tennessee Consolidated Retirement System (TCRS)-Non-teachers

1. Plan Description

Employees of Shelby County Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

2. Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,540
Inactive employees entitled to but not yet receiving benefits	6,088
Active employees	4,144
	<u>13,772</u>

3. Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Shelby County Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Shelby County

Schools were \$12,031,030 based on a rate of 9.27% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Shelby County Schools's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

4. Net Pension Liability (Asset)

Shelby County Schools net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions.

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality Rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The Actuarial Assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

5. Discount Rate.

The Discount Rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Shelby County Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

6. Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Changes in the Net Pension Liability (Asset)			
Balance at 6/30/2013	\$ 631,262,599	\$ 593,585,564	\$ 37,677,035
Changes for the year:			
Service Cost	16,450,681	-	16,450,681
Interest	46,958,430	-	46,958,430
Differences between expected and actual experience	(37,762,265)	-	(37,762,265)
Contributions - employer	-	14,238,116	(14,238,116)
Contributions - employees	-	7,968,014	(7,968,014)
Net investment income	-	96,760,233	(96,760,233)
Benefit payments, including refunds of employee contributions	(43,201,780)	(43,201,780)	-
Administrative expense	-	(201,820)	201,820
Net changes	\$ (17,554,934)	\$ 75,562,763	\$ (93,117,697)
Balance at 6/30/2014	\$ 613,707,665	\$ 669,148,327	\$ (55,440,662)

7. Sensitivity of the net pension liability (asset) to changes in the discount rate.

The following presents the net pension liability (asset) of Shelby County Schools calculated using the discount rate of 7.5%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Shelby County Unified School District's net pension liability (asset)	\$ 19,148,575	\$ (55,440,662)	\$ (117,814,206)

8. Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Income. For the year ended June 30, 2015, Shelby County Schools recognized pension income of \$4,982,051.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Shelby County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	31,468,554
Net difference between projected and actual earnings on pension plan investments	-	42,428,977
Contributions subsequent to the measurement date of June 30, 2014	12,031,030	(not applicable)
Total	\$ 12,031,030	\$ 73,897,531

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2016	\$ (16,900,955)
2017	(16,900,955)
2018	(16,900,955)
2019	(16,900,955)
2020	(6,293,711)
Thereafter	-

9. Payable to the Pension Plan

At June 30, 2015, Shelby County Schools reported a payable of \$1,193,265 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

C. Tennessee Consolidated Retirement System (TCRS)-Teachers

1. Plan Description

Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of State Department of Education are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

2. Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Members of the Teacher Retirement Plan are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

3. Contributions

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute five percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4%, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan and Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by State Department of Education for the year ended June 30, 2015 to both the Teacher Legacy Pension Plan and Teacher Retirement Plan were \$43,637,883 which is 9.04% and 4% of covered payroll, respectively. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

4. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Assets (Liabilities). At June 30, 2014, the Shelby County Schools reported an asset of \$2,678,822 for its proportionate share of net pension asset in the Teacher Legacy Pension Plan. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Shelby County Schools's proportion of the net pension liability was based on Shelby County Schools's employer contributions to the pension plan during the year ended June 30, 2014 relative to the contributions of all LEAs for the year ended June 30, 2014. At the June 30, 2014 measurement date, Shelby County Schools's proportion was 16.49%. The proportion measured as of June 30, 2013 was 17.34%.

Since the measurement date is June 30, 2014, which is prior to the July 1, 2014 inception of the Teacher Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Income (Expense). For the year ended June 30, 2015, Shelby County Schools recognized a pension income of \$4,310,303 in the Teacher Legacy Pension Plan. Shelby County Schools did not recognize a pension expense at June 30, 2015 in the Teacher Retirement Plan.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2015, Shelby County Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources in the Teacher Legacy Pension Plan and Retirement Plan:

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,503,515	\$ -
Net difference between projected and actual earnings on pension plan investments	-	220,717,929
Changes in proportion of Net Pension Liability (Asset)	-	12,077,225
Contributions subsequent to the measurement date of June 30, 2014	43,637,883	-
	\$ 50,141,398	\$ 232,795,154

Shelby County Schools' employer contributions of \$43,637,883 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2016	\$ (56,108,434)
2017	(56,108,434)
2018	(56,108,434)
2019	(56,108,434)
2020	(928,952)
Therefore	(928,952)

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.5 percent

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy. The actuarial assumptions used

in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5% based on a blending of the three factors described above.

Discount Rate. The Discount Rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Shelby County Schools's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what Shelby County Schools's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.5%) or one-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Shelby County Schools' proportionate share of the net pension liability (asset)	\$ 419,950,937	\$ (2,489,907)	\$ (352,225,129)

5. Payable to the Pension Plan

At June 30, 2015, Shelby County Schools reported a payable of \$5,895,875 for the outstanding amount of contributions to the Teacher Retirement and the Teacher Legacy pension plan required at the year ended June 30, 2015.

D. Hybrid Pension Plan (Defined Contribution Component)

1. Plan Description

Teachers and employees with membership in the TCRS after June 30, 2014 are provided with pensions through a hybrid plan which consists of a legally separate plan referred to as the Teacher Retirement Plan (the defined benefit component) and a 401(k) Defined Contribution Plan as a condition of employment. Teachers and employees are eligible to participate on an optional basis in the 401(k) Defined Contribution Plan. For information on the retirement plan, please visit the plan's website, which, as of July 1, 2014, is <http://treasury.tn.gov/tcrs/> and see Note 7C.

2. Contributions

The Defined Contribution Plan is administered by Great-West Financial. The District is required to contribute five percent to an employee's account and the amount is not subject to any matching employee contributions. New employees are auto enrolled to contribute 2% of salary with the ability to opt out. The total amount contributed to the Defined Contribution Plan by the employee and employer is 100% vested immediately. Employer contribution for fiscal year 2015 was \$1,244,059.

3. Payable to the Hybrid Pension Plan

A payable of \$0 was reported for the Defined Contribution Pension Plan administered by Great-West Financial.

E. Other Employee Benefits

The Board provides certain health care and life insurance benefits for retired employees and their dependents/beneficiaries. As of the year ending June 30, 2015, a retiring employee hired before January 1, 2007, may continue health insurance coverage provided the employee has been covered for five consecutive years prior to retirement. A retiring employee hired after January 1, 2007, may continue health insurance coverage provided the employee has been covered for ten consecutive years prior to retirement. Retirement is defined as those who have reached age 60 and vested or 30 years of service, or age 55 with 25 years of service. The health care benefits were provided through a self-funded plan administered by an insurance company. The life insurance benefits were provided through an insurance company. Premiums for both are based on the benefits expected to be paid during the year. The cost of health care and life insurance benefits are classified as retiree benefits expenditure in the General

Fund. For the years ended June 30, 2015, costs were \$ 31,961,282 for 9,946 retirees, respectively. See Note 14 for information on Other Post Employment Benefits (OPEB).

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 45,600,887		\$ -	\$ (265,311)	\$ 45,335,576
Construction in Progress	3,747,250	(6,865,978)	6,879,197	-	3,760,469
Total capital assets, not being depreciated	49,348,137	(6,865,978)	6,879,197	(265,311)	49,096,045
Capital assets being depreciated:					
Buildings and Improvements	1,620,977,741	6,865,978	740,561	(20,199,627)	1,608,384,653
Machinery and Equipment	219,495,366	-	2,022,452	(20,646,512)	200,871,306
Intangible Assets	5,671,376	-	-	-	5,671,376
Total capital assets, being depreciated	1,846,144,483	6,865,978	2,763,013	(40,846,139)	1,814,927,335
Less accumulated depreciation:					
Buildings and improvements	(624,067,504)	-	(42,544,826)	10,189,804	(656,422,526)
Machinery and Equipment	(174,147,948)	-	(13,100,070)	16,675,261	(170,572,757)
Intangible Assets	(567,138)	-	(567,138)	-	(1,134,276)
Total accumulated depreciation	(798,782,590)	-	(56,212,034)	26,865,065	(828,129,559)
Capital assets being depreciated, net	1,047,361,893	6,865,978	(53,449,021)	(13,981,074)	986,797,776
Total capital assets, net	<u>\$ 1,096,710,030</u>	<u>\$ -</u>	<u>\$ (46,569,824)</u>	<u>\$ (14,246,385)</u>	<u>\$ 1,035,893,821</u>

Depreciation expense was charged to governmental functions as follow:

Instruction	\$ 44,848,440
Instructional Support	2,668,503
Student Support	265,989
Office of Principal	1,507,363
General Administration	2,465,365
Fiscal Services	62,098
Other Support Services	274,438
Student Transportation	20,752
Plant Services	599,733
Community Service	244,774
Food Service	3,254,579
	<u>\$ 56,212,034</u>

The estimated cost to complete construction in progress at June 30, 2015 is \$2,596,422.

Municipal Schools

The Shelby County Board of Commissioners approved in its regular meeting on May 12, 2014, a resolution to amend the Fiscal Year 2013-2014 Capital Improvement Program Budget for the Shelby County Schools. This approval included funding for capital outlay related to the Municipal School Districts.

The Municipal School Districts submit receipts for approval of invoice(s) to the Shelby County Government Finance Department. Shelby County Schools reimburse the Municipal School Districts for approved capital outlay upon receipt of funds from Shelby County Government. Shelby County Schools' construction in progress balance includes \$1.1 million related to the Municipal School Districts.

Asset Impairment

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. The fair values of vacant buildings and unused land were estimated, and the book values were adjusted if the fair values were lower than the net book values. Assets with a carrying value of approximately \$3.6 million are considered to be idle assets at year-end.

Assets Held for Sale

As a result of school closures and donated properties, the Board is negotiating the sale of 14 properties. Capital assets held for sale consist of the following:

Land	\$	1,189,108
Building		<u>4,351,382</u>
	\$	5,540,490

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Board is a defendant in various lawsuits arising in the normal course of operations seeking awards for property damage, personal injury and certain personnel actions. In this regard, the Board has assigned \$2,000,000 in the General Fund for any future legal claims. Although the monetary exposure, if any, related to the above lawsuits is not presently determinable, it is the Board's opinion, after discussion with legal counsel, that ultimate settlement of these matters will not exceed the above assignment and, therefore, will not materially affect the financial condition of the Board.

The Board is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Board carries commercial insurance. Amounts received or receivable from grantor agencies are subject to regulatory requirements, audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts previously recognized by the Board as revenue, would constitute a liability of the applicable funds.

The Board entered into multi-year contracts for transportation, on-site clinic, telecommunication and technology services as detailed by year in the following schedule:

<u>Fiscal Year</u>	<u>Total Commitments</u>
2016	\$ 44,587,470
2017	39,579,992
2018	29,204,289
2019	81,480
2020	81,480
2021-2022	162,960
Total Commitments	\$ 113,697,671

Subsequent to June 30, 2015, the Board has entered into school building improvement contracts totaling approximately \$20,039,803.

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2015, amounts to be received or paid with current available resources are reported as receivable and payable to other funds. The composition of interfund balances as of June 30, 2015, is as follows;

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Categorically Aided	\$ 20,661,559
	Internal Service	604,595
	Pension Trust	104,938
		<u>\$ 21,371,092</u>

Internal service fund interfund receivables and payables are not included in the government-wide statement of net position.

Interfund receivables and payables occur in the course of ordinary operations and reflect short-term transactions between funds; primarily transactions between the General Fund and the Categorically Aided Funds.

In the year ended June 30, 2015, the Board made the following transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Group Insurance Fund	\$ 19,500,000
	Special Revenue Fund	1,707,896
		<u>\$ 21,207,896</u>

A transfer of \$19,500,000 from the general fund to the OPEB internal service fund was made for payments to a qualified trust. The general fund also transferred \$1,707,896 to Teacher and Leadership Effectiveness as a match to the Gates Foundation grant.

NOTE 11 – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. General liability and auto liability losses are self-funded by the general fund. The government carries commercial insurance for catastrophic losses. There was no change in insurance coverage from coverage in prior year by major category of risk. There were no settlements in excess of the insurance coverage in any of the prior fiscal years.

The government established a limited risk management program for group health insurance and workers compensation injury claims. Premiums are paid into the health insurance fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors.

Changes in the balances of claims liabilities during the past two years ended June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Unpaid claims, beginning of fiscal year	\$ 11,529,974	\$ 15,189,022
Incurred claims (including IBNRs)	151,225,338	147,984,308
Claim payments	<u>(152,910,656)</u>	<u>(151,643,356)</u>
Unpaid claims, end of fiscal year	<u>\$ 9,844,656</u>	<u>\$ 11,529,974</u>

Includes claims incurred but not reported (IBNR)

The District holds a Medicare supplement insurance contract for claims liabilities for retirees that are Medicare eligible and enrolled in Medicare Parts A and B. This supplement also covers drug claims for these retirees. No annuity contracts have been purchased for claims liability.

Affordable Care Act’s Transitional Reinsurance Fees accrued in 2015 are expected to be invoiced in December but not paid until 2016. Unpaid fees for 2015 accrued through June, based on estimated membership through June, are estimated to be \$450,000.

NOTE 12 – CHARTER SCHOOLS

In 2002, the State of Tennessee passed the Tennessee Public Charter Schools Act. The Act permits the Board to authorize public charter schools with the primary purpose to improve learning for all students and close the achievement gap between high and low performing students. An agreement is entered between the sponsor of the charter school and the Board. The charter is approved for an initial period of ten years, but can be revoked by the Board or the State if the school violates certain requirements of the

Act. Each school must be operated by a not-for-profit organization with exemption from federal taxation under 501(c) (3) of the Internal Revenue Code and is responsible for establishing their own governing body separate from that of the Board. The charter schools are supported by the Board as a pass-through from various funding sources. In 2010, the State of Tennessee amended the Charter Schools Act requiring the State to distribute the BEP for capital outlay directly to the charter schools. For the year ended June 30, 2015 total funds remitted to the charter schools totaled \$81,234,455.

Upon dissolution, any unencumbered public funds, property and improvements, furnishings, and equipment purchased with public funds shall revert to full ownership of the Board. All debts are the responsibility of the charter school.

NOTE 13 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	<u>General Fund</u>	<u>Categorically Aided Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 6,799,292	\$ -	\$ 5,693,585	\$ 12,492,877
Restricted for:				
Capital projects	-	-	12,488,134	12,488,134
Education	29,576,096	-	-	29,576,096
Instruction - extended contract	60,357	-	-	60,357
Operation of non-instructional services	-	2,069,870	24,774,401	26,844,271
Other- PARCC - technology support	4,805,772	-	-	4,805,772
Committed For:				
Operation of non-instructional services	-	1,701,091	-	1,701,091
Assigned to:				
Education	1,484,477	-	-	1,484,477
Contractual obligations	9,999,657	-	-	9,999,657
Legal liability	2,000,000	-	-	2,000,000
Other post employment benefits	5,408,646	-	-	5,408,646
Other purposes - planned use (1)	35,991,069	-	-	35,991,069
Unassigned:				
General purpose	59,927,330	-	-	59,927,330
Total fund balances	<u>\$ 156,052,696</u>	<u>\$ 3,770,961</u>	<u>\$ 42,956,120</u>	<u>\$ 202,779,777</u>

(1) Assigned to "Other purposes – planned use" indicates the District plans to utilize the specified amount of fund balance for the next fiscal year's budget.

NOTE 14 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. PLAN DESCRIPTION

Shelby County Schools (the School Board) administers the Shelby County Schools' Retiree Medical, Life and Prescription Drug Plan (the Plan) as a single-employer defined benefit Other Post Employment Benefit plan (OPEB). The Plan provides for continuation of medical and life insurance benefits for certain retirees and their spouses and can be amended by action of the School Board subject to applicable collective bargaining and employment agreements. The Plan does not issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

B. FUNDING POLICY

The obligations of the plan members, employers and other entities are established by action of the School Board pursuant to employment agreements. The required contribution rates of the employer and the members vary depending on the retiree's length of service and whether single or family coverage is elected. The School Board currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. Shelby County Schools' funds on a cash basis as benefits are paid. The costs of administering the plan are paid by the School Board. Current assets of \$43.3 million have been segregated and are restricted to provide postretirement benefits.

C. ACCOUNTING POLICY

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

D. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Shelby County Schools annual other post - employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). Shelby County Government has engaged an actuary on behalf of Shelby County Schools to calculate the ARC and related information per the provisions of GASB 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of Shelby County Schools' annual OPEB cost, the amount actually contributed to the plan, and the School District's net OPEB obligation of the Retiree Health and Life Plan at June, 30, 2015, and the preceding two years:

Annual OPEB Cost	Fiscal Year Ending June 30		
	2015	2014	2013
Normal Cost at beginning of the year	\$ 38,983,017	\$ 38,983,017	\$ 12,691,075
Amortization of UAAL	85,471,140	85,471,140	18,200,385
Interest	-	-	1,235,658
ARC	124,454,157	124,454,157	32,127,118
Interest on net OPEB Obligation	11,744,496	9,504,709	8,377,788
Adjustment to ARC	(17,288,840)	(13,991,670)	(12,331,883)
OPEB Expense	118,909,813	119,967,196	28,173,023
NET OPEB contributions made during the fiscal year	(64,717,332)	(63,972,528)	-
Increase in Net OPEB Obligation	54,192,481	55,994,668	28,173,023
Net OPEB Obligation, beginning of year	293,612,393	237,617,725	209,444,702
Net OPEB Obligation, end of year	<u>\$ 347,804,874</u>	<u>\$ 293,612,393</u>	<u>\$ 237,617,725</u>
Percentage of expense contributed	54.4%	53.3%	0.0%
Unfunded actuarial accrued liability	\$1,286,640,247	\$1,451,539,250	\$338,573,222
Covered Payroll	\$596,273,841	\$451,582,719	\$266,155,425
Ratio	215.78%	321.43%	127.21%

E. FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2015, the actuarial accrued liability for benefits was \$1,329,964,039 of which \$1,286,640,247 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$596,273,841, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 215.78%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future.

Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to the point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Since the prior valuation, the assumed per capita costs of health care and the rates of health care inflation used to project the per capita costs in the Retiree Health Insurance Plan have been revised since the previous valuation. The assumed rates of plan election of health care benefit options for future retirees

were adjusted to reflect the level of retiree contributions. The assumed rate of retirees who continue life insurance coverage at retirement was lowered from 97% to 90% based on the retiree valuation data.

The following assumptions were made:

Valuation Date	June 30, 2015	
Actuarial Method	Projected Unit Credit	
Amortization Method	Level Dollar, Closed	
Remaining amortization	26 Years	
Asset valuation method	Market Value of Assets	
Actuarial assumptions:		
Investment Rate of Return*	4.00%	
*Includes inflation at	4.00%	
	<u>Pre-Medicare</u>	<u>Medicare</u>
Health care cost trend rate	7.50%	5.50%
Ultimate trend rate	5.00%	5.00%
Years of Ultimate trend rate	2020	2017

i. Actuarial Method

Costs were determined using the Projected Unit Credit (PUC) Actuarial Cost Method. Under this method, the present value of future benefits is pro-rated by accrued service over total service to decrement. Note that the most recent GASB exposure draft indicates a requirement to change the Actuarial Cost Method to Entry Age Normal (EAN) for fiscal years beginning after December 15, 2016.

ii. Health Care Cost Trend Rates

Following is a chart detailing the trend assumptions applied to annual per capita health care costs and contributions.

Year Beginning July 1	Medical and Prescription Cost Trend	
	CIGNA Plans	Medicare Supplement Plan
2015	7.50%	5.50%
2016	6.75%	5.25%
2017	6.25%	5.00%
2018	5.75%	5.00%
2019	5.25%	5.00%
2020 and beyond	5.00%	5.00%

iii. Annual Expected Medical/RX Claims (Medical and RX are age adjusted to age 65)

Following is a chart detailing expected medical and prescription claims age adjusted to age 65 for adult coverage for the year following the valuation date. The assumed health care claims costs are based on the premium rates provided by the Shelby County Schools and are assumed to include administrative expenses.

Applicability	Future Retirees	Current Retirees			
		HRA	OAP Basic	OAP Plus	Memphis City Schools Legacy
Pre-Medicare	\$10,390	\$10,722	\$9,385	\$11,188	\$9,385
Medicare	\$3,312	\$3,312	\$3,312	\$3,312	\$9,385

iv. Age Related Morbidity

Per capita health care costs are adjusted to reflect expected cost changes related to age. The increase to the net incurred claims was assumed to be:

Participant Age	Annual Increase
< 30	0.0%
30 – 34	1.0%
35 – 39	1.5%
40 – 44	2.0%
45 – 49	2.6%
50 – 54	3.3%
55 – 59	3.6%
60 – 64	4.2%
65 – 69	3.0%
70 – 74	2.5%
75 – 79	2.0%
80 – 84	1.0%
85 - 89	0.5%
90 and over	0.0%

v. Spouse Coverage in Health Care Plans

Use of actual census data and current plan elections for spouses of current retirees. For spouses of future retirees, it is assumed that female spouses are four years younger than their male spouse.

vi. Anticipated Plan Participation

The assumed annual rates of future retiree participation and election of spouse coverage are as follows:

Benefit	Future Retirees Currently Covered by SCS Health Plan	Future Retirees Currently Not Covered by SCS Health Plan	Future Retiree Spouses
Health Care	93%	25%	25% of Participating Retirees
Life Insurance	90%	90%	N/A

vii. Anticipated Plan Elections

Assumed medical and prescription drug claims for current and future retirees are based on the following assumed rates of plan elections and are in turn based on the current retiree census data:

Plan	Applicability	Election Rate
HRA	Pre-Medicare	2%
OAP Basic	Pre-Medicare	66%
OAP Plus	Pre-Medicare	32%
Medicare Surround	Medicare	100%

viii. Salary Increases

Salary increase rates vary by age. Representative values of the assumed rates of salary increase are as follows:

Attained Age	Increase Per Year
20	8.97%
30	6.73
40	5.35
50	4.27
60	3.79
65	3.71

ix. Rates of Retirement, Mortality, Termination, and Disability

Taken from the Tennessee Consolidated Retirement System's actuarial valuation report as of July 1, 2013. The rates of retirement, mortality, termination, and disability reflect an experience study conducted by the Tennessee Consolidated Retirement System (TCRS) for the period July 1, 2008 through June 30, 2012.

x. Retirement

Members are assumed to retire at the representative annual rates shown in the table below. An additional increment of eight percent is applied for retirees who have 15 or more years of service at retirement on or after age 60 and an additional increment of 12.5% is applied for retirees in the year in which they are first eligible for unreduced retirement prior to age 60. All members who have attained age 75 in active service are assumed to retire immediately.

