



**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, 2016

**Board of Education
Shelby County, Tennessee**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2016**

Prepared by:

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

Department of Finance



Table of Contents

INTRODUCTORY SECTION

- Government Finance Officers Association Award 3
- Association of School Business Officials Award 4
- Letter of Transmittal 5
- Shelby County Board of Education 17
- Organizational Chart 18

FINANCIAL SECTION

- Independent Auditor’s Report 21
- Management’s Discussion and Analysis 25

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

- Statement of Net Position 45
- Statement of Activities 46

Fund Financial Statements:

- Balance Sheet – Governmental Funds 48
- Reconciliation of the Governmental Funds Balance Sheet to the Government wide
Statement of Net Position 49
- Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds 50
- Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes In
Fund Balances to the Government wide Statement of Activities 51
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
General Fund 52
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
Special Revenue Categorically Aided Fund 53
- Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual –
Food Service Fund 54
- Statement of Net Position – Proprietary Fund 55
- Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund 56
- Statement of Cash Flows – Proprietary Fund 57
- Statement of Fiduciary Net Position 58
- Statement of Changes in Fiduciary Net Position – Fiduciary Funds 59

- Notes to the Basic Financial Statements 60

REQUIRED SUPPLEMENTARY INFORMATION

- Schedules of Funding Progress and Employer Contributions 107
- Schedule of Investment Returns 108
- Schedule of Changes in Net Pension Liability and Related Ratios 109
- Schedule of Ratios Based on Participation in the Public Employee Pension Plan of TCRS 110
- Schedule of Contributions 111
- Schedule of Proportionate Share of the Net Pension Asset 112

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

- Combining Statement of Net Position – Internal Service Funds 115
- Combining Statement of Revenues, Expenses and Changes in Net Position –
Internal Service Funds 116
- Combining Statement of Cash Flows – Nonmajor and Internal Service Funds 118
- Statement of Changes in Assets and Liabilities – Agency Fund 123
- Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –
Capital Projects Fund 124

Capital Assets Information

Table of Contents (continued)

Schedule of General Capital Assets by Function and Activity	125
Schedule of Changes in General Capital Assets by Function and Activity	126
Debt Information	
Schedule of General Long-Term Obligations	128
Schedule of General Long-Term Obligations Principal and Interest Requirements	130
STATISTICAL SECTION (Unaudited)	
Overview	133
Financial Trends	
Net Position by Component	136
Statement of Activities	138
General Revenues and Total Changes in Net Position	140
Fund Balances, Governmental Funds	142
Ten-Year Summary of Governmental Funds Revenues and Expenditures	144
Ten-Year Comparison of General Fund Balance to Expenditures and Other Uses	146
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	148
Property Tax Rates and Levies	150
Principal Property Tax Payers – Current Year and Nine Years Ago	152
Debt Capacity	
Outstanding Debt by Type	157
Ten-Year Comparison of Bonded Debt to Assessed Value, Estimated Actual Value and Population	158
Percentage of Debt Service to Non-Capital Expenditures – Last Ten Fiscal Years	159
Demographic and Economic Information	
Demographic and Economic Statistics	163
Principal Employers, Current Year and Nine Years Ago	164
Operating Information	
Operating Statistics	168
Weighted Full-time Equivalent Average Daily Attendance	171
Staff by Type	172
Summary of Buildings and Sites	174
Schedule of Major Insurance Coverage	220
Graduation Information	221
School Lunch Program	222
Pupil Transportation	224
STATUTORY REPORTING SECTION	
Independent Auditors Report on Internal Control over Financial Reporting and on Compliance and Other Matters	229
Independent Auditor's Report on Compliance with Requirements applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	232
Schedule of Expenditures of Federal, State and Other Awards	234
Notes to the Schedule of Expenditures of Federal Awards	238
Schedule of Findings and Questioned Costs	239
Summary of Prior Year Findings	240

Introductory Section

This page left intentionally blank



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, 2015

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, 2015.**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



December 13, 2016

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, 2016.

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, 2016. 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 105,582 students in grades K-12, including charter schools, in over 220 locations in fiscal year 2015-16.