Age	Service Retirement Rates	
	Male	Female
50	6.50%	6.50%
51	7.00%	7.00%
52	7.00%	8.00%
53	8.50%	9.00%
54	9.00%	10.00%
55	10.00%	10.00%
56	12.00%	12.00%
57	12.00%	14.00%
58	13.00%	14.00%
59	14.00%	15.00%
60	15.00%	17.00%
61	16.00%	20.00%
62	22.00%	26.00%
63	16.00%	19.50%
64	18.00%	24.00%
65	35.00%	37.50%
66 - 69	16.00%	24.00%
70	16.00%	34.00%
71 - 74	17.00%	40.00%
75	100.00%	100.00%

xi. Separations from Service

Representative values of the assumed rates of death, disability, and withdrawal are as follows:

Age	Annual Rate of						
	Death*		Disability	Withdrawal			
	Male	Female		Year 1	Year 2	Years 3+	
						Male	Female
20	0.02%	0.01%	0.01%	18.00%	13.50%	10.00%	10.50%
25	0.03	0.01	0.01	18.00	13.50	8.50	10.00
30	0.04	0.02	0.01	18.00	13.50	6.00	7.60
35	0.07	0.04	0.03	18.00	13.50	3.60	4.60
40	0.09	0.05	0.08	18.00	13.50	2.00	2.30
45	0.11	0.07	0.14	18.40	13.50	1.50	1.10
50	0.13	0.11	0.17	19.70	14.20	2.00	1.60
55	0.18	0.20	0.17	22.10	16.80	3.10	3.80
60	0.32	0.34	0.00	25.50	21.60	4.70	5.00
65	0.52	0.51	0.00	28.00	23.50	0.00	0.00
70	0.66	0.66	0.00	28.00	23.50	0.00	0.00
75	1.69	1.45	0.00	28.00	23.50	0.00	0.00

*Pre-retirement mortality based upon the IRS 2012 Static Mortality Tables (male and female) for Non-Annuitants as provided for by the Pension Protection Act of 2008. This table is published by the IRS and includes projections of future mortality improvements for 15 years beyond the 2012 base year using Scale AA.

xii. Deaths After Retirement

The mortality rates for non-disabled beneficiaries are the same as those used by TCRS, but with an additional five years of mortality improvements using the Society of Actuaries' Scale AA. The mortality rates for disabled beneficiaries are the same as those used by TCRS and reflect the sex distinct table in IRS Revenue Ruling 96-7 for disabled lives, increased by 10%. Representative values of the assumed rates of beneficiary mortality are as follows:

Age	Annual Rate of Beneficiary Mortality			
	Non-Disabled		Disabled	
	Male	Female	Male	Female
40	0.10%	0.10%	1.80%	1.40%
50	0.20	0.10	2.60	1.80
55	0.30	0.20	3.20	2.10
60	0.40	0.40	4.00	2.50
65	0.70	0.60	4.90	3.00
70	1.30	0.90	6.30	3.60
75	2.30	1.40	8.50	4.90
80	4.40	2.90	10.90	6.60
85	8.50	6.00	14.20	9.20
90	15.30	11.90	18.90	13.50
95	24.40	19.40	25.70	20.30

xiii. Eligibility and Benefits

At the time of retirement, participating employees of Shelby County Schools qualify for retiree health care benefits (including their spouses and current dependents) and life insurance coverage under the Plan if they have at least 15 years of service (five years for Memphis City Schools Legacy employees

hired prior to January 1, 2007 and 10 years of hired on or after January 1, 2007). Eligible participants are required to be receiving a benefit from the Tennessee Consolidated Retirement System.

Covered spouses and dependents qualify for health care benefits at the same contribution level as the member. Survivors qualify for health care benefits but must pay 100% of the premium.

Eligible retirees may continue life insurance coverage at no cost to the retiree. Coverage amount is the lesser of 50% of the active coverage amount or \$50,000.

Pension plan specific eligibility and benefits are as follows:

Tennessee Consolidated Retirement System

Retirement: Employees who retire at age 55 with five years of credited service or at any age with 25 years of service will receive health care and life insurance benefits for life. Spouses of retirees may be covered at the retirees' option, provided the election is made on the date the employee leaves active service.

Termination: Current employees who terminate employment and are not eligible for a retirement or disability benefit are not eligible for health care or life insurance benefits at retirement. Some current deferred vested retirees were grandfathered and are receiving health care and life insurance benefits.

Disability: Employees who become disabled at any age with at least five years of service receive health care and life insurance benefits for life. Spouses of retirees may be covered at the retirees' option, provided the election is made on the date the employee leaves active service.

Death: Spouses of employees who die during active service and are not eligible for a retirement or disability benefit are not eligible for health care or life insurance benefits at retirement.

xiv. Affordable Care Act

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2018 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

xv. Cost of Coverage

Monthly Health Care Premiums

The following chart details the monthly health care premiums for retirees, spouses, and dependents as of September 1, 2015 for Pre-Medicare plans and January 1, 2016 for Medicare Surround. Shelby County

Schools subsidizes a portion of the full premium rates as shown below. All surviving spouses are required to pay the full, applicable premium rate.

Medical Coverage Tier	OAP Plus Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$207.87	\$386.04	\$593.91
Single + One	\$463.24	\$724.56	\$1,187.80
Family	\$646.22	\$1,010.76	\$1,656.98

Medical Coverage Tier	OAP Basic Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$149.98	\$405.51	\$555.49
Single + One	\$366.62	\$744.35	\$1,110.97
Family	\$511.44	\$1,038.37	\$1,549.81

Medical Coverage Tier	Choice Fund HRA Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$92.00	\$412.69	\$504.69
Single + One	\$252.34	\$757.03	\$1,009.37
Family	\$352.02	\$1,056.05	\$1,408.07

Medical Coverage Tier	Medicare Surround Healthcare Plan		
	Retiree	Board	Total
Single	\$106.80	\$249.21	\$356.01
Single + One	\$213.61	\$498.21	\$711.82
Family	\$320.41	\$747.62	\$1,068.03

Certificated Medicare eligible retirees with 15 or more years of service at retirement receive an explicit subsidy contribution from the state of Tennessee. The monthly subsidy is \$50.00 for 30 or more years of service, \$37.50 for service between 20 and 30 years, and \$25.00 for service between 15 and 20 years. For valuation purposes, the liability associated with this subsidy is excluded from the results.

Grandfathered Retirees

The census data included 289 grandfathered Shelby County Schools' legacy retirees paying a reduced premium amount based on certificated status and service at retirement. The census data also included 109 grandfathered Memphis City Schools' legacy retirees who are Medicare eligible but covered under a "Member not enrolled in Medicare" Plan. We have assumed that these retirees are not enrolled in neither Medicare Part A nor Medicare Part B. We have assumed that there are no other grandfathered retirees in the census data besides the ones identified for this valuation.

Monthly Life Insurance Premiums

Eligible retirees covered under the life insurance program are not required to pay monthly premiums for retiree life insurance coverage.

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The former Memphis City Schools obtained a judgment in the amount of \$57.4 million dollars from the City of Memphis in 2009. The judgment was affirmed by the Court of Appeals, but the Trial Court withheld enforcement of the judgment pending resolution of a claim that the former Memphis City Schools owed the City approximately \$160 million dollars. The Board has deferred inflows remaining at the fund level of \$17,254,157 based on the settlement agreement. The settlement agreement outlined below was reached by both parties in January 2015.

- The City irrevocably released and waived any and all claims for monetary damages against the Board for any bond proceeds claimed in the Civil Action or incurred by the City for the benefit of the Board, including the remaining debt service payments due on bond indebtedness issues by the City for the benefit of the Board in the approximate amount of \$8 million.
- The City also irrevocably released and waived any and all claims for monetary damages against the Board for any costs incurred by the City for Police Services provided by the City in the schools.
- The City paid the Board \$8 million in fiscal year 2015, and has agreed to pay the Board \$20 million in 15 equal annual installments commencing February 15, 2016 and continuing each year thereafter until all payments have been made.
- The City agreed to provide police services in the Schools within the City consisting of at least 25 officers through and including June 30, 2016 without cost to the Board, which services are valued at approximately \$2 million.
- The City will make available capital funding in an amount not to exceed \$3.8 million for qualifying capital expenditures in public educational facilities owned by the City or situated on property owned by the City, which funding must be requested by the Board and appropriated by the City no later than June 30, 2019.

The Board also has deferred inflows and outflows related to pension as detailed in Note 7 - Retirement Plans.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the 2014-2015 fiscal year, the District implemented GASB Statement No. 68. This statement improves financial accounting and reporting by local government employers for pensions. As a result of GASB 68, the District recorded a prior period adjustment to net position in the amount of \$251,362,039 for the net pension liability offset by contributions as detailed below.

Net Pension Liability Prior Period	\$	323,058,706
Less Employer Contributions FY 2014		71,696,667
Total Prior Period Adjustment	\$	251,362,039

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Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress and Employer Contributions
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Schedules of Funding Progress

Post Retirement Benefits
(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b) - (a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2015	\$ 43,323	\$ 1,329,964	1,286,640	3.26%	\$ 596,274	215.78%
6/30/2014	20,822	1,472,361	1,451,539	1.41%	451,583	321.43%
6/30/2013	3,828	342,401	338,573	1.12%	266,155	127.21%

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method.

Schedule of Employer Contributions

Post Retirement Benefits
(Dollar amounts in thousands)

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions</u>	<u>Actual Contributions</u>	<u>Percentage Contributed</u>
6/30/2015	\$ 124,454	\$ 21,591	17.35%
6/30/2014	124,454	-	0.00%
6/30/2013	32,127	-	0.00%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Investment Returns
Last 10 Fiscal Years
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	2.81%	13.47%

The intent of this schedule is to fulfill the requirement to provide information for 10 years of historical data. However, until a full 10-year trend is compiled, the District is presenting information for the years available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net Pension Liability and Related Ratios
Local Pension Plan
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2015</u>	<u>2014</u>
Total pension liability		
Interest	\$ 82,688	\$ 92,830
Difference between expected and actual experience	101,950	-
Changes if assumptions	(43,233)	-
Benefit payments	(304,154)	(311,148)
Net change in total pension liability	<u>(162,749)</u>	<u>(218,318)</u>
Total pension liability-beginning	1,902,191	2,120,509
Total pension liability-ending	<u>\$ 1,739,442</u>	<u>\$ 1,902,191</u>
 Plan fiduciary net position		
Net investment income	\$ 59,719	\$ 235,749
Benefit payments	(304,154)	(311,148)
Administrative expense	(20,215)	(29,254)
Net change in plan fiduciary net position	<u>(264,650)</u>	<u>(104,653)</u>
 Plan fiduciary net position - beginning	1,670,234	1,774,887
Plan fiduciary net position - ending	<u>\$ 1,405,584</u>	<u>\$ 1,670,234</u>
 Net pension liability- ending	<u>\$ 333,858</u>	<u>\$ 231,957</u>
 Plan fiduciary net position as a percentage of the total pension liability	80.81%	87.81%
 Covered-employee payroll	-	-
 Net pension liability as a percentage of covered-employee payroll	0.00%	0.00%

The intent of this schedule is to fulfill the requirement to provide information for 10 years of historical data. However, until a full 10-year trend is compiled, the District is presenting information for the years available.

Notes to Schedule:

Valuation Date

June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Funding Method
Inflation	3%
Salary increases	N/A
Investment rate of Return	5%
Municipal Bond Index Rate	3.82%
Single Equivalent Interest Rate	5.00%

Mortality rates were based on the same as those used by TCRS, but with an additional 5 years of mortality improvements using the Society of Actuaries' Scale AA. The rates without improvement reflect an experience study conducted by the TCRS for the period July 1, 2008 through June 30, 2012.

Mortality

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net Pension Liability (Asset) and Related
Ratios Based on Participation in the Non-Teacher Pension Plan of TCRS
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2014</u>
Total pension liability	
Service Cost	\$ 16,450,681
Interest	46,958,430
Changes in benefit terms	-
Differences between actual and expected experience	(37,762,265)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(43,201,780)
Net change in total pension liability	<u>\$ (17,554,934)</u>
Total pension liability - beginning	631,262,599
Total pension liability - ending (a)	<u>\$ 613,707,665</u>
Plan fiduciary net position	
Contributions - employer	\$ 14,238,116
Contributions - employee	7,968,014
Net investment income	96,760,233
Benefit payments, including refunds of employee contributions	(43,201,780)
Administrative expense	(201,820)
Net change in plan fiduciary net position	<u>\$ 75,562,763</u>
Plan fiduciary net position - beginning	593,585,564
Plan fiduciary net position - ending (b)	<u>\$ 669,148,327</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (55,440,662)</u>
Plan fiduciary net position as a percentage of total pension liability	109.03%
Covered-employee payroll	\$ 158,448,724
Net pension liability (asset) as a percentage covered-employee payroll	34.99%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Teacher Legacy Pension Plan of TCRS

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution (ADC)	\$ 43,637,883	\$ 57,458,551
Contribution in relation to the actuarially determined contribution	<u>(43,637,883)</u>	<u>(57,458,551)</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 496,607,877	\$ 601,424,156
Contributions as a percentage of covered-employee payroll	8.79%	8.88%

NonTeacher Pension Plan of TCRS

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution (ADC)	\$ 12,031,030	\$ 14,238,116
Contribution in relation to the actuarially determined contribution	<u>(12,031,030)</u>	<u>(14,238,116)</u>
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 129,830,056	\$ 158,448,724
Contributions as a percentage of covered-employee payroll	9.27%	8.99%

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Asset
Teacher Legacy Pension Plan of TCRS
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2014</u>
Proportion of the net pension asset	16.49%
Proportion share of the net pension asset	2,678,822
Covered-employee payroll	601,424,156
Proportionate share of the net pension asset as a percentage of covered-employee payroll	0.41%
Plan fiduciary net position as a percentage of the total pension liability	100.08%

*The amounts presented were determined as of June 30 of the prior fiscal year.

This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**COMBINING INFORMATION
NONMAJOR FUNDS**



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 11,993,146	24,889,769	\$ 36,882,915
Due from Shelby County	1,396,682	-	1,396,682
Other receivables	29,158	1,920,809	1,949,967
Inventories	-	5,693,585	5,693,585
 Total assets	 <u>\$ 13,418,986</u>	 <u>\$ 32,504,163</u>	 <u>\$ 45,923,149</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	930,852	1,948,591	2,879,443
Unearned revenue - other	-	87,586	87,586
 Total liabilities	 <u>930,852</u>	 <u>2,036,177</u>	 <u>2,967,029</u>
Fund balances			
Nonspendable	-	5,693,585	5,693,585
Restricted	12,488,134	24,774,401	37,262,535
 Total fund balances	 <u>12,488,134</u>	 <u>30,467,986</u>	 <u>42,956,120</u>
 Total liabilities and fund balances	 <u>\$ 13,418,986</u>	 <u>\$ 32,504,163</u>	 <u>\$ 45,923,149</u>

See independent auditor's report

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Revenues			
Shelby County	\$ 4,712,627	\$ -	\$ 4,712,627
State of Tennessee	-	679,557	679,557
Federal Government	-	70,427,744	70,427,744
Other local sources	377,666	9,654,176	10,031,842
	-		-
Total revenues	<u>\$ 5,090,293</u>	<u>\$ 80,761,477</u>	<u>\$ 85,851,770</u>
Expenditures			
Current:			
Food service	-	73,349,997	73,349,997
Capital outlay	9,205,555	-	9,205,555
Total expenditures	<u>9,205,555</u>	<u>73,349,997</u>	<u>82,555,552</u>
Excess (deficiency) of revenues over expenditures	<u>(4,115,262)</u>	<u>7,411,480</u>	<u>3,296,218</u>
Other financing sources (uses)			
Sale of capital assets	<u>4,604,766</u>	<u>-</u>	<u>4,604,766</u>
Net change in fund balance	489,504	7,411,480	7,900,984
Fund balance - July 1, 2014	<u>11,998,630</u>	<u>23,056,506</u>	<u>35,055,136</u>
Fund balance - June 30, 2015	<u>\$ 12,488,134</u>	<u>\$ 30,467,986</u>	<u>\$ 42,956,120</u>

See independent auditor's report

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Shelby County	\$ -	\$ 56,325,877	\$ 4,712,627	\$ (51,613,250)
Other local sources	<u>346,224</u>	<u>346,224</u>	<u>377,666</u>	<u>31,442</u>
Total revenues	<u>346,224</u>	<u>56,672,101</u>	<u>5,090,293</u>	<u>(51,581,808)</u>
Expenditures				
Capital Outlay	<u>6,492,290</u>	<u>72,975,000</u>	<u>35,269,392</u>	<u>37,705,608</u>
Total expenditures	<u>6,492,290</u>	<u>72,975,000</u>	<u>35,269,392</u>	<u>37,705,608</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (6,146,066)</u>	<u>\$ (16,302,899)</u>	<u>\$ (30,179,099)</u>	<u>\$ (89,287,416)</u>
Other Financing Sources (Uses)				
Sale of capital assets	<u>-</u>	<u>4,551,602</u>	<u>4,604,766</u>	<u>53,164</u>
Net change in fund balance	<u>\$ (6,146,066)</u>	<u>\$ (11,751,297)</u>	<u>(25,574,333)</u>	<u>\$ (89,234,252)</u>
Change in reserve for encumbrances			<u>26,063,837</u>	
Net change in fund balances (GAAP basis)			489,504	
Fund balance - July 1, 2014			<u>11,998,630</u>	
Fund balance - June 30, 2015			<u>\$ 12,488,134</u>	

See independent auditor's report

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the year ended June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 2,651,127	\$ 600,000	\$ 679,557	\$ 79,557
Federal Government	60,118,043	69,719,171	70,427,744	708,573
Other local sources	<u>10,625,759</u>	<u>13,554,860</u>	<u>9,654,176</u>	<u>(3,900,684)</u>
Total revenues	<u>73,394,929</u>	<u>83,874,031</u>	<u>80,761,477</u>	<u>(3,112,554)</u>
Expenditures				
Current				
Labor	32,267,212	34,561,455	26,979,737	7,581,718
Food	29,802,910	33,155,255	31,614,038	1,541,217
Supplies	2,237,780	2,745,754	2,236,944	508,810
Equipment	2,111,565	4,019,255	3,353,254	666,001
Other	<u>6,975,462</u>	<u>9,392,312</u>	<u>10,643,439</u>	<u>(1,251,127)</u>
Total expenditures	<u>73,394,929</u>	<u>83,874,031</u>	<u>74,827,412</u>	<u>9,046,619</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	5,934,065	<u>\$ 5,934,065</u>
Change in reserve for encumbrances			<u>1,477,415</u>	
Net change in fund balances (GAAP basis)			7,411,480	
Fund balance - July 1, 2014			<u>23,056,506</u>	
Fund balance - June 30, 2015			<u>\$ 30,467,986</u>	

See independent auditor's report

**COMBINING INFORMATION
INTERNAL SERVICE FUNDS**



COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Group Insurance Fund	Unemployment Fund	OPEB Fund	Printing Fund	Supply Chain Fund	Achievement School District Fund	Total
Assets							
Current assets:							
Cash and cash equivalents	\$ 22,327,042	\$ 6,725,355	\$ -	\$ 492,840	\$ 993,605	\$ -	\$ 30,538,842
Investments	300,000	-	-	-	-	-	300,000
Receivable from state	179,065	-	-	-	-	-	179,065
Receivable from other	624,829	-	-	-	-	895,408	1,520,237
Total assets	23,430,936	6,725,355	-	492,840	993,605	895,408	32,538,144
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	1,667,315	83,086	-	16,184	47,100	-	1,813,685
Insurance claims and premiums payable	11,037,984	-	-	-	-	-	11,037,984
Due to general fund	-	-	-	-	-	604,595	604,595
Accrued vacation	3,797	260	-	4,205	9,382	-	17,644
Noncurrent liabilities:							
Accrued vacation	14,284	4,075	-	34,019	75,913	-	128,291
Total liabilities	12,723,380	87,421	-	54,408	132,395	604,595	13,602,199
Net Position							
Unrestricted	\$ 10,707,556	\$ 6,637,934	\$ -	\$ 438,432	\$ 861,210	\$ 290,813	\$ 18,935,945