During fiscal year 2015-16, the student demographic was 76.7 percent African American, 7.5 percent Caucasian, 12.2 percent Hispanic and 3.6 percent other races and nationalities. The District had a composite ACT score of 17.0 compared to the State’s average of 19.3. The SCS graduation rate was 78.7 percent in 2016 compared to the State’s rate of 88.5 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 2016, 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 2015 population was 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-Commissioner 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 2016, the Memphis Statistical Area generally underperformed the nation in terms of annual employment growth, the unemployment rate, housing prices, and the issuance of building permits. Personal income growth and manufacturing forecasts for the Memphis area exceeded the national performance. The following points illustrate these assessments:

Based on the most recent (June 2016) report prepared by the Eighth Federal Reserve District on economic conditions in the Memphis area at the close of March 2016, the annual growth of employment, building permits and housing prices was 1.8 percent, 10.5 percent, and 2.5 percent, respectively, in the Memphis Statistical Area (MSA) and 1.9 percent, 14.1 percent and 6.0 percent, respectively, in the nation. At the same time, the annual growth of personal income was 3.7 percent in Tennessee and 2.7 percent in the nation. Employment growth in the Memphis zone improved from 0.2 percent in 2014 to 1.5 percent in 2015 and increased an additional 0.3 percent to 1.8 percent in 2016. Net job gains in the Financial Activities; Natural Resources, Mining, and Construction; 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 fell short of the nation's rate by only 0.1 percent the second quarter of 2016. Due to the favorable job claims, the local unemployment rate decreased from 7.0 percent in 2015 to 5.0 percent in 2016. The Memphis unemployment rate of 5.0 percent is 0.1 percent higher than the national rate.

Changes in Employment and Unemployment Rate

Measured against the previous year (March 2015), total non-farm employment only rose by a modest percent of 1.8 in the Memphis zone. In the Memphis Statistical Area, employment in the Trade, Transportation, and Utilities rose 4.5 percent. This sector represents approximately 27.0 percent of the labor force. The Memphis Statistical Area also experienced high percentage gains in Financial Activities (2.5 percent) and National Resources, Mining, and Construction (2.75 percent), which accounts for 4.0 percent and 3.0 percent of the labor force, respectively. The Government and Information sectors in Memphis demonstrated employment losses that offset the modest growth in the above mentioned sectors. Overall, the employment picture improved by 2.0 percent from March 2015 to March 2016.

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 2015 and the first quarter of 2016, personal income grew 3.7 percent in Tennessee, compared with 2.7 percent in the nation.

Manufacturing Forecasts

On the manufacturing side, the Memphis area's manufacturing employment increased 0.3 percent in the first quarter, as compared to a 0.1 percent increase in the U.S. and a 3.3 percent increase in the state of Tennessee. The durable goods sector experienced moderate employment growth in the State by 3.3 percent and 1.5 percent in Memphis, while it declined by 0.5 percent in the nation. The employment rate of non-durable goods sector experienced a decline of 1.1 percent in Memphis, while the state of Tennessee and the U.S. increased 3.2 percent and 1.1 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 2016. The number of building permits issued in the Memphis zone during the first quarter of 2016 was significantly higher at 10.5 percent above the number issued during the same period in 2015. In comparison, national housing activity grew by 14.1 percent.¹ Relative to the nation, Memphis area home prices increased below the pace nationally. Home prices increased in the Memphis area by 2.5 percent from March 2015 to March 2016, which fell short of national home prices increase of 6.0 percent in the same period.

Projected Enrollment

The District's enrollment projections for fiscal year 2016-17 estimate that it will serve 103,311 students in grades kindergarten through grade 12. The estimate is a decrease of 2,271 students from the fiscal year 2015-16 40-day end-of-month membership count of 105,582. This decrease is attributable to the ASD taking over four additional schools in fiscal year 2016-17. Of the 2016-17 estimated student population, 13,427 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 45 charter schools in fiscal year 2015-16. Metropolitan Nashville Public Schools had 26 charter schools, Chattanooga Public Schools had four, and Knox County Public Schools had one charter school in fiscal year 2015-16, 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

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

As of June 30, 2016, 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 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:

FAFSA applications were completed by nearly 90 percent of seniors, and 85 percent of seniors completed a TN promise application.

Dr. Sharon Griffin was recognized by the Tennessee Department of Education (TDOE) as the State's most outstanding education supervisor.

Karen Vogelsang, former 2015 TN Teacher of the Year, was appointed to Governor Bill Haslam's first Governor's Teacher Cabinet.

Josalyn Tresvant McGhee, an Instructional Facilitator for Kate Bond Elementary School, was one of nine educators in America to be recognized by the U.S. Department of Education as a Teaching Ambassador Fellow.

Melissa Collins, a John P. Freeman second grade teacher, was awarded the Kennedy Center/Stephen Sondheim Inspirational Teacher Award.

Magda Sakaan, a Treadwell Elementary English as a Second Language (ESL) teacher, was named 2016 West Region and overall TN Teachers to Speakers of Other Languages (TNTESOL) Educator of the Year.

Levi Elementary School music teacher David Potter was named 2016 Outstanding Young Music Educator by the Tennessee Music Educator Association (TMEA).

Five SCS schools were named to the annual "America's Best High School" list by U.S. News & World Report: White Station HS, Booker T. Washington HS, Hollis F. Price Middle College, Middle College HS and Whitehaven HS.

Middle College High School was the only school in Shelby County and one of only seven in Tennessee to be named a National Blue Ribbon School.

Delano Elementary received the 2015 SCORE (State Collaborative on Reforming Education) Prize for being one of Tennessee's most outstanding public schools. Only nine schools in

Tennessee were named finalists.

Five Shelby County Schools' seniors were announced as National Merit Scholarship recipients.

Apurva Kanneganti, a senior at Germantown High School, was announced as a semifinalist for the 2016 U.S. Presidential Scholarship by the United States Department of Education and the White House Commission on Presidential Scholars.

For the sixth consecutive year, Shelby County Schools was named a "Best Community for Music Education" by the National Association of Music Merchants (NAMM) Foundation.

Fiscal year 2016 marks the second year of implementation for Shelby County Schools' Destination 2025 strategic plan. Now that the goals of this plan have been firmly established, the District has begun to focus on full implementation of strategies designed to support Destination 2025 and its five priority areas. Since SCS' previous annual report, students have made significant progress on two top-line goals of the plan: on-time graduation and post-secondary enrollment. During this past year, an increased percentage of students met each milestone, and at the current rate of improvement, SCS remains on track to meet its 2025 goals for these measures. These outcomes are encouraging considering how critical educational attainment is to Shelby County families' quality of life and the overall health and economic well-being of our community.

Yet, the District and its partners have significant work left to do in sustaining these early successes and dramatically improving student outcomes when it comes to college- and career-readiness (CCR). Given the State-wide cancellation of TNReady assessments in grades 3-8, CCR measures are limited for SCS students this year. However, the most recent ACT results indicate that less than 7 percent of SCS high school students are academically ready to attend a four-year college without remedial support. Despite these challenges, the District remains fully and urgently committed to reaching its Destination 2025 goals that by 2025:

- **80%** of high school seniors will graduate from SCS college- or career-ready
- **90%** of high school students will graduate from SCS on time
- **100%** of graduates who are college-or career-ready will enroll in a post-secondary opportunity

By achieving these goals, we have the opportunity to produce an additional 50,000 graduates who are college- or career-ready and able to meet the demands of a highly skilled workforce in 2025.

Annual Progress: 2016

After the 2015-16 school year, our progress against each of our five strategic priorities is as follows:

Priority 1: Strengthen Early Literacy	2015 Actual	2016 Target	2016 Actual	Target-to-Actual
By 2025, 90% of SCS third graders are proficient in reading & language arts (RLA).	32%	41%	<i>No Data Available*</i>	N/A
Priority 2: Improve Post-Secondary Readiness	2015 Actual	2016 Target	2016 Actual	Target-to-Actual
By 2025, 90% of SCS students graduate on time.	75%	75%	78%	+3 points
By 2025, 100% of college- or career-ready SCS graduates will enroll in a post-secondary opportunity. ^[1]	54%	55%	60%	+5 points
Priority 3: Develop Teachers, Leaders and Central Office to Drive Student Success	2015 Actual	2016 Target	2016 Actual	Target-to-Actual
By 2025, 80% of students are college- or career-ready based on mastery of TNCore standards.	33% – 49%	37% – 48%	<i>No Data Available*</i>	TBD
Priority 4: Expand High-Quality School Options	2015 Actual	2016 Target	2016 Actual	Target-to-Actual
By 2025, SCS student market share increases by 5%.	60.6%	61.9%	61.9%	0 points
Priority 5: Mobilize Family & Community Partners	2015 Actual	2016 Target	2016 Actual	Target-to-Actual
By 2025, community confidence in SCS increases to 90%.	86%	79%	78%	-1 point

*Student proficiency data is limited or unavailable for these goals due to the State-wide cancellation of TNReady assessments for grades 3 – 8.

FINANCIAL INFORMATION

SCS experienced revenue declines in fiscal year 2016 due to additional charter school and ASD locations. Therefore, the District implemented cost saving initiatives and pursued grants aggressively to avoid additional cost burden to the General Fund. As a result, the District added \$20.4 million to its total general fund balance. SCS ended fiscal year 2016 with a total net position of \$774.7 million, an increase of approximately \$7 million from fiscal year 2014-2015.

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

^[1] This metric reflects lag-year results for 2015 graduates because National Clearinghouse data on post-secondary enrollment in 2016 will not be available until spring 2017.

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 1st of any year, the District budget for the year just ended shall continue in effect through August 31st. A resolution is not required unless a request to extend through September 30th due to extraordinary circumstances is approved by the Tennessee Office of State and Local Finance (OSLF).

Expenditures mandated by this part and implemented by rules, regulations and minimum standards of the State Board shall be incorporated into this continuing budget. The District can spend no more than the amount spent in the same month of the prior fiscal year while operating under a continuation budget. Any continuing budget shall not be valid beyond August 31st (September 30th if approved by OSLF) 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 be approved by the Office of Finance and 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 the Uniform Guidance.

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 while achieving an equitable distribution of resources. To do this, the focus is on implementing student-based budgeting to allocate funding to schools based on the needs of students in the classroom. Academic outcomes will be improved by 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 implemented by 2025 to achieve 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 fourth 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, 2015. This was the second 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 second Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting award for its 2015 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 plans to submit the 2016 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 efforts of the entire Office 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