See independent auditor's report

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2015**

	Group Insurance Fund	Unemployment Fund	OPEB Fund
Operating revenues			
Charges for services	\$ 344,753	\$ -	\$ -
Employee contributions	44,677,445	-	14,243,415
Board contributions	49,896,686	5,265,219	43,293,221
Medicare	-	-	1,924,111
Total operating revenues	<u>94,918,884</u>	<u>5,265,219</u>	<u>59,460,747</u>
Operating expenses			
Personnel services	669,482	86,306	-
Material and supplies	-	-	-
Claims incurred	96,550,317	2,326,029	28,345,777
Life insurance premiums	2,723,672	-	780,344
Health insurance premiums	-	-	27,289,023
Administrative expenses	5,425,744	-	954,249
Contribution to qualifying trust	-	-	21,591,354
Total operating expenses	<u>105,369,215</u>	<u>2,412,335</u>	<u>78,960,747</u>
Operating income (loss)	(10,450,331)	2,852,884	(19,500,000)
Nonoperating revenues (expenses)			
Interest income	33,483	-	-
Total nonoperating revenues (expenses)	33,483	-	-
Income (Loss) Before Transfers	(10,416,848)	2,852,884	(19,500,000)
Transfers from General Fund	-	-	19,500,000
Change in net position	<u>(10,416,848)</u>	<u>2,852,884</u>	<u>-</u>
Net position			
July 1, 2014	<u>21,124,404</u>	<u>3,785,050</u>	<u>-</u>
June 30, 2015	<u>\$ 10,707,556</u>	<u>\$ 6,637,934</u>	<u>\$ -</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 771,502	\$ 1,987,181	\$ 3,348,746	\$ 6,452,182
-	-	-	58,920,860
-	-	-	98,455,126
-	-	-	1,924,111
<u>771,502</u>	<u>1,987,181</u>	<u>3,348,746</u>	<u>165,752,279</u>
406,673	1,180,105	997,156	3,339,722
121,784	94,500	270,250	486,534
-	-	-	127,222,123
-	-	-	3,504,016
-	-	-	27,289,023
70,647	13,345	1,808,803	8,272,788
-	-	-	21,591,354
<u>599,104</u>	<u>1,287,950</u>	<u>3,076,209</u>	<u>191,705,560</u>
172,398	699,231	272,537	(25,953,281)
459	459	-	34,401
459	459	-	34,401
172,857	699,690	272,537	(25,918,880)
<u>172,857</u>	<u>699,690</u>	<u>272,537</u>	<u>19,500,000</u>
172,857	699,690	272,537	(6,418,880)
265,575	161,520	18,276	25,354,825
<u>\$ 438,432</u>	<u>\$ 861,210</u>	<u>\$ 290,813</u>	<u>\$ 18,935,945</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2015

	Group Insurance Fund	Unemployment Fund
Cash Flows From Operating Activities		
Receipts for interfund services provided	\$ 50,444,409	\$ 5,265,219
Receipts from employees	44,677,445	-
Payments to suppliers	-	-
Payments to employees for salaries and benefits	(664,940)	(85,926)
Payments to other division funds	-	-
Payments for life insurance premiums	(2,723,672)	-
Payments for health insurance premiums	-	-
Payments for insurance and unemployment claims	(102,288,945)	(2,409,672)
Payments to qualifying trust	-	-
Net cash provided (used) by operating activities	<u>(10,555,703)</u>	<u>2,769,621</u>
Cash Flows From Investing Activities		
Interest received	<u>33,483</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>33,483</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash and cash equivalents	(10,522,220)	2,769,621
Cash and cash equivalents at beginning of year	<u>32,849,262</u>	<u>3,955,734</u>
Cash and cash equivalents at end of year	<u>\$ 22,327,042</u>	<u>\$ 6,725,355</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ (10,450,331)	\$ 2,852,884
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Receivables	202,970	-
Accrued liabilities	(308,342)	(83,263)
Net cash provided (used) by operating activities	<u>\$ (10,555,703)</u>	<u>\$ 2,769,621</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

OPEB Fund	Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 45,217,332	\$ 771,502	\$ 2,087,005	\$ 3,249,462	\$ 107,034,929
14,243,415	-	-	-	58,920,860
-	(196,051)	(107,845)	(270,250)	(574,146)
-	(405,909)	(1,173,655)	(997,156)	(3,327,586)
-	-	-	(1,982,056)	(1,982,056)
(780,344)	-	-	-	(3,504,016)
(27,289,023)	-	-	-	(27,289,023)
(29,300,026)	-	-	-	(133,998,643)
(21,591,354)	-	-	-	(21,591,354)
<u>(19,500,000)</u>	<u>169,542</u>	<u>805,505</u>	<u>-</u>	<u>(26,311,035)</u>
-	459	459	-	34,401
-	459	459	-	34,401
<u>19,500,000</u>				<u>19,500,000</u>
-	170,001	805,964	-	(6,776,634)
-	322,839	187,641	-	37,315,476
<u>\$ -</u>	<u>\$ 492,840</u>	<u>\$ 993,605</u>	<u>\$ -</u>	<u>\$ 30,538,842</u>
\$ (19,500,000)	\$ 172,398	\$ 699,231	\$ 272,537	\$ (25,953,281)
-	-	99,824	(99,284)	203,510
-	(2,856)	6,450	(173,253)	(561,264)
<u>\$ (19,500,000)</u>	<u>\$ 169,542</u>	<u>\$ 805,505</u>	<u>\$ -</u>	<u>\$ (26,311,035)</u>

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Other Supplementary Statements and Schedules



STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
INTERNAL SCHOOL FUND
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015
Assets				
Cash and cash equivalents	\$ 13,191,409	\$ 22,307,692	\$ 25,868,376	\$ 9,630,725
Investments	669,505	502,907	669,505	502,907
Other receivables	253,043	326,827	253,043	326,827
Inventories	145,777	83,569	145,777	83,569
Total assets	<u>\$ 14,259,734</u>	<u>\$ 23,220,995</u>	<u>\$ 26,936,701</u>	<u>\$ 10,544,028</u>
Liabilities				
Accounts payable	\$ 658,577	\$ 308,621	\$ 658,577	\$ 308,621
Due to student general fund	8,559,817	5,458,297	7,162,145	6,855,969
Due to student groups	5,041,340	18,568,501	20,230,403	3,379,438
Total liabilities	<u>\$ 14,259,734</u>	<u>\$ 24,335,419</u>	<u>\$ 28,051,125</u>	<u>\$ 10,544,028</u>

See independent auditor's report

**SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
June 30, 2015**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Land	Construction in Progress	Intangibles	Buildings and Improvements	Machinery and Equipment	Totals
Cost:						
Unallocated	\$ 336,895	\$ 3,760,469	\$ -	\$ -	\$ -	\$ 4,097,364
Instruction	41,591,763	-	-	1,423,025,792	122,011,100	1,586,628,655
Instructional support	-	-	-	17,925,867	11,058,203	28,984,070
Student support	1,782	-	-	4,604,105	1,402,881	6,008,768
Office of principal	23,367	-	-	20,901,967	4,808,479	25,733,813
General administration	3,262,220	-	5,671,376	50,692,728	31,643,772	91,270,096
Fiscal services	-	-	-	-	412,473	412,473
Other support services	-	-	-	-	1,610,739	1,610,739
Student transportation	-	-	-	164,142	10,281	174,423
Plant services	63,112	-	-	4,722,088	12,018,133	16,803,333
Community service	-	-	-	-	1,529,573	1,529,573
Food service	56,437	-	-	86,347,964	14,365,672	100,770,073
Totals	\$ 45,335,576	\$ 3,760,469	\$ 5,671,376	\$ 1,608,384,653	\$ 200,871,306	\$ 1,864,023,380
Accumulated depreciation:						
Unallocated	-	-	-	-	-	-
Instruction	-	-	-	574,122,845	105,930,228	680,053,073
Instructional support	-	-	-	11,652,110	7,365,604	19,017,714
Student support	-	-	-	1,857,117	888,540	2,745,657
Office of principal	-	-	-	8,534,630	3,926,059	12,460,689
General administration	-	-	1,134,276	21,797,056	30,272,586	53,203,918
Fiscal services	-	-	-	-	391,993	391,993
Other support services	-	-	-	-	1,053,367	1,053,367
Student transportation	-	-	-	164,142	24,607	188,749
Plant services	-	-	-	3,598,385	10,486,984	14,085,369
Community service	-	-	-	-	1,176,349	1,176,349
Food service	-	-	-	34,696,241	9,056,440	43,752,681
Totals	\$ -	\$ -	\$ 1,134,276	\$ 656,422,526	\$ 170,572,757	\$ 828,129,559
Net book value:						
Unallocated	336,895	3,760,469	-	-	-	4,097,364
Instruction	41,591,763	-	-	848,902,947	16,080,872	906,575,582
Instructional support	-	-	-	6,273,757	3,692,599	9,966,356
Student support	1,782	-	-	2,746,988	514,341	3,263,111
Office of principal	23,367	-	-	12,367,337	882,420	13,273,124
General administration	3,262,220	-	4,537,100	28,895,672	1,371,186	38,066,178
Fiscal services	-	-	-	-	20,480	20,480
Other support services	-	-	-	-	557,372	557,372
Student transportation	-	-	-	-	(14,326)	(14,326)
Plant services	63,112	-	-	1,123,703	1,531,149	2,717,964
Community service	-	-	-	-	353,224	353,224
Food service	56,437	-	-	51,651,723	5,309,232	57,017,392
Totals	\$ 45,335,576	\$ 3,760,469	\$ 4,537,100	\$ 951,962,127	\$ 30,298,549	\$ 1,035,893,821

See independent auditor's report

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**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2015**

Function	Balance July 1, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2015
Unallocated					
Land	\$ 336,895	\$ -	\$ -	\$ -	\$ 336,895
Construction in Progress	3,747,250	(6,865,978)	6,879,197	-	3,760,469
Totals	4,084,145	(6,865,978)	6,879,197	-	4,097,364
Instruction					
Land	41,857,074	-	-	(265,311)	41,591,763
Buildings and Improvements	1,435,334,573	6,406,541	167,346	(18,882,668)	1,423,025,792
Machinery and Equipment	121,050,901	-	1,058,713	(98,514)	122,011,100
Totals	1,598,242,548	6,406,541	1,226,059	(19,246,493)	1,586,628,655
Instructional support					
Buildings and Improvements	17,925,867	-	-	-	17,925,867
Machinery and Equipment	11,087,606	-	-	(29,403)	11,058,203
Totals	29,013,473	-	-	(29,403)	28,984,070
Student support					
Land	1,782	-	-	-	1,782
Buildings and Improvements	4,637,126	10,892	(13,651)	(30,262)	4,604,105
Machinery and Equipment	1,403,929	-	-	(1,048)	1,402,881
Totals	6,042,837	10,892	(13,651)	(31,310)	6,008,768
Office of principal					
Land	23,367	-	-	-	23,367
Buildings and Improvements	21,141,579	114,925	(12,434)	(342,103)	20,901,967
Machinery and Equipment	4,818,906	-	-	(10,427)	4,808,479
Totals	25,983,852	114,925	(12,434)	(352,530)	25,733,813
General administration					
Land	3,262,220	-	-	-	3,262,220
Buildings and Improvements	50,103,942	30,526	626,559	(68,299)	50,692,728
Machinery and Equipment	31,481,013	-	184,481	(21,722)	31,643,772
Intangible Assets	5,671,376	-	-	-	5,671,376
Totals	90,518,551	30,526	811,040	(90,021)	91,270,096
Fiscal services					
Machinery and Equipment	413,188	-	-	(715)	412,473
Totals	413,188	-	-	(715)	412,473
Other support services					
Machinery and Equipment	1,613,793	-	-	(3,054)	1,610,739
Totals	1,613,793	-	-	(3,054)	1,610,739
Student transportation					
Buildings and Improvements	164,142	-	-	-	164,142
Machinery and Equipment	20,355,557	-	-	(20,345,276)	10,281
Totals	20,519,699	-	-	(20,345,276)	174,423
Plant services					
Land	63,112	-	-	-	63,112
Buildings and Improvements	4,722,088	-	-	-	4,722,088
Machinery and Equipment	11,874,689	-	146,577	(3,133)	12,018,133
Totals	16,659,889	-	146,577	(3,133)	16,803,333
Community service					
Machinery and Equipment	1,529,573	-	-	-	1,529,573
Totals	1,529,573	-	-	-	1,529,573
Food service					
Land	56,437	-	-	-	56,437
Buildings and Improvements	86,948,424	303,094	(27,259)	(876,295)	86,347,964
Machinery and Equipment	13,866,211	-	632,681	(133,220)	14,365,672
Totals	100,871,072	303,094	605,422	(1,009,515)	100,770,073
Grand Totals					
Land	\$ 45,600,887	\$ -	\$ -	\$ (265,311)	\$ 45,335,576
Construction in progress	3,747,250	(6,865,978)	6,879,197	-	3,760,469
Buildings and Improvements	1,620,977,741	6,865,978	740,561	(20,199,627)	1,608,384,653
Machinery and Equipment	219,495,366	-	2,022,452	(20,646,512)	200,871,306
Intangible Assets	5,671,376	-	-	-	5,671,376
Totals	\$ 1,895,492,620	\$ -	\$ 9,642,210	\$ (41,111,450)	\$ 1,864,023,380

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Balance July 1, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2015	Net book value June 30, 2015
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,895
-	-	-	-	-	3,760,469
-	-	-	-	-	4,097,364
-	-	-	-	-	41,591,763
546,385,921	-	37,242,652	(9,505,728)	574,122,845	848,902,947
98,374,826	-	7,605,788	(50,386)	105,930,228	16,080,872
644,760,747	-	44,848,440	(9,556,114)	680,053,073	906,575,582
10,752,705	-	899,405	-	11,652,110	6,273,757
5,619,757	-	1,769,098	(23,251)	7,365,604	3,692,599
16,372,462	-	2,668,503	(23,251)	19,017,714	9,966,356
-	-	-	-	-	1,782
1,755,620	-	118,532	(17,035)	1,857,117	2,746,988
742,080	-	147,457	(997)	888,540	514,341
2,497,700	-	265,989	(18,032)	2,745,657	3,263,111
-	-	-	-	-	23,367
8,144,415	-	559,135	(168,920)	8,534,630	12,367,337
2,984,618	-	948,228	(6,787)	3,926,059	882,420
11,129,033	-	1,507,363	(175,707)	12,460,689	13,273,124
-	-	-	-	-	3,262,220
20,457,269	-	1,380,112	(40,325)	21,797,056	28,895,672
29,776,193	-	518,115	(21,722)	30,272,586	1,371,186
567,138	-	567,138	-	1,134,276	4,537,100
50,800,600	-	2,465,365	(62,047)	53,203,918	38,066,178
330,535	-	62,098	(640)	391,993	20,480
330,535	-	62,098	(640)	391,993	20,480
781,509	-	274,438	(2,580)	1,053,367	557,372
781,509	-	274,438	(2,580)	1,053,367	557,372
164,142	-	-	-	164,142	-
16,436,943	-	20,752	(16,433,088)	24,607	(14,326)
16,601,085	-	20,752	(16,433,088)	188,749	(14,326)
-	-	-	-	-	63,112
3,481,456	-	116,929	-	3,598,385	1,123,703
10,007,313	-	482,804	(3,133)	10,486,984	1,531,149
13,488,769	-	599,733	(3,133)	14,085,369	2,717,964
931,575	-	244,774	-	1,176,349	353,224
931,575	-	244,774	-	1,176,349	353,224
-	-	-	-	-	56,437
32,925,976	-	2,228,061	(457,796)	34,696,241	51,651,723
8,162,599	-	1,026,518	(132,677)	9,056,440	5,309,232
41,088,575	-	3,254,579	(590,473)	43,752,681	57,017,392
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,335,576
-	-	-	-	-	3,760,469
624,067,504	-	42,544,826	(10,189,804)	656,422,526	951,962,127
174,147,948	-	13,100,070	(16,675,261)	170,572,757	30,298,549
567,138	-	567,138	-	1,134,276	4,537,100
\$ 798,782,590	\$ -	\$ 56,212,034	\$ (26,865,065)	\$ 828,129,559	\$ 1,035,893,821

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
For the year ended June 30, 2015

<u>Description/ Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2014</u>
Due to State of Tennessee			
December 2002 to December 2015	0.00	\$ 6,651,638	\$ 950,237
December 2004 to December 2018	0.00	1,084,000	361,331
ENA Claim Obligations	0.00	<u>14,870,022</u>	<u>6,870,022</u>
Total		<u>26,857,060</u>	<u>8,181,590</u>
Accrued Vacation			10,648,920
Post Employment Benefits			293,612,393
Pension Benefits			<u>251,362,039</u>
Total Long-term Obligations		<u>\$ 26,857,060</u>	<u>\$ 563,804,942</u>

See Independent Auditor's Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Issued</u>	<u>Payments and Retirements</u>	<u>Outstanding June 30, 2015</u>	<u>Current Portion</u>
-	\$ (475,116)	\$ 475,120	\$ 475,116
-	(72,267)	289,064	72,268
-	<u>(6,870,022)</u>	<u>-</u>	<u>-</u>
-	(7,417,405)	764,184	547,384
3,041,344	(3,634,023)	10,056,241	1,203,307
136,198,653	(82,006,172)	347,804,874	-
6,503,515	<u>(257,865,554)</u>	<u>-</u>	<u>-</u>
<u>\$ 145,743,512</u>	<u>\$ (350,923,154)</u>	<u>\$ 358,625,299</u>	<u>\$ 1,750,691</u>

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
PRINCIPAL AND INTEREST REQUIREMENTS **SHELBY COUNTY**
June 30, 2015 **BOARD OF EDUCATION**

Year Ending June 30,	Due to State of Tennessee	Total
Principal:		
2016	547,384	547,384
2017	72,267	72,267
2018	72,267	72,267
2019	72,266	72,266
Total	<u>\$ 764,184</u>	<u>\$ 764,184</u>

Note: Debt detailed in the above schedule is from Qualified Zone Academy Bonds (QZAB) that are interest free. There are administrative fees other than interest associated with QZAB bonds. All administrative fees for Qualified School Construction Bonds (QSCB) and QZAB Bonds are included in interest and fees expenditures in the general fund. Shelby County Government is liable for the QSCB debt.

See independent auditor's report.

Statistical Section (unaudited)



This part of the Shelby County Schools Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

The merger with Memphis City Schools was effective at the beginning of the 2013-2014 school year. Thus, the assets and obligations of the former Memphis City Schools were transferred to Shelby County Board of Education and are included in the amounts reported for 2014. The amounts reported for 2013 and prior years are only those of Shelby County Board of Education.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the School District's financial performance has changed over time. Due to the merger in 2014, there is a disparity in year over year comparisons.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the School District's ability to generate revenues through property taxes levied by other governmental agencies.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

The School District does not have taxing authority and does not have a legal debt margin. Accordingly, schedules regarding legal debt margin and overlapping debt are not applicable. In addition, the School District does not have any pledged revenue.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the School District's operations and resources to help the reader understand how the School District's financial information relates to the services the School District provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

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Financial Trends

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS
Net Position by Component
As of June 30

Net Position	2015	2014 (1)	2013	2012
Net investment in capital assets	\$ 1,035,129,637	\$ 1,095,398,461	\$ 395,800,108	\$ 401,963,845
Restricted for:				
Capital projects	12,488,134	11,998,630	105,723	710,469
Insurance Claims	-	-	2,254,559	3,976,350
Student Activities	-	-	-	6,344,750
Contracted grant programs	3,770,961	3,075,832	-	-
Food service	30,467,986	23,056,506	3,888,773	3,710,791
Education	34,442,225	28,469,654	11,072,259	10,793,684
Unrestricted	<u>(348,614,268)</u>	<u>(284,830,727)</u>	<u>(225,599,235)</u>	<u>(187,003,125)</u>
	\$ <u>767,684,675</u>	\$ <u>877,168,356</u>	\$ <u>187,522,187</u>	\$ <u>240,496,764</u>

Note:

(1) Prior year amounts have been restated for the implementation of GASB Statement 68.

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 391,964,327	\$ 375,685,630	\$ 376,442,501	\$ 364,559,286	\$ 348,090,522	\$ 310,633,617
2,987,803	-	-	-	-	-
9,886,051	12,296,837	15,050,314	12,495,771	11,448,076	7,891,438
5,954,246	5,505,780	5,109,906	5,244,728	4,366,513	4,576,055
-	-	-	-	-	-
3,117,887	-	-	-	-	-
11,018,457	-	-	-	-	-
<u>(145,756,475)</u>	<u>(72,619,489)</u>	<u>(36,674,608)</u>	<u>51,601,141</u>	<u>96,191,834</u>	<u>92,059,649</u>
<u>\$ 279,172,296</u>	<u>\$ 320,868,758</u>	<u>\$ 359,928,113</u>	<u>\$ 433,900,926</u>	<u>\$ 460,096,945</u>	<u>\$ 415,160,759</u>

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS
Statement of Activities
Period ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Expenses				
Governmental activities:				
Instruction	\$ 648,328,804	\$ 1,096,495,154	\$ 278,662,284	\$ 285,400,355
Instructional support	87,621,804	60,741,347	-	-
Student support	65,093,403	113,550,075	793,703	14,703,893
Office of principal	67,794,495	94,262,960	-	-
General administration	24,830,863	25,945,874	49,521,741	44,088,193
Fiscal Services	5,938,485	8,428,601	-	-
Other support services	41,954,932	35,303,585	58,631,337	66,474,643
Student transportation	36,004,590	37,650,956	17,406,176	18,492,591
Plant services	92,771,794	110,525,399	29,540,909	29,503,650
Community service	43,152,157	23,778,501	-	-
Charter schools	81,234,455	66,987,992	-	-
Food service	78,916,667	96,956,709	20,414,717	19,788,229
Interest on long-term debt	2,628	111,556	-	-
Total government expenses	<u>1,273,645,077</u>	<u>1,770,738,709</u>	<u>454,970,867</u>	<u>478,451,554</u>
Revenues				
Governmental activities:				
Charges for services				
Instruction	520,359	832,927	19,386,822	56,876,008
Food service	835,426	18,810,070	10,349,814	8,710,711
Total charges for services	<u>1,355,785</u>	<u>19,642,997</u>	<u>29,736,636</u>	<u>65,586,719</u>
Operating grants and contributions:				
Instruction	419,364,465	530,446,090	211,372,876	191,168,644
Instructional support	51,822,650	64,860,058	-	-
Student support	27,235,359	33,792,538	-	-
Office of principal	20,242,173	24,734,319	-	-
General administration	11,169,211	2,040,439	-	-
Fiscal Services	482,907	412,071	-	-
Other support services	1,537,805	1,367,383	-	-
Student transportation	17,922,763	20,541,742	-	-
Plant services	81,586,484	97,960,601	-	-
Community service	41,493,458	20,932,425	-	-
Food service	79,875,631	58,280,508	-	-
Total operating grants and contributions	<u>752,732,906</u>	<u>855,368,174</u>	<u>211,372,876</u>	<u>191,168,644</u>
Capital grants and contributions				
Plant Services	5,066,684	5,753,509	8,728,662	7,992,816
Total capital grants and contributions	<u>5,066,684</u>	<u>5,753,509</u>	<u>8,728,662</u>	<u>7,992,816</u>
General Revenues and Special Items				
Shelby County	306,525,759	422,599,533	120,421,197	113,303,620
Local option and state sales taxes	118,473,827	159,752,215	36,228,227	42,445,709
Other local sources	5,830,798	5,410,727	1,977,774	19,278,514
Gain on Sale of capital assets	3,570,476	-	-	-
Unrestricted investment earnings	411,950	230,122	-	-
Special items	(29,806,789)	-	-	-
Total general revenues and special items	<u>405,006,021</u>	<u>587,992,597</u>	<u>158,627,198</u>	<u>175,027,843</u>
Total government revenues	<u>1,164,161,396</u>	<u>1,468,757,277</u>	<u>408,465,372</u>	<u>439,776,022</u>
Change in Net Position	<u>\$ (109,483,681)</u>	<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</u>	<u>\$ (38,675,532)</u>

Notes:

Detailed revenue information is not available prior to fiscal year 2014.

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 285,666,544	\$ 281,573,590	\$ 297,446,055	\$ 258,245,547	\$ 198,812,517	\$ 194,215,582
-	-	-	-	-	-
14,418,064	13,167,287	12,730,436	12,817,333	12,907,839	11,916,422
-	-	-	-	-	-
40,652,337	37,749,659	38,336,298	65,180,856	33,412,849	31,139,434
-	-	-	-	-	-
61,614,184	57,387,741	63,771,411	38,091,575	34,997,141	26,634,366
17,436,714	14,511,725	17,763,536	14,855,058	13,226,899	11,039,191
29,702,578	28,574,903	37,440,159	37,577,451	23,986,248	27,903,767
-	-	-	-	-	-
-	-	-	-	-	-
20,417,615	18,655,802	22,641,606	16,948,161	13,733,335	13,816,592
-	-	-	-	-	-
<u>469,908,036</u>	<u>451,620,707</u>	<u>490,129,501</u>	<u>443,715,981</u>	<u>331,076,828</u>	<u>316,665,354</u>
28,378,425	24,044,448	23,779,653	10,682,099	-	-
<u>8,837,432</u>	<u>9,360,007</u>	<u>9,965,659</u>	<u>8,798,034</u>	<u>8,387,232</u>	<u>9,505,142</u>
37,215,857	33,404,455	33,745,312	19,480,133	8,387,232	9,505,142
211,130,943	204,441,495	192,229,762	196,740,189	160,055,426	170,388,933
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>211,130,943</u>	<u>204,441,495</u>	<u>192,229,762</u>	<u>196,740,189</u>	<u>160,055,426</u>	<u>170,388,933</u>
8,815,568	7,725,811	6,856,395	6,028,044	5,139,767	4,693,463
<u>8,815,568</u>	<u>7,725,811</u>	<u>6,856,395</u>	<u>6,028,044</u>	<u>5,139,767</u>	<u>4,693,463</u>
123,693,489	115,749,031	130,350,062	144,980,432	151,672,646	129,656,278
41,681,158	40,354,509	41,371,984	41,552,519	42,089,107	42,134,312
5,674,559	6,686,244	11,603,173	8,738,645	8,668,836	4,363,255
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>171,049,206</u>	<u>162,789,784</u>	<u>183,325,219</u>	<u>195,271,596</u>	<u>202,430,589</u>	<u>176,153,845</u>
<u>428,211,574</u>	<u>408,361,545</u>	<u>416,156,688</u>	<u>417,519,962</u>	<u>376,013,014</u>	<u>360,741,383</u>
<u>\$ (41,696,462)</u>	<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>	<u>\$ 44,936,186</u>	<u>\$ 44,076,029</u>

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS
General Revenues and Total Changes in Net Position
Period ended June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net (expense)/revenue:			
Total primary government net expense	\$ (514,489,702)	\$ (889,974,029)	\$ (205,132,693)
General revenues and other changes in net position:			
Governmental activities:			
Shelby County	306,525,759	422,599,533	120,421,197
Local option and state sales taxes	118,473,827	159,752,215	36,228,227
Other local sources	5,830,798	5,410,727	1,977,774
Gain on sale of capital assets	3,570,476	-	-
Unrestricted investment earnings	411,950	230,122	-
Special items	(29,806,789)	-	-
Total primary government	<u>405,006,021</u>	<u>587,992,597</u>	<u>158,627,198</u>
Changes in net position:			
Total primary government	<u>\$ (109,483,681)</u>	<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</u>

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ (213,703,375)	\$ (212,745,668)	\$ (206,048,946)	\$ (257,298,032)	\$ (221,467,615)	\$ (157,494,403)	\$ (132,077,816)
113,303,620	123,693,489	115,749,031	130,350,062	144,980,432	151,672,646	129,656,278
42,445,709	41,681,158	40,354,509	41,371,984	41,552,519	42,089,107	42,134,312
19,278,514	5,674,559	6,686,244	11,603,173	8,738,645	8,668,836	4,363,255
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>175,027,843</u>	<u>171,049,206</u>	<u>162,789,784</u>	<u>183,325,219</u>	<u>195,271,596</u>	<u>202,430,589</u>	<u>176,153,845</u>
<u>\$ (38,675,532)</u>	<u>\$ (41,696,462)</u>	<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>	<u>\$ 44,936,186</u>	<u>\$ 44,076,029</u>

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS
Fund Balances, Governmental Funds
Last ten fiscal years as of June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	6,799,292	7,636,851	2,811,900	4,792,583
Restricted	34,442,225	28,469,654	11,072,259	10,793,684
Assigned	54,883,849	34,547,426	-	6,491,029
Unassigned	59,927,330	108,369,481	4,359,928	6,581,657
Total general fund	<u>156,052,696</u>	<u>179,023,412</u>	<u>18,244,087</u>	<u>28,658,953</u>
All other governmental funds:				
Reserved	-	-	-	-
Nonspendable	5,693,585	6,330,708	688,959	676,195
Restricted	39,332,405	31,800,260	3,994,496	10,766,010
Committed	1,701,091	-	-	-
Total all other governmental funds	<u>46,727,081</u>	<u>38,130,968</u>	<u>4,683,455</u>	<u>11,442,205</u>
Total fund balance	<u>\$ 202,779,777</u>	<u>\$ 217,154,380</u>	<u>\$ 22,927,542</u>	<u>\$ 40,101,158</u>

Note:

(1) Prior year amounts have not been restated for the implementation of GASB Statement 54.

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010 (1)</u>	<u>2009 (1)</u>	<u>2008 (1)</u>	<u>2007 (1)</u>	<u>2006 (1)</u>
\$ -	\$ 18,597,932	\$ 33,347,378	\$ 32,696,069	\$ 23,084,183	\$ 16,991,232
-	40,578,285	37,785,903	46,354,662	54,976,638	50,546,726
3,405,416	-	-	-	-	-
11,018,457	-	-	-	-	-
5,000,000	-	-	-	-	-
20,839,274	-	-	-	-	-
<u>40,263,147</u>	<u>59,176,217</u>	<u>71,133,281</u>	<u>79,050,731</u>	<u>78,060,821</u>	<u>67,537,958</u>
-	17,927,077	23,952,700	30,009,892	22,471,705	23,421,171
787,743	-	-	-	-	-
12,059,936	-	-	-	-	-
<u>12,847,679</u>	<u>17,927,077</u>	<u>23,952,700</u>	<u>30,009,892</u>	<u>22,471,705</u>	<u>23,421,171</u>
<u>\$ 53,110,826</u>	<u>\$ 77,103,294</u>	<u>\$ 95,085,981</u>	<u>\$ 109,060,623</u>	<u>\$ 100,532,526</u>	<u>\$ 90,959,129</u>

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS
Governmental Funds Revenues and Expenditures
Last ten fiscal years ending June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues				
City of Memphis	\$ 8,225,000	\$ 193,746	\$ -	\$ -
Shelby County	436,419,011	557,773,447	121,482,108	128,191,254
State of Tennessee	506,266,991	634,426,006	188,985,681	185,490,183
Federal Government	217,151,945	201,163,016	31,115,853	40,212,975
Other local sources	38,658,960	45,249,153	49,953,953	68,922,213
Other Financing Sources				
Sale of capital assets	9,876,840	-	-	-
Total revenues and other financing sources	<u>1,216,598,747</u>	<u>1,438,805,368</u>	<u>391,537,595</u>	<u>422,816,625</u>
Expenditures				
Current:				
Instruction	579,675,810	768,659,704	241,436,952	245,510,326
Instructional support	80,727,562	52,124,810	-	-
Student support	61,607,873	106,787,831	-	13,298,824
Office of principal	62,360,125	82,887,768	26,072,011	25,531,111
General administration	22,072,062	26,488,469	9,907,762	9,411,529
Fiscal services	5,566,517	7,855,712	5,471,541	4,810,908
Other support services	40,666,176	33,621,393	51,488,014	55,757,634
Student transportation	30,278,585	34,924,072	13,599,321	13,821,831
Plant services	90,225,740	105,716,725	26,523,343	27,587,135
Community service	41,943,284	22,176,468	1,156,041	1,232,331
Charter school	81,234,455	66,987,992	-	-
Retiree benefits	31,961,282	30,164,526	-	-
Food service	73,398,313	76,549,491	17,668,835	16,145,023
Debt Service:				
Principal	547,383	547,383	-	-
Interest	2,628	111,556	-	-
Capital outlay	9,205,555	11,195,512	9,038,510	23,510,909
Other Financing Uses				
Transfer	19,500,000	-	-	-
Total expenditures and other financing uses	<u>1,230,973,350</u>	<u>1,426,799,412</u>	<u>402,362,330</u>	<u>436,617,561</u>
Net change in fund balances	<u>\$ (14,374,603)</u>	<u>\$ 12,005,956</u>	<u>\$ (10,824,735)</u>	<u>\$ (13,800,936)</u>
Debt service as a percentage of noncapital expenditures	0.05%	0.05%	0.00%	0.00%

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
124,721,112	114,999,020	126,992,203	141,072,601	140,155,200	129,509,384
181,536,876	177,946,262	172,343,479	166,457,012	158,700,415	138,073,945
36,918,593	33,548,078	26,260,572	23,069,928	17,462,208	18,880,132
71,111,264	68,756,853	75,284,517	72,265,054	68,354,645	74,131,028
-	-	-	-	-	-
<u>414,287,845</u>	<u>395,250,213</u>	<u>400,880,771</u>	<u>402,864,595</u>	<u>384,672,468</u>	<u>360,594,489</u>
241,646,844	242,803,311	229,570,364	219,055,449	201,636,473	191,215,315
-	-	-	-	-	-
13,737,572	12,609,467	12,730,436	12,817,333	7,942,190	11,525,969
25,622,652	24,870,680	24,457,874	22,206,918	20,290,446	18,726,376
10,551,602	11,001,290	9,989,857	15,802,139	10,691,567	11,147,657
4,506,823	4,181,690	3,916,373	3,478,641	2,430,836	1,093,944
53,469,473	51,626,205	49,100,493	33,919,912	29,479,923	26,634,366
16,473,843	13,547,018	12,861,583	15,261,734	13,226,899	9,528,710
27,345,262	26,383,747	26,548,983	25,531,497	23,986,248	23,378,375
1,191,489	-	-	-	617,841	390,453
-	-	-	-	-	-
-	-	-	-	-	-
17,174,955	15,796,977	15,888,590	14,885,498	13,733,335	13,664,821
-	-	-	-	-	-
-	-	-	-	-	-
27,234,560	14,426,192	30,294,003	31,323,342	51,380,492	18,198,632
-	-	-	-	-	-
<u>438,955,075</u>	<u>417,246,577</u>	<u>415,358,556</u>	<u>394,282,463</u>	<u>375,416,250</u>	<u>325,504,618</u>
<u>\$ (24,667,230)</u>	<u>\$ (21,996,364)</u>	<u>\$ (14,477,785)</u>	<u>\$ 8,582,132</u>	<u>\$ 9,256,218</u>	<u>\$ 35,089,871</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS**

**Comparison of General Fund Balance
to Expenditures and Other Uses
Last ten fiscal years ending June 30**

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Fiscal Year</u>	<u>Unreserved General Fund Balance (1)</u>	<u>Unassigned General Fund Balance</u>	<u>Expenditures and other uses</u>	<u>Unreserved General Fund Balance as percentage of expenditures and other uses</u>	<u>Unassigned General Fund Balance as a percentage of expenditures and other uses</u>
2006	\$ 50,546,726	\$ -	\$ 269,220,440	18.78%	
2007	54,976,638	-	294,787,648	18.65%	
2008	46,354,662	-	322,811,112	14.36%	
2009	37,785,903	-	345,030,016	10.95%	
2010	40,578,285	-	356,569,488	11.38%	
2011	-	20,839,274	361,832,220		5.76%
2012	-	6,581,657	357,903,038		1.84%
2013	-	4,359,928	353,614,591		1.23%
2014	-	108,369,481	1,169,051,189		9.27%
2015	-	59,927,330	980,279,789		6.11%

Note:

(1) GASB 54 not retroactively applied to prior years.

Revenue Capacity

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
REVENUE CAPACITY
Assessed Value and Estimated Actual Value of Taxable Property
Last ten fiscal years ending June 30

Fiscal Year	Tax Year	Real Property		Personal Property
		Farm and Residential (25%)	Commercial and Industrial (40%)	Commercial and Industrial (30%)
		Assessed Value	Assessed Value	Assessed Value
2006	(d) 2005	9,425,210,140	5,471,742,335	1,289,881,700
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685
2009	2008	10,259,997,845	5,530,133,410	1,402,492,320
2010	(d) 2009	10,954,449,590	6,285,548,950	1,468,617,700
2011	2010	10,794,438,245	6,116,755,995	1,388,887,495
2012	2011	10,721,303,794	5,828,574,575	1,380,179,795
2013	2012	10,649,905,970	5,660,543,555	1,438,945,120
2014	(d) 2013	9,588,110,655	5,919,308,700	1,533,153,805
2015	2014	9,553,959,920	5,650,045,415	1,473,774,000

Percentage of Total

2006	54.73%	31.78%	7.49%
2007	55.39%	31.09%	7.58%
2008	56.54%	30.70%	7.26%
2009	56.72%	30.57%	7.75%
2010	55.73%	31.98%	7.47%
2011	55.89%	31.67%	7.19%
2012	56.43%	30.68%	7.26%
2013	56.50%	30.03%	7.63%
2014	52.78%	32.58%	8.44%
2015	53.18%	31.45%	8.20%

- (a) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury assessments.
- (b) Assessed value is the most current tax value prepared by the County Assessor of Property as of each year-end.
- (c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:
- | | |
|---|---------------------|
| Real Estate-Residential and Farms | 25% of actual value |
| Real Estate-Commercial and Industrial | 40% of actual value |
| Personal Property-Commercial and Industrial | 30% of actual value |
| Public Utilities | 55% of actual value |
- (d) The effect of property reappraisals are reflected in FY 2006, 2010, 2014.

**SHELBY COUNTY
BOARD OF EDUCATION**

**Utilities and Carriers (55%)
(Real and Personal) (a)**

<u>Public Utilities</u>	<u>Total</u>		<u>Assessed Value as a % of Actual Value</u>	<u>Total Direct Tax Rate</u>
<u>Assessed Value (a)</u>	<u>Assessed Value (b)</u>	<u>Estimated Actual Value</u>		
1,033,424,138	17,220,258,313	57,726,276,478	29.83%	4.04
1,040,281,497	17,502,758,132	58,862,669,304	29.73%	4.04
975,529,145	17,720,591,975	59,900,899,755	29.58%	4.04
896,680,554	18,089,304,129	61,383,315,080	29.47%	4.04
948,762,385	19,657,378,625	66,374,654,928	29.62%	4.02
1,012,006,455	19,312,088,190	65,216,500,736	29.61%	4.02
1,069,425,931	18,999,484,095	64,287,973,983	29.55%	4.02
1,098,465,902	18,847,860,547	63,834,911,731	29.53%	4.02
1,125,314,171	18,165,887,331	60,586,935,365	29.98%	4.38
1,289,100,925	17,966,880,260	59,884,233,964	30.00%	4.37
6.00%	100.00%	100.00%		
5.94%	100.00%	100.00%		
5.50%	100.00%	100.00%		
4.96%	100.00%	100.00%		
4.82%	100.00%	100.00%		
5.25%	100.00%	100.00%		
5.63%	100.00%	100.00%		
5.84%	100.00%	100.00%		
6.20%	100.00%	100.00%		
7.17%	100.00%	100.00%		

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
REVENUE CAPACITY
Property Tax Rates and Levies
Last ten fiscal years ending June 30

SHELBY COUNTY
BOARD OF EDUCATION

		<u>Tax Rates Per \$100 Assessed Value</u>			<u>Tax Levies</u>
<u>Fiscal Year</u>	<u>Tax Year</u>	<u>County</u>	<u>County Allocation to Schools</u>	<u>Shelby County Schools Percent of County Allocation</u>	<u>County</u>
2006	2005	4.04	2.03	28.49%	677,268,537
2007	2006	4.04	2.02	29.18%	700,035,777
2008	2007	4.04	2.02	30.43%	712,198,714
2009	2008	4.04	2.02	30.78%	727,370,529
2010	2009	4.02	1.98	31.34%	756,953,165
2011	2010	4.02	1.90	30.94%	748,242,682
2012	2011	4.02	1.91	30.76%	748,024,787
2013	2012	4.02	1.91	31.06%	747,755,679
2014	2013	4.38	2.14	100.00%	775,676,738
2015	2014	4.37	2.14	79.25%	778,641,703

Taxes are assessed as of January 1 and are due on October 1 for the County for Shelby County.

NOTE: Shelby County Schools does not have taxing authority and is not responsible for the collection or the monitoring of the collection of taxes.

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)
REVENUE CAPACITY
Principal Property Tax Payers
Current Year and Nine Years Ago

Name of Taxpayer	2015		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	
Federal Express Corporation	\$ 622,911,806	1	3.43%
Bell South Telecommunications, Inc.	112,025,698	2	0.62%
AT & T Mobility LLC	66,859,445	3	0.37%
Belz Investco Group	64,356,640	4	0.35%
AMISUB (St. Francis Hospital)	64,234,085	5	0.35%
G& I VII Retail Carriage LLC	59,254,960	6	0.33%
Galleria at Wolfchase, LLC	58,318,190	7	0.32%
Kroger Companies	56,429,080	8	0.31%
Lightman Michael A (and affiliated LPs)	54,608,625	9	0.30%
Boyle Investment Co	47,973,495	10	0.26%
Total Assessed Valuation of Top 10 Taxpayers	1,206,972,024		6.64%
Balance of Assessed Valuation	16,958,915,307		93.36%
Total Assessed Valuation	<u>\$ 18,165,887,331</u>		<u>100.00%</u>

**SHELBY COUNTY
BOARD OF EDUCATION**

Name of Taxpayer	2006		Percentage of Total
	Taxable Assessed	Rank	Taxable Assessed
	Value		Value
Federal Express Corporation	\$ 366,735,073	1	2.42%
Bell South Telecommunications, Inc.	182,464,170	2	1.20%
Belz Investco Group	83,166,650	3	0.55%
Galleria at Wolfchase, LLC	53,899,240	4	0.36%
Union Planters National Bank	35,762,770	5	0.24%
AMISUB (St. Francis Hospital)	32,889,680	6	0.22%
Northwest Airlines	32,099,591	7	0.21%
Mid-America Apartments	30,535,785	8	0.20%
First Tennessee Bank	28,294,175	9	0.19%
The Premcor Refining Company	24,646,770	10	0.16%
	870,493,904		5.75%
	14,285,714,125		94.25%
	<u>\$ 15,156,208,029</u>		<u>100.00%</u>

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Debt Capacity



STATISTICAL AND OTHER INFORMATION (UNAUDITED)

DEBT CAPACITY

Outstanding Debt by Type

Last ten fiscal years ending June 30

SHELBY COUNTY

BOARD OF EDUCATION

Governmental activities				
State of				
Fiscal year	Tennessee QZAB (Bonds)	Total primary government	Percentage of personal income	Per capita
2015	\$ 764,184	\$ 764,184	0.00%	N/A

Notes: N/A = not available

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEBT CAPACITY
Comparison of Bonded Debt to
Assessed Value, Estimated Actual Value and Population
Last ten fiscal years ending June 30

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal year	Bonded debt	Assessed Value	Percent of bonded debt to assessed value	Estimated Actual Value	Percent of bonded debt to estimated actual value	Population	Per capita bonded debt
2006	-	17,220,258,313	—	57,726,276,478	—	920,106	—
2007	-	17,502,758,132	—	58,862,669,304	—	921,119	—
2008	-	17,720,591,975	—	59,900,899,755	—	920,685	—
2009	-	18,089,304,129	—	61,383,315,080	—	922,541	—
2010	-	19,657,378,625	—	66,374,654,928	—	928,930	—
2011	-	19,312,088,190	—	65,216,500,736	—	935,088	—
2012	-	18,999,484,095	—	64,287,973,983	—	940,764	—
2013	-	18,847,860,547	—	63,834,911,731	—	939,465	—
2014	1,311,568	18,165,887,331	0.01	60,586,935,365	0.00	938,803	N/A
2015	764,184	17,966,880,260	0.00	59,884,233,964	0.00	N/A	N/A

Notes: N/A = not available

**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEBT CAPACITY**

**Percentage of Debt Service to
Non-Capital Expenditures
Last ten fiscal years ending June 30**

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Fiscal Year</u>	<u>Debt Service Expenditures</u>	<u>Non-Capital Expenditures</u>	<u>Percentage of Debt Service to Non-Capital Expenditures</u>
2006	\$ -	\$ 311,101,794	0.00%
2007	-	280,716,492	0.00%
2008	-	360,009,011	0.00%
2009	-	324,388,914	0.00%
2010	-	368,898,224	0.00%
2011	-	405,372,539	0.00%
2012	-	388,062,941	0.00%
2013	-	370,786,207	0.00%
2014	658,939	1,418,058,610	0.05%
2015	550,011	1,221,331,140	0.05%

Source: Shelby County Schools Financial Statements

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Demographic and Economic Information



STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEMOGRAPHIC AND ECONOMIC INFORMATION
Demographic and Economic Statistics
Last ten fiscal years ending June 30

SHELBY COUNTY
BOARD OF EDUCATION

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2005	913,201	34,129,205	37,373	6.2%
2006	920,106	36,103,204	39,238	5.7%
2007	921,119	37,635,149	40,858	5.3%
2008	920,685	37,507,530	40,739	7.0%
2009	922,541	35,742,501	38,744	10.1%
2010	928,930	37,057,190	39,892	10.0%
2011	935,088	38,116,646	40,763	9.9%
2012	940,764	39,896,975	42,409	9.1%
2013	939,465	40,594,551	43,210	9.7%
2014	938,803	N/A	N/A	8.3%
2015	N/A	N/A	N/A	N/A

Notes: N/A = not available

**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEMOGRAPHIC AND ECONOMIC INFORMATION**

Principal Employers

Current Year and Nine Years Ago

Name of Employer	2015		
	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	5.13%
Shelby County Schools (a)	14,500	2	2.48%
United States Government	13,100	3	2.24%
Tennessee State Government	12,700	4	2.17%
Methodist Le Bonheur Healthcare	10,784	5	1.84%
Naval Support Activity Mid-South	7,500	6	1.28%
Baptist Memorial Health Care Corp.	6,654	7	1.14%
City of Memphis	6,476	8	1.11%
Wal-Mart Stores Inc.	5,300	9	0.91%
Shelby County Government	5,194	10	0.89%
Memphis City Schools (a)			
Harrah's Entertainment, Inc.			
Total	<u>112,208</u>		<u>19.19%</u>

Notes:

(a) In 2013, Memphis City Schools and Shelby County Schools merged, and Memphis City Schools ceased.