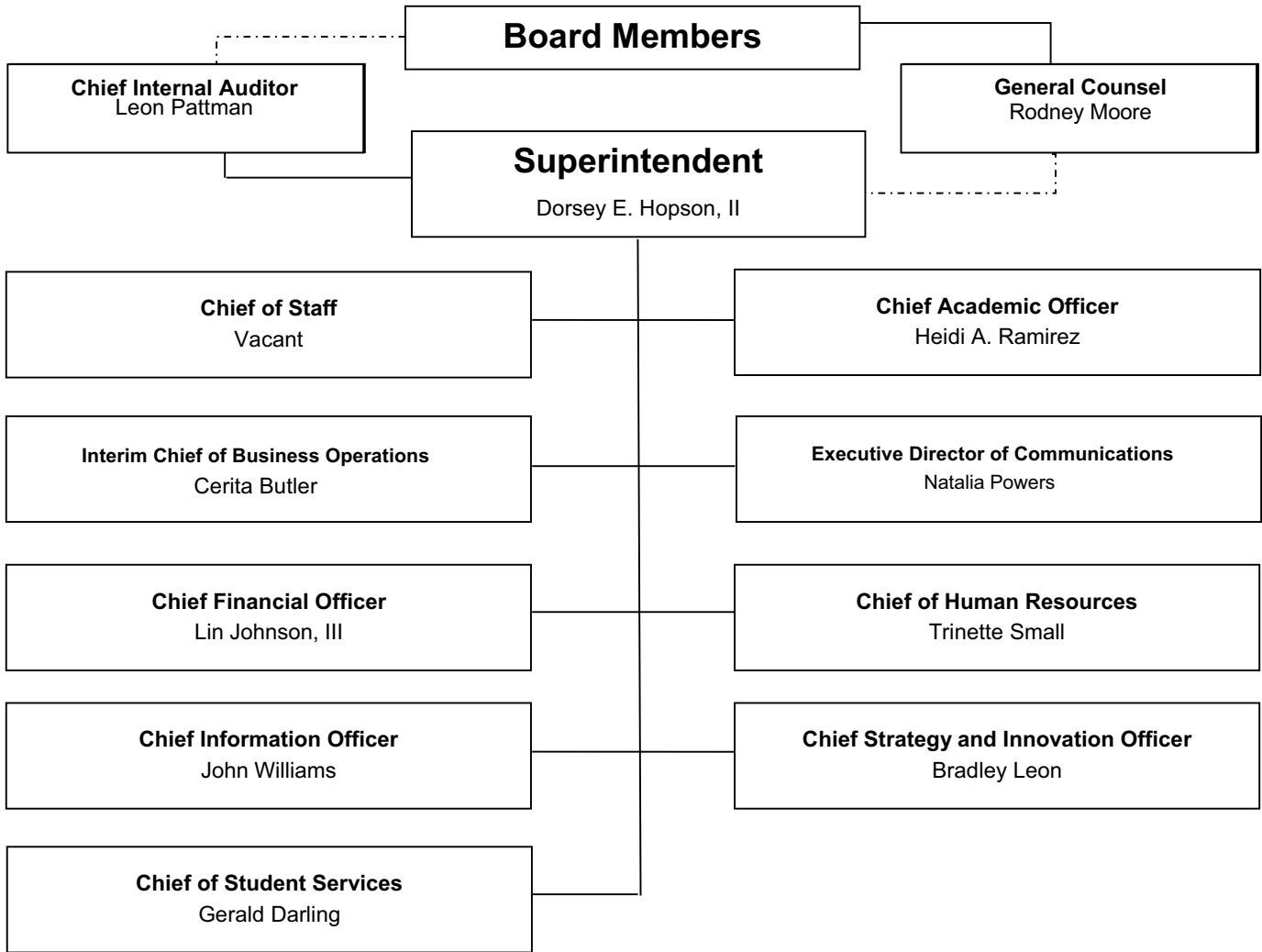
Angela R. Carr, CPA
Deputy Chief Financial
Officer

This page left intentionally blank

**Board of Education
June 30, 2016**

COMMISSIONER	DISTRICT	TERM EXPIRATION
Teresa D. Jones, Chairperson	District 2 (Elected)	8/31/2020
Kevin Woods, Vice-Chairman	District 4 (Elected)	8/31/2020
Christopher Caldwell	District 1 (Elected)	8/31/2018
Stephanie P. Love	District 3 (Elected)	8/31/2020
Scott McCormick	District 5 (Elected)	8/31/2020
Shante Avant	District 6 (Elected)	8/31/2018
Miska Clay-Bibbs	District 7 (Elected)	8/31/2020
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, 2016**



Financial Section



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, special revenue – categorically aided fund, and food service 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, 2016, 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, the aggregate remaining fund information, and the budgetary comparison for the general fund, special revenue – categorically aided fund, and the food service fund of the Board of Education of the Shelby County Schools, as of June 30, 2016, 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.

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 25 through 41, and the other required supplementary information on pages 107 through 112 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 13, 2016, 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 Banks, Jolley, White & Co.

Memphis, Tennessee
December 13, 2016

This page left intentionally blank

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, 2016. Comparative financial information is reported for the fiscal year ended June 30, 2015. 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, 2016, by \$774.7 million (net position).
- Total net position increased by \$7.0 million or 0.91% over the prior fiscal year.
- The school district's unrestricted liabilities exceeded its unrestricted assets by \$207.3 million primarily due to the OPEB annual required contribution (ARC).
- The school district's pension deferred inflows of resources (\$198.7 million) exceeded its pension deferred outflows of resources (\$55.2 million) and net pension asset (\$30.7 million) by \$112.8 million.
- At June 30, 2016, the school district's total general operating fund balance was \$176.4 million or 19.16% of total general fund expenditures.
- Unassigned fund balance for the General fund was \$110.6 million or 12.02% of total general fund expenditures, an increase of \$50.7 million from the previous year. The unassigned fund balance is available for unforeseen operational emergencies or investments in the future.
- In fiscal year 2016, the Food Services fund was categorized as a major fund and thus reported separately. The fund balance for the Food Services fund was \$32.5 million, or 40.41% of total expenditures.
- Fund balance in the Categorically Aided fund was \$6.6 million, or 4.16% of expenditures, an increase of \$2.8 million for the year.
- The Capital Projects fund is categorized as a nonmajor fund. The fund balance for Capital Projects Funds was \$8.4 million, or 22.47% of total expenditures.