**SHELBY COUNTY
BOARD OF EDUCATION**

2006			
Name of Employer	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	3.74%
Shelby County Schools (a)	5,200	11	0.65%
United States Government	14,800	3	1.84%
Tennessee State Government	5,200	11	0.65%
Methodist Le Bonheur Healthcare	8,786	4	1.10%
Naval Support Activity Mid-South	6,372	8	0.79%
Baptist Memorial Health Care Corp.	6,199	9	0.77%
City of Memphis	6,667	6	0.83%
Wal-Mart Stores Inc.	7,000	5	0.87%
Shelby County Government	6,513	7	0.81%
Memphis City Schools (a)	15,240	2	1.90%
Harrah's Entertainment, Inc.	5,900	10	0.74%
Total	117,877		14.69%

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Operating Information

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Operating Statistics
Last ten fiscal years ending June 30

Fiscal Year	Weighted Full-time Equivalent Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change	Expenses
2005	53,435	\$ 297,607,760	\$ 5,570	6.50	\$ 315,903,839
2006	54,943	307,305,986	5,593	0.42	316,665,354
2007	55,745	324,035,758	5,813	3.93	331,076,828
2008	56,799	362,959,121	6,390	9.93	443,715,981
2009	56,503	385,064,553	6,815	6.65	490,129,501
2010	56,905	402,820,385	7,079	3.87	451,620,707
2011	56,162	411,720,515	7,331	3.56	469,908,036
2012	54,823	413,106,652	7,535	2.79	478,451,554
2013	54,887	393,323,820	7,166	(4.90)	454,970,867
2014	195,359	1,347,956,969	6,900	(3.71)	1,770,738,709
2015	179,080	1,139,983,329	6,366	(7.74)	1,273,645,077

Notes: N/A = not available
 Operating expenditures are total expenditures
 less debt service, capital outlays and charter schools.

Source: Nonfinancial information from District records and Letter of Notification, State of Tennessee
 Financial information from District annual statements

**SHELBY COUNTY
BOARD OF EDUCATION**

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
\$ 5,912	11.39	2,608	20.49
5,764	(2.51)	2,689	20.43
5,939	3.05	2,825	19.74
7,812	31.54	2,944	19.29
8,674	11.04	2,998	18.85
7,936	(8.51)	3,066	18.56
8,367	5.43	3,036	18.50
8,727	4.30	3,040	18.03
8,289	(5.02)	2,930	18.73
9,064	9.35	6,808	28.70
7,112	(21.53)	7,355	24.35

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**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION**

**Weighted Full-time Average Daily Attendance
Last ten fiscal years ending June 30**

**SHELBY COUNTY
BOARD OF EDUCATION**

Fiscal Year	Shelby County Schools		Memphis City / Municipal Schools	
	Weighted Full- time Equivalent Average Daily Attendance	Percent of Total	Weighted Full- time Average Daily Attendance	Percent of Total
2005	53,435	27.91%	138,043	72.09%
2006	54,943	28.49%	137,932	71.51%
2007	55,745	29.18%	135,268	70.82%
2008	56,799	30.43%	129,872	69.57%
2009	56,503	30.78%	127,073	69.22%
2010	56,905	31.34%	124,691	68.66%
2011	56,162	30.94%	125,369	69.06%
2012	54,823	30.76%	123,400	69.24%
2013	54,887	31.06%	121,806	68.94%
2014	195,359	100.00%	N/A	N/A
2015	141,916	79.25%	37,164	20.75%

Notes:

- (a) In 2013, Memphis City Schools (a special school district) and Shelby County Schools merged, and Memphis City Schools ceased. There were no municipal schools in 2014. In 2015, there were 6 municipal schools created by cities that were formerly a part of Shelby County Schools.
- (b) Local funding is based on Weighted Full-time Equivalent Average Daily Attendance.

**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION**

Staff by Type

Last ten fiscal years ending June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Full Time Staff					
Officials/Administration/Management	187	154	29	28	23
Principals	191	179	51	51	51
Assistant Principals, Non-Teachers	208	193	119	121	120
Elementary Classroom Teachers	2,732	2,542	2,063	2,145	2,141
Secondary Classroom Teachers	2,259	2,056	836	868	867
Other Classroom Teachers	2,364	2,210	31	28	28
Guidance	262	250	125	123	122
Psychological	77	72	9	9	9
Librarian/Audiovisual	185	176	55	58	59
Consultants/Supervisors	94	83	35	36	30
Other Professional	446	375	186	186	152
Teachers Aides	1,601	1,566	574	606	614
Technicians	140	120	-	-	-
Clerical/Secretarial	802	689	320	384	354
Service Workers	1,108	1,088	759	679	594
Skilled Crafts	151	141	156	158	147
Laborers Unskilled	284	268	-	-	-
Totals	<u>13,091</u>	<u>12,162</u>	<u>5,348</u>	<u>5,480</u>	<u>5,311</u>
Part-Time Staff					
Totals	270	1,772	57	56	65
New Hires					
Totals	726	1,281	488	N/A	N/A

N/A - Not available

Source: (EEO-5) Report-2014; State of TN Annual Statistical Report Prior Years

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
161	27	26	23	17
52	51	51	48	48
123	124	117	107	109
2,199	2,153	2,144	2,073	1,957
835	813	774	729	710
32	31	27	23	22
122	118	105	92	92
9	8	8	7	7
60	58	56	52	53
27	23	13	13	9
153	145	133	128	120
624	607	553	518	462
-	-	-	-	-
360	361	338	337	238
659	740	684	652	600
151	151	155	155	145
-	-	-	-	-
<u>5,567</u>	<u>5,410</u>	<u>5,184</u>	<u>4,957</u>	<u>4,589</u>
92	94	84	56	56
N/A	N/A	N/A	N/A	N/A

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
A. B. Hill ES (2002)				
Square Feet	79,293	79,293		
Classrooms	43	43		
Design Capacity	860	860		
Enrollment	229	243		
A. Maceo Walker MS (2002)				
Square Feet	136,253	136,253		
Classrooms	47	47		
Design Capacity	1116	1116		
Enrollment	631	419		
Administration Building (1962)				
Square Feet	172,942	172,942		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Airways MS (1968)				
Square Feet	139,338	139,338		
Classrooms	33	33		
Design Capacity	823	823		
Enrollment	289	260		
Alcy ES (1965)				
Square Feet	60,313	60,313		
Classrooms	30	30		
Design Capacity	600	600		
Enrollment	284	293		
Alton ES (1969)				
Square Feet	55,934	55,934		
Classrooms	30	30		
Design Capacity	600	600		
Enrollment	311	301		
Alturia ES (1976)				
Square Feet	88,321	88,321	88,321	88,321
Classrooms	55	55	55	55
Design Capacity	Municipal School	1,100	1,100	1,100
Enrollment	Municipal School	799	787	750
American Way MS (2003)				
Square Feet	140,970	140,970		
Classrooms	46	46		
Design Capacity	1093	1093		
Enrollment	683	672		
Appling MS (1995)				
Square Feet	96,000	96,000	96,000	96,000
Classrooms	50	50	50	50
Design Capacity	Municipal School	1,250	1,250	1,250
Enrollment	Municipal School	590	652	706
Arlington ES (1972)				
Square Feet	87,949	87,949	87,949	87,949
Classrooms	58	58	58	58
Design Capacity	Municipal School	1,160	1,160	1,160
Enrollment	Municipal School	936	920	935
Arlington HS (2004)				
Square Feet	327,069	327,069	327,069	327,069
Classrooms	116	116	116	116
Design Capacity	Municipal School	2,320	2,320	2,320
Enrollment	Municipal School	2,168	2,314	2,356

Sources: Enrollment - District School Choice and Student Accounting Office
Other Data - District Facilities Office

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
88,321	88,321	88,321	88,321	88,321	88,321	88,321
55	55	55	55	55	55	55
1,100	1,100	1,100	1,100	1,100	1,100	1,100
759	753	772	812	795	800	712
96,000	96,000	96,000	96,000	96,000	96,000	96,000
50	50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250	1,250
744	745	706	885	856	879	892
87,949	87,949	87,949	87,949	87,949	87,949	87,949
58	58	58	58	58	58	58
1,160	1,160	1,160	1,160	1,160	1,160	1,160
920	890	1,200	1,133	946	771	621
327,069	327,069	327,069	327,069	327,069	327,069	327,069
116	116	116	116	116	116	116
2,320	2,320	2,320	2,320	2,320	2,320	2,320
2,408	2,200	2,016	1,880	1,346	795	383

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Arlington MS (2000)				
Square Feet	91,097	91,097	91,097	91,097
Classrooms	56	56	56	56
Design Capacity	Municipal School	1,400	1,400	1,400
Enrollment	Municipal School	1,247	1,201	1,139
Avon-Lennox ES (1956)				
Square Feet	33,242	33,242		
Classrooms	23	23		
Design Capacity	Not Available	Not Available		
Enrollment	0	0		
B.T. Washington HS (1949)				
Square Feet	202,918	202,918		
Classrooms	37	37		
Design Capacity	834	964		
Enrollment	570	385		
Bailey Station ES (2005)				
Square Feet	113,691	113,691	113,691	113,691
Classrooms	64	64	64	64
Design Capacity	Municipal School	1,280	1,280	1,280
Enrollment	Municipal School	847	909	907
Barret's ES (1960)				
Square Feet	81,021	81,021	81,021	81,021
Classrooms	33	33	33	33
Design Capacity	860	740	660	660
Enrollment	651	304	302	293
Bartlett ES (1990)				
Square Feet		104,630	104,630	104,630
Classrooms		65	65	65
Design Capacity	Municipal School	1,300	1,300	1,300
Enrollment	Municipal School	872	877	841
Bartlett HS (1962)				
Square Feet	104,630	220,160	220,160	220,160
Classrooms	65	109	109	109
Design Capacity	Municipal School	2,180	2,180	2,180
Enrollment	Municipal School	2,009	1,840	1,660
Bellevue MS (1928)				
Square Feet	93,972	93,972		
Classrooms	29	29		
Design Capacity	724	724		
Enrollment	466	481		
Belle Forest Community School (2013)				
Square Feet	106,000	106,000	106,000	
Classrooms	56	56	56	
Design Capacity	1,142	1,142	1,142	
Enrollment	1,079	866	884	
Berclair ES (1952)				
Square Feet	46,139	46,139		
Classrooms	27	27		
Design Capacity	540	540		
Enrollment	580	596		
Bethel Grove ES (1932)				
Square Feet	54,324	54,324		
Classrooms	31	31		
Design Capacity	620	620		
Enrollment	261	265		

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
91,097	91,097	91,097	91,097	91,097	91,097	91,097
56	56	56	56	56	56	56
1,400	1,400	1,400	1,400	1,400	1,400	1,400
1,115	1,098	1,094	1,359	1,278	1,134	958
113,691	113,691	113,691	113,691	113,691	113,691	
64	64	64	64	64	64	
1,280	1,280	1,280	1,280	1,280	1,280	
955	901	860	871	835	653	
81,021	81,021	81,021	81,021	81,021	81,021	81,021
33	33	33	33	33	33	33
660	660	660	660	660	660	660
274	264	266	269	287	301	333
104,630	104,630	104,630	104,630	104,630	104,630	104,630
65	65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300	1,300
776	811	889	908	976	973	1,023
220,160	220,160	220,160	220,160	220,160	220,160	220,160
109	109	109	109	109	109	109
2,180	2,180	2,180	2,180	2,180	2,180	2,180
1,538	1,478	1,434	1,560	1,565	1,750	1,888

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Bolton HS (1960)				
Square Feet	293,200	293,200	293,200	293,200
Classrooms	106	106	103	103
Design Capacity	2,450	2,597	2,060	2,060
Enrollment	1860	1,943	1,942	1,940
Bond Building (1984)				
Square Feet	57,600	57,600		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Bon Lin ES (2005)				
Square Feet	110,658	110,658	110,658	110,658
Classrooms	63	63	63	63
Design Capacity	Municipal School	1,260	1,260	1,260
Enrollment	Municipal School	837	830	808
Bon Lin MS (2008)				
Square Feet	111,442	111,442	111,442	111,442
Classrooms	52	52	52	52
Design Capacity	Municipal School	1,300	1,300	1,300
Enrollment	Municipal School	614	613	654
Brookmeade ES (1960)				
Square Feet	52,991	52,991		
Classrooms	27	27		
Design Capacity	540	540		
Enrollment	294	281		
Brownsville Rd ES (1964)				
Square Feet	66,545	66,545		
Classrooms	44	44		
Design Capacity	880	880		
Enrollment	587	607		
Bruce ES (1999)				
Square Feet	68,491	68,491		
Classrooms	37	37		
Design Capacity	740	740		
Enrollment	314	337		
Caldwell ES (1956)				
Square Feet	Closed. Leased to Charter School	Closed Leased to Charter School		
Classrooms	104656	104,656		
Design Capacity	66	66		
Enrollment	Closed. Leased to Charter School	Closed Leased to Charter School		
Caldwell-Guthrie ES (2000)				
Square Feet	Caldwell ES combined with Guthrie ES in 2011.			
Classrooms	78,829	78,829		
Design Capacity	42	42		
Enrollment	840	840		
	460	287		
Carnes ES (1951)				
Square Feet	74,000	74,000		
Classrooms	38	38		
Design Capacity	760	760		
Enrollment	242	250		
Carver HS (1958)				
Square Feet	167,088	167,088		
Classrooms	43	43		
Design Capacity	1068	1120		
Enrollment	237	326		
Central HS (1911)				
Square Feet	283,230	283,230		
Classrooms	71	71		
Design Capacity	1740	1740		
Enrollment	1637	1595		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
293,200	293,200	293,200	293,200	293,200	293,200	293,200
103	103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060	2,060
1,956	1,847	1,877	1,975	2,129	2,267	2,371
110,658	110,658	110,658	110,658	110,658	110,658	
63	63	63	63	63	63	
1,260	1,260	1,260	1,260	1,260	1,260	
874	833	766	762	741	694	
111,442	111,442	111,442				
52	52	52				
1,300	1,300	1,300				
673	669	549				

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Central Office East (1965)				
Square Feet	13,642	13,642	13,642	13,642
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Central Office Grays Creek (2012)				
Square Feet	225,586	225,586	225,586	225,586
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Central Office West (1968)				
Square Feet	27,364	27,364	27,364	27,364
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Charjean ES (1950)				
Square Feet	39,352	39,352		
Classrooms	24	24		
Design Capacity	480	480		
Enrollment	386	415		
Cherokee ES (1951)				
Square Feet	61,286	61,286		
Classrooms	43	43		
Design Capacity	860	860		
Enrollment	477	431		
Chickasaw MS (1971)				
Square Feet	138,044	138,044		
Classrooms	32	32		
Design Capacity	798	798		
Enrollment	434	472		
Chimneyrock ES				
Square Feet	90,611	90,611		
Classrooms	50	50		
Design Capacity	1,000	1,000		
Enrollment	797	809		
Coleman ES (1910)				
Square Feet	118,617	118,617		
Classrooms	32	32		
Design Capacity	ASD School	653		
Enrollment	ASD School	449		
Collierville ES (1968)				
Square Feet	114,081	114,081	114,081	114,081
Classrooms	66	66	66	66
Design Capacity	Municipal School	1,320	1,320	1,320
Enrollment	Municipal School	759	754	762
Collierville HS (1975)				
Square Feet	281,172	281,172	281,172	281,172
Classrooms	107	107	107	107
Design Capacity	Municipal School	2,140	2,140	2,140
Enrollment	Municipal School	1,922	1,973	1,939
Collierville MS (2011)				
Square Feet	New building constructed in 2011	New building constructed in 2011.		
Classrooms	114,865	114,865	114,865	114,865
Design Capacity	54	54	54	54
Enrollment	Municipal School	1,350	1,350	1,350
	Municipal School	843	890	878
Colonial MS (2009)				
Square Feet	153,438	153,438		
Classrooms	52	52		
Design Capacity	1,235	1,235		
Enrollment	1078	1,043		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
13,642 N/A Not Available Administration						
27,364 N/A Not Available Administration						
114,081 66 1,320 775	114,081 66 1,320 756	114,081 66 1,320 799	114,081 66 1,320 783	114,081 66 1,320 800	114,081 66 1,320 838	114,081 66 1,320 807
281,172 107 2,140 1,884	281,172 107 2,140 1,953	281,172 107 2,140 1,989	281,172 107 2,140 2,045	281,172 107 2,140 2,246	281,172 107 2,140 2,185	281,172 107 2,140 2,165
114,865 54 1,350 901	114,865 54 1,350 915	114,865 54 1,350 891	114,865 54 1,350 925	114,865 54 1,350 927	114,865 54 1,350 951	114,865 54 1,350 960

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Cordova ES (2002)				
Square Feet	88,164	88,164		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	673	628		
Cordova HS				
Square Feet	278,000	278,000		
Classrooms	107	107		
Design Capacity	2,548	2,622		
Enrollment	2011	1,694		
Cordova MS (1993)				
Square Feet	147,873	147,873		
Classrooms	62	62		
Design Capacity	1,473	1,473		
Enrollment	763	784		
Corning ES (1968)				
Square Feet	47,149	47,149		
Classrooms	22	22		
Design Capacity	ASD School	ASD School		
Enrollment	ASD School	ASD School		
Corry MS (1959)				
Square Feet	101,247	101,247		
Classrooms	34	34		
Design Capacity	ASD School	813		
Enrollment	ASD School	268		
Craigmont HS (1973)				
Square Feet	324,517	324,517		
Classrooms	63	63		
Design Capacity	1,589	1,641		
Enrollment	1025	984		
Craigmont MS (2001)				
Square Feet	148,352	148,352		
Classrooms	48	48		
Design Capacity	1140	1140		
Enrollment	654	663		
Cromwell ES (1963)				
Square Feet	45,580	45,580		
Classrooms	39	39		
Design Capacity	780	780		
Enrollment	492	589		
Crosswind ES (1993)				
Square Feet	90,629	90,629	90,629	90,629
Classrooms	52	52	52	52
Design Capacity	Municipal School	1,040	1,040	1,040
Enrollment	Municipal School	722	711	733
Crump ES (1978)				
Square Feet	60,483	60,483		
Classrooms	49	49		
Design Capacity	980	980		
Enrollment	756	818		
Cummings ES (1961)				
Square Feet	120,729	120,729		
Classrooms	38	38		
Design Capacity	760	760		
Enrollment	540	556		
Cypress MS (1966)				
Square Feet	216,171	216,171		
Classrooms	56	56		
Design Capacity	1,338	1,338		
Enrollment	232	232		
Delano ES (1957)				
Square Feet	34,000	34,000		
Classrooms	16	16		
Design Capacity	320	320		
Enrollment	242	215		

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2011 2010 2009 2008 2007 2006 2005

90,629	90,629	90,629	90,629	90,629	90,629	90,629
52	52	52	52	52	52	52
1,040	1,040	1,040	1,040	1,040	1,040	1,040
770	770	764	760	741	746	1,032