Overview of the Financial Statements

This discussion and analysis document serves 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, Food Service Fund and the Categorically Aided Fund. The Categorically Aided Fund is comprised of two categories – federal and non-federal. The school district has one nonmajor fund, which is the Capital Projects Fund. 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, 2016 and June 30, 2015 by \$774,651,475 and \$767,684,675, respectively.

Condensed Statement of Net Position

	2016	2015	Percentage Change 2016 - 2015
Assets			
Current and Other Assets	\$ 381,454,415	\$ 377,598,104	1.02%
Capital Assets	1,018,089,371	1,035,893,821	(1.72%)
Net Pension Asset	<u>30,735,926</u>	<u>58,119,485</u>	(47.12%)
Total Assets	<u>1,430,279,712</u>	<u>1,471,611,410</u>	(2.81%)
Deferred outflows related to pensions	<u>55,198,967</u>	<u>62,172,428</u>	(11.22%)
Liabilities			
Long-term Liabilities	420,400,574	358,625,299	17.23%
Other Liabilities	<u>91,713,706</u>	<u>100,781,179</u>	(9.00%)
Total Liabilities	<u>512,114,280</u>	<u>459,406,478</u>	11.47%
Deferred inflows related to pensions	<u>198,712,924</u>	<u>306,692,685</u>	(35.21%)
Net Position			
Net Investment in Capital Assets	1,017,872,572	1,035,129,637	(1.67%)
Restricted	(35,903,624)	81,169,306	(144.23%)
Unrestricted	<u>(207,317,473)</u>	<u>(348,614,268)</u>	40.53%
Total Net Position	<u>\$ 774,651,475</u>	<u>\$ 767,684,675</u>	0.91%

Capital assets (e.g., land, buildings, machinery, equipment, intangibles and construction in progress) are the largest portion 71.18% 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 2.79% of the capital assets.

The net pension asset at June 30, 2014, which was recorded in the June 30, 2015 financial statements, included several favorable trends that occurred during that fiscal year. Generally,

net pension asset was less favorable at June 30, 2015 as reflected in the June 30, 2016 financial statements. At the June 30, 2015 measurement date, the District's net pension asset decreased by 47.12%. Moreover, the net pension asset is expected to be less favorable at June 30, 2016, which will be reflected in the June 30, 2017 financial statements.

Total debt (including compensating absences) owed by the school district is 82.09% of total liabilities with 99.72% of the debt due after one year. The liabilities increased 11.47% due to the increase in the OPEB liability in fiscal year 2016 versus fiscal year 2015.

Governmental Activities. Governmental activities during fiscal year 2016 increased the school district's net position by \$6,966,800 or 0.91% of total net position as compared to a decrease of \$109,483,681 or 12.48% of total net position during fiscal year 2015.

The net position of governmental activities increased by \$7.0 million during fiscal year 2016. This is primarily attributable to a more favorable net position for pension benefits. Although the net pension asset was less favorable than prior year, the change was offset by a reduction in deferred inflows related to pension investments projected and actual earnings.