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Denver ES (1957)				
Square Feet	47,093	47,093		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	561	567		
Dexter ES (2002)				
Square Feet	119,082	119,082	119,082	119,082
Classrooms	62	65	65	65
Design Capacity	1,240	1,240	1,300	1,300
Enrollment	659	574	568	552
Dexter MS (2002)				
Square Feet	112,072	112,072	112,072	112,072
Classrooms	50	50	53	53
Design Capacity	1,248	1,248	1,325	1,325
Enrollment	516	386	411	452
Dogwood ES (1976)				
Square Feet	88,000	88,000	88,000	88,000
Classrooms	50	50	50	50
Design Capacity	Municipal School	1,000	1,000	1,000
Enrollment	Municipal School	623	597	586
Donelson ES (2009)				
Square Feet	113,202	113,202	113,202	113,202
Classrooms	65	65	65	65
Design Capacity	Municipal School	1,300	1,300	1,300
Enrollment	Municipal School	601	613	592
Double Tree ES (1977)				
Square Feet	51,144	51,144		
Classrooms	Open Classroom	Open Classroom		
Design Capacity	560	640		
Enrollment	340	413		
Douglass ES (1965)				
Square Feet	93,447	93,447		
Classrooms	42	44		
Design Capacity	840	929		
Enrollment	458	353		
Douglass HS (2008)				
Square Feet	146,568	146,568		
Classrooms	35	35		
Design Capacity	912	912		
Enrollment	515	560		
Downtown ES (2003)				
Square Feet	84,070	84,070		
Classrooms	45	45		
Design Capacity	900	900		
Enrollment	528	567		
Driver Ed Building (2006)				
Square Feet	3,200	3,200		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Dunbar ES (1956)				
Square Feet	55,155	55,155		
Classrooms	30	30		
Design Capacity	600	600		
Enrollment	286	329		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
119,082	119,082	119,082	119,082	119,082	119,082	119,082
65	65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300	1,300
594	936	960	962	975	879	846
112,072	112,072	112,072	112,072	112,072	112,072	112,072
53	53	53	53	53	53	53
1,325	1,325	1,325	1,325	1,325	1,325	1,325
618	668	698	681	645	623	598
88,000	88,000	88,000	88,000	88,000	88,000	88,000
50	50	50	50	50	50	50
1,000	1,000	1,000	1,000	1,000	1,000	1,000
620	634	654	709	710	740	729
113,202	113,202					
65	65					
1,300	1,300					
591	533					

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Dunn ES (1952)	Facility Sold			
Square Feet	Facility Sold	41,233		
Classrooms	Facility Sold	22		
Design Capacity	Facility Sold	Not Available		
Enrollment	Facility Sold	Vacant		
East HS (1948)				
Square Feet	189,493	189,493		
Classrooms	61	61		
Design Capacity	1,589	1,589		
Enrollment	581	763		
East Career & Technology				
Square Feet	53,200	53,200		
Classrooms	22	22		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Egypt ES (1964)				
Square Feet	57,636	57,636		
Classrooms	41	41		
Design Capacity	820	820		
Enrollment	610	623		
Ellendale ES (1976)				
Square Feet	84,693	84,693	84,693	84,693
Classrooms	53	53	53	53
Design Capacity	Municipal School	1,060	1,060	1,060
Enrollment	Municipal School	554	539	555
Elmore Park MS (1957)				
Square Feet	109,746	109,746	69,943	69,943
Classrooms	52	52	52	52
Design Capacity	Municipal School	1,300	1,300	1,300
Enrollment	Municipal School	714	645	639
Evans ES (1966)				
Square Feet	67,246	67,246		
Classrooms	36	36		
Design Capacity	720	720		
Enrollment	426	591		
Fairley ES (1960)				
Square Feet	69,501	69,501		
Classrooms	39	39		
Design Capacity	780	780		
Enrollment	509	349		
Fairley HS (1968)	ASD School			
Square Feet	189,299	189,299		
Classrooms	52	52		
Design Capacity	ASD School	1,253		
Enrollment	ASD School	684		
Fairview MS (1930)				
Square Feet		95,345		
Classrooms		35		
Design Capacity		837		
Enrollment		280		
Farmington ES (1973)				
Square Feet	73,908	73,908	73,908	73,908
Classrooms	48	48	48	48
Design Capacity	Municipal School	960	960	960
Enrollment	Municipal School	753	752	740
Florida ES (1924)				
Square Feet	Facility Demolished	Facility Demolished		
Classrooms	Facility Demolished	Facility Demolished		
Design Capacity	Facility Demolished	Facility Demolished		
Enrollment	Facility Demolished	Facility Demolished		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
84,693	84,693	84,693	84,693	84,693	84,693	84,693
53	53	53	53	53	53	53
1,060	1,060	1,060	1,060	1,060	1,060	1,060
558	567	564	580	634	642	765
69,943	69,943	69,943	69,943	69,943	69,943	69,943
52	52	52	52	52	52	52
1,300	1,300	1,300	1,300	1,300	1,300	1,300
657	663	661	640	689	722	750
73,908	73,908	73,908	73,908	73,908	73,908	73,908
48	48	48	48	48	48	48
960	960	960	960	960	960	960
736	708	672	676	694	678	885

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Florida-Kansas ES (1999)				
Square Feet	80,610	80,610		
Classrooms	47	47		
Design Capacity	940	940		
Enrollment	245	303		
Ford Road ES (1952)				
Square Feet	78,213	78,213		
Classrooms	45	45		
Design Capacity	900	900		
Enrollment	581	476		
Fox Meadows ES (1965)				
Square Feet	93,872	93,872		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	662	650		
Frayser ES (1954)	ASD School	ASD School		
Square Feet	42,797	42,797		
Classrooms	26	26		
Design Capacity	ASD School	ASD School		
Enrollment	ASD School	ASD School		
Frayser HS (1938)	ASD School			
Square Feet	189,648	189,648		
Classrooms	59	59		
Design Capacity	ASD School	1,421		
Enrollment	ASD School	548		
Gardenview ES (1967)				
Square Feet	55,570	55,570		
Classrooms	35	35		
Design Capacity	700	714		
Enrollment	333	306		
Geeter MS (1961)				
Square Feet	105,957	105,957		
Classrooms	36	36		
Design Capacity	898	898		
Enrollment	421	376		
Georgia Avenue ES (1960)	Closed 2011-2012			
Square Feet	143,577	143,577		
Classrooms	72	72		
Design Capacity	Not Available	Not Available		
Enrollment	Portion Leased to Charter School	Closed School		
Georgian Hills ES (1951)	ASD School	ASD School		
Square Feet	44,786	44,786		
Classrooms	24	24		
Design Capacity	ASD School	ASD School		
Enrollment	ASD School	ASD School		
Georgian Hills MS (1959)				
Square Feet	87,069	87,069		
Classrooms	26	26		
Design Capacity	649	649		
Enrollment	296	323		
Germanshire ES (2001)				
Square Feet	89,228	89,228		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	741	694		
Germantown ES (1975)				
Square Feet	84,584	84,584	84,584	84,584
Classrooms	42	42	42	42
Design Capacity	900	920	840	840
Enrollment	621	755	759	749
Germantown HS (1964)				
Square Feet	231,717	231,717	231,717	231,717
Classrooms	104	104	101	101
Design Capacity	2,548	2,548	2,020	2,020
Enrollment	1979	2,009	2,029	2,046

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
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84,584	84,584	84,584	84,584	84,584	84,584	84,584
42	42	42	42	42	42	42
840	840	840	840	840	840	840
791	709	740	755	729	634	652
231,717	231,717	231,717	231,717	231,717	231,717	231,717
101	101	101	101	101	101	101
2,020	2,020	2,020	2,020	2,020	2,020	2,020
2,000	1,731	1,687	1,664	1,911	2,061	2,148

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Germantown MS (1979)				
Square Feet	81,834	81,834	81,834	81,834
Classrooms	41	41	44	44
Design Capacity	974	974	1,100	1,100
Enrollment	615	654	672	708
Getwell ES (2001)				
Square Feet	87,025	87,025		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	374	379		
Goodlett ES (1964)				
Square Feet	51,813	51,813		
Classrooms	25	25		
Design Capacity	500	500		
Enrollment	460	423		
Gordon ES (1992)				
Square Feet	86,387	86,387		
Classrooms	45	45		
Design Capacity	Functions as Alternative School	918		
Enrollment	Functions as Alternative School	255		
Graceland ES (1958)				
Square Feet	Demolished	Demolished		
Classrooms	Demolished	Demolished		
Design Capacity	Demolished	Demolished		
Enrollment	Demolished	Demolished		
Gragg/North Area Office				
Square Feet	85,642	85,642		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Grahamwood ES (1953)				
Square Feet	87,612	87,612		
Classrooms	55	55		
Design Capacity	1,100	1,100		
Enrollment	1007	984		
Grandview Hts. ES (1953)				
Square Feet	87,612	85,810		
Classrooms	55	39		
Design Capacity	1,100	879		
Enrollment	688	533		
Graves ES (1953)				
Square Feet	Closed 2013-2014			
Classrooms	52,321	52,321		
Design Capacity	29	29		
Enrollment	Closed 2013-2014	592		
	Closed 2013-2014	237		
E. A. Harrold ES (1961)				
Square Feet	50,200	50,200	50,200	50,200
Classrooms	22	22	22	22
Design Capacity	Municipal School	440	440	440
Enrollment	Municipal School	360	399	391
Hamilton ES (1964)				
Square Feet	81,740	81,740		
Classrooms	43	43		
Design Capacity	720	860		
Enrollment	543	525		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
81,834	81,834	81,834	81,834	81,834	81,834	81,834
44	44	44	44	44	44	44
1,100	1,100	1,100	1,100	1,100	1,100	1,100
697	621	776	779	773	598	571

50,200	50,200	50,200	50,200	50,200	50,200	50,200
22	22	22	22	22	22	22
440	440	440	440	440	440	440
392	419	432	399	426	416	381

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
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Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Hamilton HS (1972)				
Square Feet	136,797	336,151		
Classrooms	64	74		
Design Capacity	1,597	1,928		
Enrollment	711	808		
Hamilton MS (1942)				
Square Feet	136,797	136,797		
Classrooms	64	64		
Design Capacity	1,597	413		
Enrollment	409	252		
Hanley ES (1960)				
Square Feet	ASD School 104,224	ASD School 104,224		
Classrooms	57	57		
Design Capacity	ASD School	ASD School		
Enrollment	ASD School	ASD School		
Havenview MS (1960)				
Square Feet	104,745	104,745		
Classrooms	44	44		
Design Capacity	1,045	1,045		
Enrollment	717	792		
Hawkins Mill ES (1965)				
Square Feet	67,350	67,350		
Classrooms	36	36		
Design Capacity	720	720		
Enrollment	315	326		
Hickory Ridge ES (2001)				
Square Feet	83,060	83,060		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	853	799		
Hickory Ridge MS (2001)				
Square Feet	139,685	139,685		
Classrooms	47	47		
Design Capacity	1,116	1,116		
Enrollment	883	814		
Highland Oaks ES (1993)				
Square Feet	107,971	107,971	107,971	107,971
Classrooms	66	66	66	66
Design Capacity	1,260	1,260	1,320	1,320
Enrollment	963	941	984	960
Highland Oaks MS (2009)				
Square Feet	118,130	118,130	118,130	118,130
Classrooms	55	55	57	57
Design Capacity	1,306	1,306	1,425	1,425
Enrollment	769	835	895	947
Hillcrest HS (1962)				
Square Feet	169,973	169,973		
Classrooms	59	59		
Design Capacity	1,485	1,537		
Enrollment	506	561		
Hollywood ES (1933)				
Square Feet	Closed. Leased to Charter School 67,804	67,804		
Classrooms	34	34		
Design Capacity	Closed. Leased to Charter School	Not Available		
Enrollment	Closed. Leased to Charter School	Charter School		
Holmes Road ES (2001)				
Square Feet	84,633	84,633		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	512	521		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
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107,971	107,971	107,971	107,971	107,971	107,971	107,971
66	66	66	66	66	66	66
1,320	1,320	1,320	1,320	1,320	1,320	1,320
1,046	1,034	855	875	860	1,307	1,184

118,130	118,130
57	57
1,425	1,425
952	953

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Houston HS (1989)				
Square Feet	263,689	263,689	263,689	263,689
Classrooms	111	111	111	111
Design Capacity	Municipal School	2,220	2,220	2,220
Enrollment	Municipal School	1,865	1,787	1,678
Houston MS (1992)				
Square Feet	92,750	92,750	92,750	92,750
Classrooms	50	50	50	50
Design Capacity	Municipal School	1,250	1,250	1,250
Enrollment	Municipal School	848	859	890
Humes MS (1925)				
Square Feet	ASD School	ASD School		
Classrooms	131,301	131,301		
Design Capacity	61	61		
Enrollment	ASD School	ASD School		
Enrollment	ASD School	ASD School		
Ida B. Wells (1963)				
Square Feet	Alternative School	71,059		
Classrooms	Alternative School	17		
Design Capacity	Alternative School	Not Available		
Enrollment	Alternative School	Not Available		
Idlewild ES (1903)				
Square Feet	65,025	65,025		
Classrooms	33	33		
Design Capacity	660	660		
Enrollment	471	456		
E. E. Jeter ES (1949)				
Square Feet	70,058	70,058	70,058	70,058
Classrooms	27	27	28	28
Design Capacity	540	540	560	560
Enrollment	330	186	180	175
Jackson ES (1957)				
Square Feet	44,568	44,568		
Classrooms	24	24		
Design Capacity	480	480		
Enrollment	380	348		
John P. Freeman MS (1973)				
Square Feet	98,000	98,000		
Classrooms	38	38		
Design Capacity	760	760		
Enrollment	537	592		
Kansas Career & Technology (1976)				
Square Feet	49,000	49,000		
Classrooms	18	18		
Design Capacity	Not Available	Not Available		
Enrollment		Not Available		
Kate Bond ES (1993)				
Square Feet	107,748	107,748		
Classrooms	58	58		
Design Capacity	11,160	1160		
Enrollment	1061	1,091		
Kate Bond MS (2011)				
Square Feet	165,749	165,749		
Classrooms	64	64		
Design Capacity	1,520	1,520		
Enrollment	1194	1,213		
Keystone ES (1991)				
Square Feet	84,641	84,641		
Classrooms	39	39		
Design Capacity	780	780		
Enrollment	399	362		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
263,689	263,689	263,689	263,689	263,689	263,689	263,689
111	111	111	111	111	111	111
2,220	2,220	2,220	2,220	2,220	2,220	2,220
1,681	1,761	1,953	2,146	2,428	2,340	2,161
92,750	92,750	92,750	92,750	92,750	92,750	92,750
50	50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250	1,250
858	848	803	789	858	927	934
70,058	70,058	70,058	70,058	70,058	70,058	70,058
28	28	28	28	28	28	28
560	560	560	560	560	560	560
188	212	213	226	238	230	223

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
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School/Building	2015	2014	2013	2012
King Cultural Center (1953)				
Square Feet	102,207	102,207		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment		Not Available		
Kingsbury ES (1959)				
Square Feet	65,250	65,250		
Classrooms	36	36		
Design Capacity	720	720		
Enrollment	555	552		
Kingsbury MS				
Square Feet	See Kingsbury HS	See Kingsbury HS		
Classrooms	29	29		
Design Capacity	736	689		
Enrollment	646	623		
Kingsbury HS (1950)				
Square Feet	219,201	219,201		
Classrooms	63	63		
Design Capacity	1,593	1,641		
Enrollment	1132	1,129		
Kingsbury Career Technology Center (1976)		Students counted in HS.		
Square Feet	51,000	51,000		
Classrooms	21	21		
Design Capacity	Not Available	Not Available		
Enrollment		Not Available		
Kirby HS (1980)				
Square Feet	206,224	206,224		
Classrooms	70	70		
Design Capacity	1,693	1,824		
Enrollment	1114	1,284		
Kirby MS (1987)				
Square Feet	85,050	85,050		
Classrooms	51	51		
Design Capacity	1,272	1,272		
Enrollment	584	604		
Klondike ES (1939)	ASD School			
Square Feet	90,835	90,835		
Classrooms	46	46		
Design Capacity	ASD School	938		
Enrollment	ASD School	94		
Knight Road ES (1959)				
Square Feet	53,093	53,093		
Classrooms	35	35		
Design Capacity	700	700		
Enrollment	476	469		
Lakeland ES (2001)				
Square Feet	115,780	115,780	115,780	115,780
Classrooms	65	65	65	65
Design Capacity	Municipal School	1,300	1,300	1,300
Enrollment	Municipal School	836	805	832
Lakeview ES (1959)	Closed. Leased to Charter School			
Square Feet	38,793	38,793		
Classrooms	21	21		
Design Capacity	Closed. Leased to Charter School	420		
Enrollment	Closed. Leased to Charter School	Charter School		
Lanier MS (1970)	Facility Sold			
Square Feet	Facility Sold	135,959		
Classrooms	Facility Sold	29		
Design Capacity	Facility Sold	693		
Enrollment	Facility Sold	389		

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SHELBY COUNTY
BOARD OF EDUCATION

2011 2010 2009 2008 2007 2006 2005

115,780	115,780	115,780	115,780	115,780	115,780	115,780
65	65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300	1,300
845	864	1,051	1,005	994	926	1,002

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
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School/Building	2015	2014	2013	2012
Larose ES (1963)				
Square Feet	94,426	94,426		
Classrooms	34	34		
Design Capacity	680	680		
Enrollment	387	392		
Lester ES (1955)				
Square Feet	107,896	107,896		
Classrooms	45	45		
Design Capacity	1130	1130		
Enrollment	156	257		
Levi ES (1992)				
Square Feet	71,179	71,179		
Classrooms	31	31		
Design Capacity	620	620		
Enrollment	434	340		
Lincoln ES (1923)	Closed 2014-2015			
Square Feet	80,080	80,080		
Classrooms	39	39		
Design Capacity	620	620		
Enrollment	269	255		
Lincoln MS (1922)				
Square Feet	Demolished	Demolished		
Classrooms	Demolished	Demolished		
Design Capacity	Demolished	Demolished		
Enrollment	Demolished	Demolished		
Locke Elementary (1953)				
Square Feet	Demolished	Demolished		
Classrooms	Demolished	Demolished		
Design Capacity	Demolished	Demolished		
Enrollment	Demolished	Demolished		
Longview MS (1954)	Closed 2006-2007			
Square Feet	76,211	76,211		
Classrooms	33	33		
Design Capacity	Closed 2006-2007	Not Available		
Enrollment	Closed 2006-2007	Closed		
Lowrance ES (1995)				
Square Feet	112,374	112,374	112,374	112,374
Classrooms	62	62	65	65
Design Capacity	1,240	1,240	1,300	1,300
Enrollment	833	912	897	896
Lucie E. Campbell ES (2003)				
Square Feet	84,740	84,740		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	305	352		
Lucy ES (1921)				
Square Feet	102,446	102,446	102,446	102,446
Classrooms	49	49	48	48
Design Capacity	980	980	960	960
Enrollment	504	686	687	630
Macon ES (1955)	Altertnative School			
Square Feet	33,051	33,051		
Classrooms	17	17		
Design Capacity	Altertnative School	Not Available		
Enrollment	Altertnative School	Closed		
Macon Hall ES (1997)				
Square Feet	110,481	10,481	93,481	93,481
Classrooms	63	63	66	66
Design Capacity	1,260	1,260	1,320	1,320
Enrollment	1136	1,208	1,151	1,148

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
112,374	112,374					
65	65					
1,300	1,300					
896	895					
102,446	102,446	102,446	102,446	102,446	102,446	102,446
48	48	48	48	48	48	48
960	960	960	960	960	960	960
558	554	570	580	586	631	507
93,481	93,481	93,481	93,481	93,481	93,481	93,481
66	66	66	66	66	66	66
1,320	1,320	1,320	1,320	1,320	1,320	1,320
1,188	1,110	1,065	1,051	1,018	1,146	1,047

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
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School/Building	2015	2014	2013	2012
Magnolia ES (1950)				
Square Feet	76,804	76,804		
Classrooms	43	43		
Design Capacity	860	860		
Enrollment	267	298		
Maintenance (1945)				
Square Feet	389,988	389,988		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Mallory Warehouse (1945)				
Square Feet	See Maintenance	See Maintenance		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Manassas HS-Old (1936)				
Square Feet	Not Available	Not Available		
Classrooms	Not Available	Not Available		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Manassas HS-New (2008)				
Square Feet	151,754	151,754		
Classrooms	38	38		
Design Capacity	990	1042		
Enrollment	439	492		
Manor Lake ES (1971)				
Square Feet	65,640	65,640		
Classrooms	35	35		
Design Capacity	700	700		
Enrollment	308	354		
Maxine Smith STEAM Academy				
Square Feet				
Classrooms				
Design Capacity				
Enrollment	138			
Melrose HS (1970)				
Square Feet	280,000	280,000		
Classrooms	59	53		
Design Capacity	1,407	1,537		
Enrollment	738	859		
Messick Career & Technology (1930)				
Square Feet	104,118	104,118		
Classrooms	44	44		
Design Capacity	Not Available	Not Available		
Enrollment	Adult	Not Available		
Millington ES (1997)				
Square Feet	115,104	115,104	115,104	115,104
Classrooms	63	63	63	63
Design Capacity	Municipal School	1,260	1,260	1,260
Enrollment	Municipal School	565	581	598
Millington HS (1971)				
Square Feet	309,026	309,026	309,026	309,026
Classrooms	103	103	103	103
Design Capacity	Municipal School	2,060	2,060	2,060
Enrollment	Municipal School	1,270	1,347	1,324
Millington MS (1971)				
Square Feet	80,784	80,784	80,784	80,784
Classrooms	30	30	30	30
Design Capacity	Municipal School	750	750	750
Enrollment	Municipal School	486	480	469
Mitchell HS (1957,2002)				
Square Feet	117,630	117,630		
Classrooms	45	45		
Design Capacity	1,172	1,172		
Enrollment	540	524		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
115,104	115,104	115,104	115,104	115,104	115,104	115,104
63	63	63	63	63	63	63
1,260	1,260	1,260	1,260	1,260	1,260	1,260
577	625	617	638	679	782	769
309,026	309,026	309,026	309,026	309,026	309,026	309,026
103	103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060	2,060
1,386	1,456	1,522	1,625	1,580	1,688	1,560
80,784	80,784	80,784	80,784	80,784	80,784	80,784
30	30	30	30	30	30	30
750	750	750	750	750	750	750
440	510	505	556	566	635	607

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Mt. Pisgah MS (2007)		New building constructed in 2007.		
Square Feet	125,900	125,900	125,900	125,900
Classrooms	59	59	65	65
Design Capacity	1,472	1,472	1,625	1,625
Enrollment	509	533	541	600
Newberry ES (1970)				
Square Feet	45,170	45,170		
Classrooms	24	24		
Design Capacity	480	480		
Enrollment	414	416		
Norris ES (1960)	Closed. Leased to Charter			
Square Feet	52,000	52,000		
Classrooms	25	25		
Design Capacity	Closed. Leased to Charter	Closed		
Enrollment	Closed. Leased to Charter	Closed		
North Area Office (1958)				
Square Feet	85,642	85,642		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Northhaven ES (1978)				
Square Feet	84,468	84,468	84,468	84,468
Classrooms	43	44	44	44
Design Capacity	860	860	880	880
Enrollment	472	371	368	326
North Side HS (1967)				
Square Feet	293,868	293,868		
Classrooms	77	77		
Design Capacity	1,980	2,006		
Enrollment	284	289		
Nutrition Services (2003)				
Square Feet	300,000	300,000		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Oak ES (1986)				
Square Feet	106,420	106,420		
Classrooms	69	69		
Design Capacity	Municipal School	1,380		
Enrollment	Municipal School	585		
Oak Forest ES (1993)				
Square Feet	87,550	87,550		
Classrooms	43	43		
Design Capacity	860	860		
Enrollment	482	499		
Oakhaven ES (1956)				
Square Feet	74,500	74,500		
Classrooms	41	41		
Design Capacity	820	820		
Enrollment	592	489		
Oakhaven HS (1956)				
Square Feet	152,940	152,940		
Classrooms	28	28		
Design Capacity	703	729		
Enrollment	416	436		

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**SHELBY COUNTY
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2011	2010	2009	2008	2007	2006	2005
125,900	125,900	125,900	125,900	125,900	125,900	125,900
65	65	65	65	65	65	65
1,625	1,625	1,625	1,625	1,625	1,625	1,625
1,146	1,288	1,232	1,242	1,262	1,250	1,125

84,468	84,468	84,468	84,468	84,468	84,468	84,468
44	44	44	44	44	44	44
880	880	880	880	880	880	880
409	424	450	455	495	550	586

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
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School/Building	2015	2014	2013	2012
Oakhaven MS				
Square Feet	See Oakhaven HS	See Oakhaven HS		
Classrooms	18	18		
Design Capacity	449	449		
Enrollment	305	263		
Oakshire ES (1966)				
Square Feet	51,892	51,892		
Classrooms	31	31		
Design Capacity	620	620		
Enrollment	486	447		
Oakville Mental Health Ctr (1922)				
Square Feet	Demolished	Demolished		
Classrooms	Demolished	Demolished		
Design Capacity	Demolished	Demolished		
Enrollment	Demolished	Demolished		
Orleans ES (1966)				
Square Feet	63,888	63,888		
Classrooms	29	29		
Design Capacity	Closed 2011-2012	Closed		
Enrollment	Closed 2011-2012	Closed		
Overton HS (1959)				
Square Feet	177,940	177,940		
Classrooms	65	65		
Design Capacity	1,544	1,593		
Enrollment	1254	1,292		
Peabody ES (1909)				
Square Feet	53,997	53,997		
Classrooms	24	24		
Design Capacity	480	480		
Enrollment	388	389		
Pyramid Academy (1928)				
Square Feet	165,486	165,486		
Classrooms	N/A	N/A		
Design Capacity	Functions as an Alternative Schoo	Not Available		
Enrollment	Functions as an Alternative Schoo	Closed		
Raineshaven ES (1959)				
Square Feet	66,892	66,892		
Classrooms	35	35		
Design Capacity	700	700		
Enrollment	404	258		
Raleigh-Bartlett ES (1971)				
Square Feet	51,891	51,891		
Classrooms	Open Classroom	Open Classroom		
Design Capacity	600	600		
Enrollment	427	449		
Raleigh-Egypt HS (1969)				
Square Feet	145,850	145,850		
Classrooms	62	62		
Design Capacity	1,511	1,615		
Enrollment	701	742		
Raleigh-Egypt MS (1979)				
Square Feet	133,750	133,750		
Classrooms	40	40		
Design Capacity	998	998		
Enrollment	578	580		
Residential Training Center (1965)				
Square Feet		40,270		
Classrooms		Open Classroom		
Design Capacity		Not Available		
Enrollment		N/A		

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2011

2010

2009

2008

2007

2006

2005

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
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School/Building	2015	2014	2013	2012
Richland ES (1957)				
Square Feet	59,833	59,833		
Classrooms	36	36		
Design Capacity	720	720		
Enrollment	798	783		
Ridgeway/Balmoral ES (1970)				
Square Feet	38,940	38,940		
Classrooms	20	20		
Design Capacity	400	400		
Enrollment	329	319		
Ridgeway ES (1969)	Merged with Balmoral	Merged with Balmoral		
Square Feet	Merged with Balmoral	Merged with Balmoral		
Classrooms	Merged with Balmoral	Merged with Balmoral		
Design Capacity	Merged with Balmoral	Merged with Balmoral		
Enrollment	Merged with Balmoral	Merged with Balmoral		
Ridgeway HS (1970)				
Square Feet	247,000	247,000		
Classrooms	60	60		
Design Capacity	1,511	1,563		
Enrollment	1191	1,072		
Ridgeway MS (2001)				
Square Feet	143,000	143,000		
Classrooms	47	47		
Design Capacity	1,116	1,116		
Enrollment	673	700		
River City High				
Square Feet	Charter School Closed 2010-2011	Closed		
Classrooms	Charter School Closed 2010-2011	Closed		
Design Capacity	Charter School Closed 2010-2011	Closed		
Enrollment	Charter School Closed 2010-2011	Closed		
Rivercrest ES (1998)				
Square Feet	109,536	109,536	109,536	109,536
Classrooms	64	64	64	64
Design Capacity	Municipal School	1,280	1,280	1,280
Enrollment	Municipal School	615	654	695
Riverdale ES (1968)				
Square Feet	88,199	88,199	88,199	88,199
Classrooms	45	45	45	45
Design Capacity	Municipal School	900	900	900
Enrollment	Municipal School	1,178	1,185	1,174
Riverview ES (1952)	Closed. Leased by Charter School			
Square Feet	69,422	69,422		
Classrooms	41	45		
Design Capacity	Closed. Leased by Charter School	900		
Enrollment	Closed. Leased by Charter School	291		
Riverview MS (1967)				
Square Feet	150,850	150,850		
Classrooms	35	35		
Design Capacity	780	780		
Enrollment	348	159		
Riverwood ES (2010)				
Square Feet	107,565	107,565		
Classrooms	56	56		
Design Capacity	1,120	1,120		
Enrollment	1072	1,022		
Robert R. Church ES (2001)				
Square Feet	81,500	81,500		
Classrooms	45	45		
Design Capacity	900	900		
Enrollment	711	688		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
109,536	109,536	109,536	109,536	109,536	109,536	109,536
64	64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280	1,280
912	978	1,025	1,035	965	941	1,102
88,199	88,199	88,199	88,199	88,199	88,199	88,199
45	45	45	45	45	45	45
900	900	900	900	900	900	900
1,147	1,085	1,076	1,034	1,039	1,009	1,009

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School/Building	2015	2014	2013	2012
Ross ES (1976)				
Square Feet	126,662	126,662		
Classrooms	71	71		
Design Capacity	1,420	1,420		
Enrollment	932	961		
Rozelle ES (1914)				
Square Feet	58,750	58,750		
Classrooms	27	27		
Design Capacity	540	540		
Enrollment	280	263		
Sea Isle ES (1955)				
Square Feet	79,703	79,703		
Classrooms	42	42		
Design Capacity	840	840		
Enrollment	441	444		
Scenic Hills ES (1957)				
Square Feet	48,338	48,338		
Classrooms	27	27		
Design Capacity	540	540		
Enrollment	312	382		
Schilling Farms MS (1999)				
Square Feet	97,250	97,250	97,250	97,250
Classrooms	48	48	48	48
Design Capacity	Municipal School	1,200	1,200	1,200
Enrollment	Municipal School	990	1,004	1,044
Shadowlawn MS (1967)				
Square Feet	119,881	119,881	108,936	108,936
Classrooms	57	57	57	57
Design Capacity	Municipal School	1,425	1,425	1,425
Enrollment	Municipal School	Not Available	855	904
Shady Grove ES (1963)				
Square Feet	48,401	48,401		
Classrooms	25	25		
Design Capacity	500	500		
Enrollment	444	448		
Shannon ES (1959)				
Square Feet	ASD School	54,522	54,522	
Classrooms	34	34		
Design Capacity	ASD School	694		
Enrollment	ASD School	179		
Sharpe ES (1955)				
Square Feet	47,130	47,130		
Classrooms	26	26		
Design Capacity	520	520		
Enrollment	469	496		
Sheffield ES (1970)				
Square Feet	46,320	46,320		
Classrooms	31	31		
Design Capacity	620	620		
Enrollment	565	555		
Sheffield HS (1966)				
Square Feet	193,236	193,236		
Classrooms	55	55		
Design Capacity	1,329	1,407		
Enrollment	781	828		
Sheffield Career & Technology (1976)				
Square Feet	47,000	47,000		
Classrooms	21	21		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		

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**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
97,250	97,250	97,250	97,250	97,250	97,250	97,250
48	48	48	48	48	48	48
1,200	1,200	1,200	1,200	1,200	1,200	1,200
1,077	1,034	991	950	972	938	934
108,936	108,936	108,936	108,936	108,936	108,936	108,936
57	57	57	57	57	57	57
1,425	1,425	1,425	1,425	1,425	1,425	1,425
909	880	861	970	962	1,073	1,118

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School/Building	2015	2014	2013	2012
Shelby Oaks ES (1996)				
Square Feet	74,069	74,069		
Classrooms	44	44		
Design Capacity	880	880		
Enrollment	867	826		
Sherwood ES (1950)				
Square Feet	94,516	94,516		
Classrooms	42	42		
Design Capacity	840	840		
Enrollment	663	678		
Sherwood MS (1957)				
Square Feet	141,952	141,952		
Classrooms	52	52		
Design Capacity	1,330	1,235		
Enrollment	675	509		
Shrine School (1976)				
Square Feet	74,512	74,512		
Classrooms	Open Classroom	Open Classroom		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Snowden ES (1909)				
Square Feet	199,849	199,849		
Classrooms	65	65		
Design Capacity	1,300	1,300		
Enrollment	1503	1,480		
South Area Office (1959)				
Square Feet	Closed 2005-2006	38,663		
Classrooms	N/A	N/A		
Design Capacity	Closed 2005-2006	Not Available		
Enrollment	Closed 2005-2006	Administration		
South Park ES (2000)				
Square Feet	77,075	77,075		
Classrooms	40	40		
Design Capacity	800	800		
Enrollment	562	532		
South Side MS (1962)				
Square Feet	ASD School	254,967		
Classrooms	254,967	254,967		
Design Capacity	71	71		
Enrollment	1,771	1,771		
	263	276		
Southwest Career & Technology(1976)				
Square Feet	64,201	64,201		
Classrooms	23	23		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Southwind ES (1990)				
Square Feet	108,303	108,303	108,303	108,303
Classrooms	65	65	68	68
Design Capacity	1300	1,300	1,360	1,360
Enrollment	819	873	861	842
Southwind MS	School name changed to Lowr:	School name changed to Lowrance ES in 2010.		
Square Feet				
Classrooms				
Design Capacity				
Enrollment				

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BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
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108,303	108,303	108,303	108,303	108,303	108,303	108,303
68	68	68	68	68	68	68
1,360	1,360	1,360	1,360	1,360	1,360	1,360
842	819	1,127	1,126	1,055	1,161	1,136
		112,374	112,374	112,374	112,374	112,374
		65	65	65	65	65
		1,300	1,300	1,300	1,300	1,300
		1,082	1,197	1,139	1,239	1,102

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School/Building	2015	2014	2013	2012
Southwind HS (2007)				
Square Feet	326,926	326,926	326,926	326,926
Classrooms	104	104	116	116
Design Capacity	2,475	2,548	2,320	2,320
Enrollment	1660	1,777	1,698	1,690
Spring Hill ES (1956)	D School K-2. SCS has Grades 3-5			
Square Feet	65,698	65,698		
Classrooms	35	35		
Design Capacity	700	700		
Enrollment	261	370		
Springdale ES (1940)				
Square Feet	58,986	58,986		
Classrooms	24	24		
Design Capacity	480	480		
Enrollment	277	284		
Sycamore ES (2000)				
Square Feet	127,627	127,627	127,627	127,627
Classrooms	64	64	64	64
Design Capacity	Municipal School	1,280	1,280	1,280
Enrollment	Municipal School	796	823	794
Stafford ES (1965)				
Square Feet	56,216	56,216		
Classrooms	30	30		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Tara Oaks ES (1995)				
Square Feet		109,405	109,405	109,405
Classrooms		69	69	69
Design Capacity		1,380	1,380	1,380
Enrollment		659	682	729
Teaching & Learning Academy (1958)				
Square Feet	57,803	57,803		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Treadwell ES (1985)				
Square Feet	55,512	55,512		
Classrooms	45	45		
Design Capacity	900	900		
Enrollment	689	677		
Treadwell MS (HS Prior to 2010) (1948)				
Square Feet	145,870	145,870		
Classrooms	40	40		
Design Capacity	998	998		
Enrollment	407	372		
Trezevant HS (1960)				
Square Feet	296,765	296,765		
Classrooms	67	67		
Design Capacity	1,667	1,745		
Enrollment	559	615		
Trezevant Career & Technology (1976)				
Square Feet	62,546	62,546		
Classrooms	27	27		
Design Capacity	Not Available	Not Available		
Enrollment	Not Available	Not Available		
Vance MS (1971)				
Square Feet	150,300	150,300		
Classrooms	36	36		
Design Capacity	Closed 2013-2014	860		
Enrollment	Closed 2013-2014	159		

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
326,926	326,926	326,926	326,926			
116	116	116	116			
2,320	2,320	2,320	2,320			
1,931	1,884	1,473	1,038			
127,627	127,627	127,627	127,627	127,627	127,627	127,627
64	64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280	1,280
791	834	788	704	691	630	784
109,405	109,405	109,405	109,405	109,405	109,405	109,405
69	69	69	69	69	69	69
1,380	1,380	1,380	1,380	1,380	1,380	1,380
745	780	770	834	893	935	973

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Vollentine ES (1930)				
Square Feet	75,100	75,100		
Classrooms	37	37		
Design Capacity	740	740		
Enrollment	265	270		
Walker Elementary (1963)				
Square Feet	43,558	43,558		
Classrooms	N/A	N/A		
Design Capacity	Not Available	Not Available		
Enrollment	Administration	Administration		
Wells Station ES (1954)				
Square Feet	69,001	69,001		
Classrooms	35	35		
Design Capacity	700	700		
Enrollment	750	683		
Westhaven ES (1956)	Closed 2013-2014			
Square Feet	67,082	67,082		
Classrooms	44	44		
Design Capacity	Closed 2013-2014	898		
Enrollment	Closed 2013-2014	410		
Westside ES (1952)				
Square Feet	67,028	67,028		
Classrooms	29	29		
Design Capacity	580	580		
Enrollment	302	342		
Westside MS (1960)	ASD School		Westside MS became an Achievement School District school in 2013.	
Square Feet	133,852	133,852		
Classrooms	35	35		
Design Capacity	ASD School	875		
Enrollment	ASD School	ASD School		
Westwood ES (1962)	ASD School			
Square Feet	77,428	77,428		
Classrooms	47	47		
Design Capacity	940	940		
Enrollment	225	332		
Westwood HS (1958)				
Square Feet	181,342	181,342		
Classrooms	51	51		
Design Capacity	1,329	1,329		
Enrollment	404	462		
White Station ES (1933)				
Square Feet	76,420	76,420		
Classrooms	42	42		
Design Capacity	840	840		
Enrollment	615	627		
White Station HS (1952)				
Square Feet	247,624	247,624		
Classrooms	98	98		
Design Capacity	2,401	2,401		
Enrollment	2313	2,293		
White Station MS (1960,2007)				
Square Feet	144,411	144,411		
Classrooms	53	53		
Design Capacity	1,259	1,259		
Enrollment	1303	1,247		

Continued from Prior Page

2011

2010

2009

2008

2007

2006

2005

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Summary of Buildings and Sites
Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
Whitehaven ES (1949)				
Square Feet	49,885	49,885		
Classrooms	30	30		
Design Capacity	600	600		
Enrollment	491	459		
Whitehaven HS (1931)				
Square Feet	232,776	232,776		
Classrooms	68	68		
Design Capacity	1,666	1,666		
Enrollment	1848	1,906		
White's Chapel ES (1951)				
Square Feet	ASD School	Closed		
Classrooms	ASD School	Closed		
Design Capacity	ASD School	Closed		
Enrollment	ASD School	Closed		
Whitney ES (1962)				
Square Feet	ASD School			
Classrooms	63,979	63,979		
Design Capacity	30	30		
Enrollment	ASD School	640		
	ASD School	ASD School		
William H. Brewster (2006)				
Square Feet	95,220	95,220		
Classrooms	41	41		
Design Capacity	820	820		
Enrollment	429	438		
Willow Oaks ES (1951)				
Square Feet	71,759	71,759		
Classrooms	42	42		
Design Capacity	840	840		
Enrollment	671	685		
Winchester ES (1960)				
Square Feet	82,664	82,664		
Classrooms	40	40		
Design Capacity	800	800		
Enrollment	494	365		
Windridge ES (2001)				
Square Feet	84,214	84,214		
Classrooms	46	46		
Design Capacity	920	920		
Enrollment	527	621		
Wooddale HS (1967)				
Square Feet	263,513	263,513		
Classrooms	80	80		
Design Capacity	1928	1960		
Enrollment	1163	1311		
Wooddale MS (1970)				
Square Feet	184,760	184,760		
Classrooms	62	62		
Design Capacity	1,473	1,473		
Enrollment	699	762		
Woodstock MS (1956)				
Square Feet	84,850	84,850	84,850	84,850
Classrooms	62	62	43	43
Design Capacity	973	973	1,075	1,075
Enrollment	330	434	468	485
Total SCS Buildings				
Square Feet	26,106,771	26,956,417	6,760,805	6,654,805
Classrooms	10,337	10,616	3,189	3,133
Design Capacity	167,873	217,154	67,357	66,215
Enrollment	98,611	131,782	46,175	45,141

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
------	------	------	------	------	------	------

84,850	84,850	84,850	84,850	84,850	84,850	84,850
43	43	43	43	43	43	43
1,075	1,075	1,075	1,075	1,075	1,075	1,075
516	520	553	562	637	692	695

6,429,219	6,429,219	6,197,887	6,086,445	5,759,519	5,759,519	5,535,170
3,133	3,133	3,011	2,959	2,843	2,843	2,716
66,215	66,215	63,490	62,190	59,870	59,870	57,330
46,616	46,420	45,298	45,410	44,571	44,760	43,028

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2015	2014	2013	2012
SCS schools on non-SCS property (enrollment)				
Campus Elementary	329	329		
Hollis F. Price Middle College	117			
MCS Prep School - Southeast		197		
Memphis Virtual School		93		
Memphis Health Careers Academy	90	105		
Middle College High (Relocated to Fairview in 2011)	236	198		
Martin Luther King Transition Center		316		
Alternative MS				
Alternative MS				
Highland Oaks Primary			Students transferred to Highland Oaks ES in 2010.	
Total non-SCS property (enrollment)	772	1,237	0	0
Charter Schools (enrollment)				
Arrow Academy of Excellence	58	29		
Aurora Collegiate Academy	175	113		
Circles of Success	247	244		
City University	294	314		
City University School Of Independence				
City University Boys Prep		115		
City University Girls Prep	60	37		
DuBois Elementary School of Arts Technology	319	203		
DuBois Elementary School of Entrepreneurship	238	179		
DuBois High School of Arts Technology	115	74		
DuBois Middle of Leadership Public Policy	124	104		
DuBois High of Leadership Public Policy	23			
DuBois Middle School of Arts Technology	215	140		
Freedom Prep	475	367		
Goodwill Excel				
Granville T. Woods Academy of Innovation				
KIPP Diamond (Became a charter school 2009)	1013	846		
KIPP Academy at Cypress	298	199		
Leadership Preparatory Charter School				
Memphis Academy of Health Sciences	323	311		
Memphis Academy of Health Science High	401	389		
Memphis Academy of Science & Engineering	389	360		
Memphis Business Academy	571	428		
Memphis Business Academy High	383	323		
Memphis College Prep	289	212		
Memphis Rise Academy	95			
Memphis Grizzlies Prep	238	157		
Memphis School of Excellence	453	389		
Memphis School Prep				
Moving Ahead School of Scholars				
New Consortium of Law and Business	155	163		
Omni Prep - North Pointe Lower	201	193		
Omni Prep - North Pointe Middle	127	125		
Power Center	960	605		
Promise Academy	482	460		
Soulsville Academy	632	588		
Southern Avenue	372	364		
Southern Avenue Middle	249	265		
Star Academy	232	236		
Thurgood Marshall High School		59		
Thurgood Marshall Middle School	188	12		
Veritas College Preparatory	100	192		
Vision Prep				
Yo! Academy				
Total Charter School Enrollments	10,567	8,795	0	0
District Total Enrollment	109,950	141,814	46,175	45,141

Note: Enrollment is based on the 40th Day.