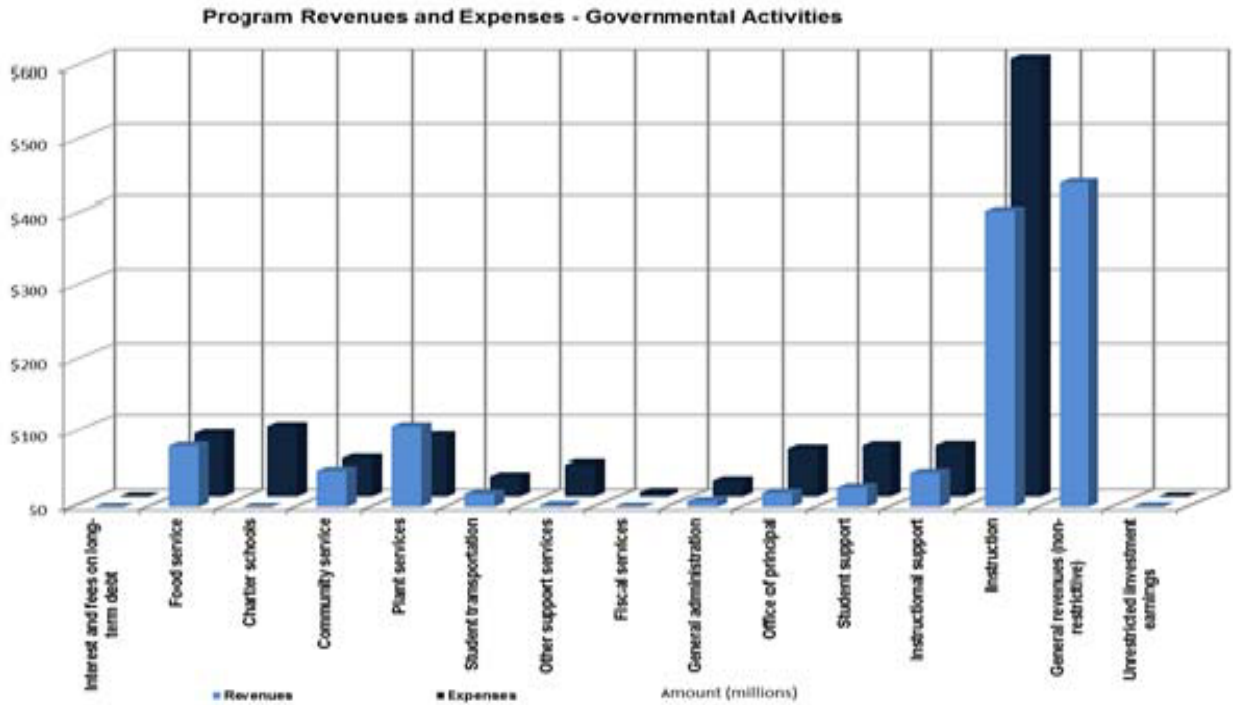
Management Discussion and Analysis

Shelby County Board of Education

Condensed Statement of Changes in Net Position

	2016	2015	Percentage Change 2016 - 2015
Revenues			
Program Revenues:			
Charges for services	\$ 4,104,327	\$ 1,355,785	202.73%
Operating grants and contributions	735,151,048	752,732,906	(2.34%)
Capital grants and contributions	33,321,219	5,066,684	557.65%
General Revenues:			
Shelby County	316,067,610	306,525,759	3.11%
Local option and state sales taxes	121,423,104	118,473,827	2.49%
Other local sources	5,755,594	5,830,798	(1.29%)
Gain on sale of capital assets	-	3,570,476	(100.00%)
Unrestricted investment earnings	895,492	411,950	117.38%
Total revenues	<u>1,216,718,394</u>	<u>1,193,968,185</u>	<u>1.91%</u>
Expenses			
Instruction	597,472,639	648,328,804	(7.84%)
Instructional support	68,332,710	87,621,804	(22.01%)
Student support	67,948,438	65,093,403	4.39%
Office of principal	63,512,954	67,794,495	(6.32%)
General administration	22,290,624	24,830,863	(10.23%)
Fiscal services	6,061,221	5,938,485	2.07%
Other support services	43,518,961	41,954,932	3.73%
Student transportation	27,981,073	36,004,590	(22.28%)
Plant services	82,263,525	92,771,794	(11.33%)
Community service	50,728,987	43,152,157	17.56%
Charter schools	94,408,523	81,234,455	16.22%
Food service	85,229,311	78,916,667	8.00%
Interest on long-term debt	2,628	2,628	0.00%
Total expenses	<u>1,209,751,594</u>	<u>1,273,645,077</u>	<u>(5.02%)</u>
Increase (decrease) in net position	6,966,800	(79,676,892)	108.74%
Special items:			
Loss of final settlement	-	(29,806,789)	100.00%
Total changes in net position	<u>6,966,800</u>	<u>(109,483,681)</u>	<u>106.36%</u>
Net position - beginning	767,684,675	877,168,356	(12.48%)
Net position - ending	<u>\$ 774,651,475</u>	<u>\$ 767,684,675</u>	<u>0.91%</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.