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007	2006	2005
		397	380	397		10 48
0	0	397	380	397	0	58

0	0	0	0	0	0	0
46,616	46,420	45,695	45,790	44,968	44,760	43,086

**STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Insurance Coverage and Surety Bonds
Fiscal year ending June 30**

**SHELBY COUNTY
BOARD OF EDUCATION**

Type	Policy Term	Company	Policy Number	Costs
Student Athletic Accident	7/1/14 - 6/30/15	Monumental Life Insurance	TN01	\$276,900
Property & Boiler/Machinery Insurance	7/1/14 - 7/1/15	Travelers Indemnity	KTKCMB1C6033913	\$948,387
Flood Insurance - A. Maceo Walker	9/10/13 - 9/10/14 9/10/14 - 9/10/15	Homesite Insurance American Bankers Ins. Co.	3000015564 99054465212014	\$2,878 \$2,880
Flood Insurance - American Way Middle	8/20/13 - 8/20/14 8/20/14 - 8/20/15	Homesite Insurance American Bankers Ins. Co.	3000017942 99054465252014	\$1,439.00 \$1,499
Flood Insurance - North Area Office	10/30/13 - 10/30/14 10/30/14 - 10/30/15	Homesite Insurance American Bankers Ins. Co.	3000015542 99055147112014	\$2,880 \$3,394
Flood Insurance - IT Bldg & Training Ctr.	10/30/13 - 10/30/14 10/30/14 - 10/30/15	Homesite Insurance American Bankers Ins. Co.	3000015539 99055147142014	\$2,880 \$3,394
Vehicle Insurance Out of State	7/1/14 - 7/1/15	National Continental Insurance	CTN 000-7325-412-4	\$11,813.00
ROTC	7/1/14 - 7/1/15	Self Insured	NA	NA
Voluntary Student Insurance Participation voluntary	7/1/14 - 6/30/15	K&K Insurance		Individual Student Coverage
Surety Bond General Employees	7/1/14 - 7/1/15	Ohio Casualty Insurance	5105811	\$20,000
Surety Bond Commissioners	Teresa Jones 8/2/12 - 8/2/16 Kevin Woods 8/2/12 - 8/2/16 Shante Avant 9/1/14 - 9/1/15 William Orgel 8/2/14 - 8/2/16 Christopher Caldwell 8/2/14 - 8/2/16 Stephanie Love 9/1/14 - 9/1/16 Scott McCormick 9/1/14 - 9/1/18 Miska Clay-Bibbs 9/1/14 - 9/1/18 Mike Kernell 9/1/14 - 9/1/18	Fidelity and Deposit of Maryland Fidelity and Deposit of Maryland Fidelity and Deposit of Maryland Fidelity and Deposit of Maryland Fidelity and Deposit of Maryland Hartford Fire Insurance Co. Hartford Fire Insurance Co. Hartford Fire Insurance Co. Hartford Fire Insurance Co.	9038807 9038809 9038865 9038806 9038805 20BSBGW1801 20BSBGX0029 20BSBGW1843 20BSBGW1807	\$100 \$100 \$100 \$100 \$100 \$90 \$170 \$170 \$170
Student Field Trip	3/18/14 - 3/18/15 3/18/15 - 3/18/16	Hartford Insurance Hartford Insurance	20-SR-145507 20-SR-145507	Paid by Schools Paid by Schools
Medicare Section 111 Reporting	9/9/13 - 9/9/14 9/9/14 - 9/9/15	Gould & Lamb Gould & Lamb	None None	\$850 per month \$850 per month
Law Enforcement Liability Insurance	5/7/14 - 5/7/15 5/7/15 - 5/7/16	First Mercury Insurance First Mercury Insurance	SE-CGL-0000043224-01 SE-CGL-0000043224-01	\$77,950 \$75,310
Healthcare Facilities Professional Liability	8/18/14 - 8/18/15	CAN Insurance	HMA 4032198914-0	\$5,250
Germantown Athletic Field Liability Insurance	7/30/14 - 7/30/15	Cincinnati Insurance	ENP 026 76 50	\$5,741

Source: School District Risk Management

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Graduation Information
Last ten fiscal years ending June 30

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal Year	Regular Diploma	Special Education Certificate	Total
2008	3,179	130	3,309
2009	2,912	88	3,000
2010	2,891	51	2,942
2011	3,172	34	3,206
2012	3,510	95	3,605
2013	3,142	53	3,195
2014	8,925	166	9,091
2015	7,300	165	7,465

Note: Shelby County Schools graduation information unavailable prior to 2008.

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
School Lunch Program
Last ten fiscal years ending June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Charge per lunch to students:					
Paid Elementary	\$0.00	\$2.25	\$2.25	\$2.00	\$2.00
Paid Secondary	\$0.00	\$2.25	\$2.25	\$2.00	\$2.00
Paid High School	\$0.00	\$2.25	\$2.25	\$2.00	\$2.00
Reduced	\$0.00	\$0.30	\$0.40	\$0.40	\$0.40
Charge per lunch to adults	\$3.50	\$3.50	\$3.25	\$3.00	\$3.00
Number of days served	174	175	178	177	176
Number of free lunches served	15,124,383	12,502,586	1,878,650	1,849,565	1,918,868
Percent of total lunches served	100.00%	85.68%	52.62%	46.28%	45.02%
Average number of free lunches served daily	86,922	71,443	10,554	10,450	10,903
Number of paid lunches served at reduced price	0	620,289	266,969	10,450	10,903
Percent of total lunches served	0.00%	4.25%	7.48%	0.26%	0.26%
Number of paid lunches served at regular price	0	1,468,796	1,424,529	1,858,175	2,066,310
Percent of total lunches served	0.00%	10.07%	39.90%	46.49%	48.48%
Average number of paid lunches served daily:					
At reduced price	0	3,545	1,500	59	62
At regular price	0	8,393	8,003	10,498	11,740
Total number of lunches served	15,124,383	14,591,671	3,570,148	3,996,777	4,262,168
Average number of lunches served daily	86,922	83,381	20,057	22,581	24,217
Weighted FTE Average Daily Attendance	141,916	195,359	54,887	54,823	56,162

Source: Tennessee Department of Education School Nutrition Program Year-to-Date Meal Counts/Participation

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$1.75	\$1.75	\$1.75	\$1.50	N/A
\$2.00	\$2.00	\$2.00	\$1.75	N/A
\$2.00	\$2.00	\$2.00	\$1.75	N/A
\$0.40	\$0.40	\$0.40	\$0.40	N/A
\$3.00	\$3.00	\$3.00	\$2.50	N/A
175	180	180	179	N/A
1,765,495	1,581,974	1,461,637	1,305,209	N/A
40.34%	35.56%	32.40%	29.22%	N/A
10,089	8,789	8,120	7,292	N/A
10,089	8,789	8,120	7,292	N/A
0.23%	0.20%	0.18%	0.16%	N/A
2,299,477	2,526,128	2,724,235	2,868,644	N/A
52.54%	56.78%	60.39%	64.23%	N/A
58	49	45	41	N/A
13,140	14,034	15,135	16,026	N/A
4,376,275	4,448,631	4,510,970	4,466,504	N/A
25,007	24,715	25,061	24,953	N/A
56,905	56,503	56,799	55,745	N/A

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION
Pupil Transportation
Last ten fiscal years ending June 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School Buses				
Type I	451	642	312	311
Type II	-	-	-	-
Total	<u>451</u>	<u>642</u>	<u>312</u>	<u>311</u>
Daily one-way miles traveled for all buses				
From residence to first pick-up	8,282	27,366	1,857	2,010
From first pick-up to last school served	11,976	26,964	12,416	8,470
Total	<u>20,258</u>	<u>54,330</u>	<u>14,273</u>	<u>10,480</u>
Pupils Transported				
Enrolled				
Regular	37,116	54,409	23,331	23,153
Special Education	2,117	2,689	667	440
ADT 1 1/2 miles +				
Regular	28,179	43,721	22,320	22,496
Special Education	1,691	2,232	623	396
Injuries				
Treated and released	30	4	3	2
Confined overnight	2	-	-	-
Type Accident				
Property damage	9	67	55	48
Personal injury	17	8	7	8

Source: Annual Pupil Transportation Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
316	309	298	294	294	291
-	-	-	-	-	-
<u>316</u>	<u>309</u>	<u>298</u>	<u>294</u>	<u>294</u>	<u>291</u>
1,879	1,960	1,906	1,896	1,887	1,846
8,691	8,719	8,602	8,697	8,336	8,427
<u>10,570</u>	<u>10,679</u>	<u>10,508</u>	<u>10,593</u>	<u>10,223</u>	<u>10,273</u>
22,777	26,236	24,174	24,407	24,164	24,276
370	337	352	394	450	574
22,188	23,833	23,673	23,897	24,164	24,276
343	307	345	381	450	574
3	-	19	5	82	25
-	-	-	-	-	-
52	66	59	63	57	59
2	7	11	6	6	14

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Statutory Reporting Section





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



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Chairman and Members of the
Shelby County Board of Education
Memphis, Tennessee

We have audited, 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, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of 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 Board'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency, 2015-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. During the fiscal year ended June 30, 2015, instances of cash shortages and thefts were reported by the Board and included the employee portal system being compromised two different times, and employees' pay totaling approximately \$49,600 was diverted to several prepaid cards. Upon learning about the incidents, management filed a theft report with the Memphis City Police Department. The Board has disabled this employee portal feature which allowed employees to change direct deposit information via the employee portal. No funds have been recovered from these matters. These matters were detected by the Board in the normal operation of their internal controls and internal audit functions.

The Board's Response to the Finding

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watkins Mikusall, PLLC

Banks, Jolley, White & Co.

Memphis, Tennessee
December 9, 2015

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

To the Chairman and Members of the
Shelby County Board of Education
Memphis, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the Shelby County Schools' (the Board) (a component unit of Shelby County, Tennessee) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2015. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board'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 Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board'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 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 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 our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Watkins Mikusall, PLLC

Banks, Jolley, White & Co.

Memphis, Tennessee
December 9, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
Federal Awards			
U.S. Department of Labor			
Passed Through City of Memphis			
WIN GRASSY 15.01	17.259	30999	75,893
Workforce Investment Act - Employment and Training Activities for Out of School Youth 15.01	17.259	31001	272,192
Workforce Investment Act - Employment and Training Activities for In School Youth 15.01	17.259	31002	144,515
Total 17.259			492,600
U.S. Department of Justice			
Passed Through City of Memphis			
DOJ Safe Communities	16.819		88,467
Total 16.819			88,467
National Science Foundation			
Memphis Virtual STEM Academy	47.076	DRL-1311876	39,145
Memphis Virtual STEM Academy	47.076	DRL-1311876	33,192
Total 47.076			72,337
U.S. Department of Agriculture			
Passed Through State of Tennessee			
Child Nutrition Program Cluster			
National School Breakfast Program	10.553	N/A	20,353,197
Total 10.553			20,353,197
National School Lunch Program	10.555	N/A	46,280,612
National School Lunch Program-Non Cash Assistance	10.555	N/A	3,793,970
Total 10.555			50,074,582
Total Child Nutrition Program Cluster			70,427,779
Child Care Food Program	10.558	N/A	26,062
At Risk Supper Program	10.558	N/A	1,594,950
Total 10.558			1,621,012
Fresh Fruit and Vegetable Program	10.582	N/A	1,277,610
Total 10.582			1,277,610
CN Direct Certification	10.589	N/A	12,500
Total 10.589			12,500
Total U.S. Department of Agriculture			73,338,901
U.S. Department of Education Direct Funding			
Project Prevent	84.184M	S184M140089	150,008
Total 84.184M			150,008
School Leadership Initiative 13.01	84.363A	U363A100101-13	71,046
School Leadership Initiative 14.01	84.363A	U363A130164	244,711
School Leadership Initiative 15.01	84.363A	U363A130164-14	369,133
Total 84.363A			684,890
U.S. Department of Education Direct Funding-Continued			
Teacher Incentive Fund TIF3, "In The Zone" 15.01	84.374A	S374A130172-14	915,913
Teacher Incentive Fund TIF3, "In The Zone" 14.01	84.374A	S374A130172-13A	207,051
Total 84.374A			1,122,964
Subtotal U.S. Department of Education Direct Funding			1,957,862

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Juvenile Justice System Improvement	16.540	44583	22,658
Total 16.540			<u>22,658</u>
Improving Basic Programs Operated by LEAs 15.01	84.010A	15.01	47,074,354
Improving Basic Programs Operated by LEAs 14.01	84.010A	14.01	1,317,351
Improving Basic Programs Operated by LEAs	84.010A	13.01	475,720
Priority School Planning Grant	84.010/84.395	N/A	337,539
Title I, School Improvement 1003(a) Signing and Retention Bonus	84.010A	S010A120042-12A	209,537
ESEA Consolidated Administration	N/A	N/A	2,103,920
Total 84.010			<u>51,518,421</u>
Title I, D 15.01	84.013	15.01	130,929
Title I, D 14.01	84.013	14.01	10,514
Total 84.013			<u>141,443</u>
Special Education Cluster			
IDEA Part B-High Cost	84.027A	2014	260,668
Comprehensive Plan for Providing Special Education Services - IDEA Part B 15.01	84.027A	15.01	26,959,963
Total 84.027A			<u>27,220,631</u>
IDEA Discretionary	84.173		119,287
Comprehensive Plan for Providing Special Education Services - Preschool Incentive 15.01	84.173	15.01	582,627
Total 84.173			<u>701,914</u>
Total Special Education Cluster			<u>27,922,545</u>
GEAR-UP	84.334S		1,526
GEAR-UP	84.334S		272,076
Total 84.334S			<u>273,602</u>
Teacher Incentive Fund TIF3, "AIM"	84.374A	S374A100045	772,342
Total 84.374A			<u>772,342</u>
Innovative Educator Network	84.395	S395A100032	110,349
Race To The Top	84.395	S395A100032	10,798,445
Race To The Top	84.395	S395A100032	434,185
Tennessee First To The Top - TCASN-Hamilton-ARRA	84.395A	N/A	-
Tennessee First To The Top - Rewards 13.01	84.395	S395A100032	12,853
Tennessee First To The Top - Rewards 14.01	84.395	S395A100032	2,922
Tennessee First To The Top - Renewal Schools 14.01	84.395	S395A100032	157,067
S.T.E.M. GRANT	84.395	352657	237,325
Total 84.395			<u>11,753,146</u>
Vocational Program Improvement 15.01	84.048A	15.01	1,922,199
Vocational Program Improvement 14.01	84.048A	14.01	226,169
Total 84.048A			<u>2,148,368</u>
Homeless Children and Youth 15.01	84.196A	S196A140044	172,515
Homeless Children and Youth 14.01	84.196A	S196A110044/S196130044	15,415
Total 84.196A			<u>187,930</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Education Passed Through-Continued			
Charter Schools	84.282A	N/A	300,000
Total 84.282A			<u>300,000</u>
Twenty First Cent. Community Learning	84.287C	192-10-5-021	26,149
Twenty First Cent. Community Learning	84.287C	192-13-01-017	12,011
Twenty First Cent. Community Learning	84.287C	192-14-01-034	423,143
Twenty First Cent. Community Learning	84.287C	192-12-3-016	612,137
Twenty First Cent. Community Learning	84.287C	192-12-3-017	536,617
Total 84.287C			<u>1,610,057</u>
School Improvement Grants Cluster			
School Improvement	84.377A	S377A110043	595,146
School Improvement	84.377A	S377A100043	4,158,946
School Improvement	84.377A	S377A110043/S377A120043	1,581,227
School Improvement-ARRA	84.388A/84.377A	S388A090043A/S377A090043A	2,320,816
School Improvement -ARRA	84.388A	S388A090043	328,656
School Improvement -ARRA	84.388A	S388A090043	256,714
Total 84.388A and 84.377A			<u>9,241,505</u>
Total School Improvement Grants Cluster			<u>9,241,505</u>
Title III-English Language Acquisition '15.01	84.365A	15.01	871,538
Title III-English Language Acquisition 14.01	84.365A	14.01	258,072
Title III-English Language Acquisition 13.01	84.365A	13.01	241
Total 84.365A			<u>1,129,851</u>
Title II-Math and Science Partnership	84.366B	N/A	338,456
Total 84.366B			<u>338,456</u>
Title II-A Teacher and Principal Training & Recruiting	84.367A	15.01	5,630,001
Title II-A Teacher and Principal Training & Recruiting 13.01	84.367A	S374A100045	45,439
Total 84.367A			<u>5,675,440</u>
Subtotal U.S. Department of Education Passed Through			113,035,764
Total U.S. Department of Education			<u>114,993,626</u>
U.S. Department of Health and Human Services			
Center for Mental Health Services			
Project Aware	93.243	1H79SM062052-01	23,727
Total 93.243			<u>23,727</u>
Teen Pregnancy and Parenting Success	93.500	CA-1213951	51,564
Total 93.500			<u>51,564</u>
Head Start	93.600	04CH472701/02	19,719,357
Total 93.600			<u>19,719,357</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2015

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Health and Human Services			
Passed Through Center For Disease Control			
CDCP HIV/STD Prevention	93.079	5U87PS004197-02	369,413
Total 93.079			<u>369,413</u>
Total U.S. Department of Health and Human Services			<u>20,164,061</u>
Total Federal Awards			<u>209,149,992</u>
State Awards			
State Department of Education			
Family Resource Center	N/A	2015	87,870
Safe Schools Act of 1998	N/A	2015	377,980
Safe Schools Act of 1998	N/A	2014	119,362
Coordinated School Health	N/A	2015	422,116
Coordinated School Health	N/A	2014	14,558
Early Childhood Education- Pilot/State	N/A	2015	9,769,421
Lottery for Education: AfterSchool Programs	119-11-01-039	2015	552,507
			<u>11,343,814</u>
State Department of Health			
Total State Awards			<u>11,343,814</u>
Total Federal and State Awards			<u>\$ 220,493,806</u>

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NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards (the Schedule) are 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 funds by the Shelby County Board of Education (the "District") under programs of the federal and state government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization. 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 CFDA number and program name. The awards are also presented in total by funding agency.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue is recognized when earned by the organization using the accrual method of accounting. Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Governments. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

FOOD DONATION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2015, the Shelby County Board of Education had food commodities totaling \$691,969 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	\$ 220,493,806
Add: Expenditures not shown on the schedule	24,273,555
Subtract: Food service expenditures not reported in categorially aided fund	(73,338,901)
Other expenditures not reported in categorially aided fund	(1,582,555)
Total categorially aided fund expenditures	<u>\$ 169,845,905</u>

NOTE 4 – AMOUNT AWARDED TO SUBRECEIPIENT

The following amount was awarded to a subrecipient during the fiscal year ended June 30, 2015:

<u>CFDA Number</u>	<u>Program</u>	<u>Amount</u>
93.600	Head Start	\$ 16,704,536

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Shelby County Board of Education.
2. One significant deficiency and no 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 the Shelby County Board of Education were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Shelby County Board of Education expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:
 - U.S. Department of Agriculture, Child Nutrition Cluster, School Breakfast Program, CFDA No. 10.553;
 - U.S. Department of Agriculture, Child Nutrition Cluster, National School Lunch Program, CFDA No. 10.555.
 - U.S. Department of Education, Special Education Cluster, Special Education Grants to States, CFDA No. 84.027
 - U.S. Department of Education, Special Education Cluster, Special Education Preschool Grants, CFDA No. 84.173.
 - U.S. Department of Education, Title I Grants to Local Education Agencies, CFDA No. 84.010.
 - U.S. Department of Health and Human Services, Head Start, CFDA No. 93.600.
8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. The Shelby County Board of Education did qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY:

2015-1 – Bus Disposal

Condition: During our auditing procedures related to capital assets, we identified a capital asset gain account with a significant balance in the general fund which had not been reconciled. After inquiry, it was determined that 283 buses with a net book value of approximately four million dollars were sold, and the disposal and related gain were not recorded in the capital asset accounting system.

Criteria: Capital asset disposals should be recorded in the accounting system timely to ensure the financial reporting process is accurate.

Cause: The buses were recorded in the general fund as part of the merger with another school system instead of the capital projects fund. The normal disposal policy and procedures were overlooked and not followed by management due to the transaction being recorded in the general fund which is not the norm.

Effect: Capital assets were overstated at year end by approximately four million dollars and gain on disposal was not properly reflected in the financial statements.

Recommendation: We recommend that the monthly close process and procedures be revised to include reconciling capital asset gain/loss accounts on the general fund as well as the capital projects fund. We also recommend that the office of asset management notify the finance department timely to ensure disposals are recorded properly in the accounting system.

Views of Responsible Officials and Planned Corrective Action:

Response from Finance

Proceeds from the sale of capital assets are usually accounted for in the capital projects fund. Therefore, our normal process involved calculating the gain on the sale of assets coded to the capital projects fund only. However, the district understands the importance of timely disposals and capital gain recognition for all funds. Under the direction of the new Chief Financial Officer, the district has established procedures that are comprehensive of all actions related to the sale of assets. At the point of Board approval, the sale of assets are added to a tracking log. This log tracks the approval, proceeds, and disposal of all assets regardless of the source purchase fund. In collaboration with Asset Management, this process will ensure disposals are completed in a timely manner and the gain on capital assets is properly reflected in the financial statements.

Response from Asset Management

The Office of Asset Management (OAM) will train all Business Operations and Finance management personnel responsible for vehicles and capital asset accounting on the asset disposition protocol for the disposal of vehicles. Training will be provided and documented no later than January 15, 2016. Additionally, to ensure an accurate accounting of all vehicles, a physical annual inventory count will be completed by May 31, 2016. Any discrepancies identified will be reconciled within 30 business days.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2015

**SHELBY COUNTY
BOARD OF EDUCATION**

NONE



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