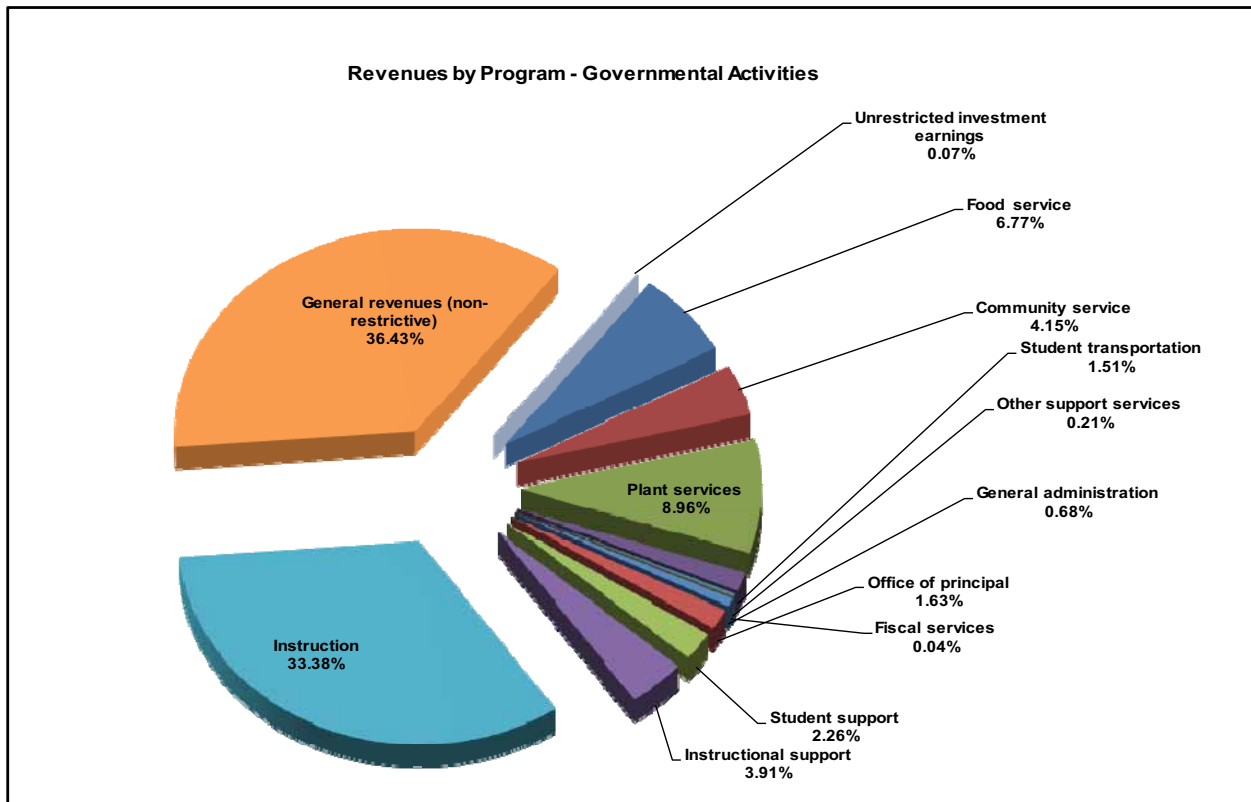


- Instructional expenses include activities directly linked to the teaching of pupils and the interaction between the teacher and pupil. The components include regular, exceptional children, alternative, vocational and adult instruction.
- Instructional support includes the activities involved in assisting 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. Forty-five charter schools were operational during fiscal year 2016.
- 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.

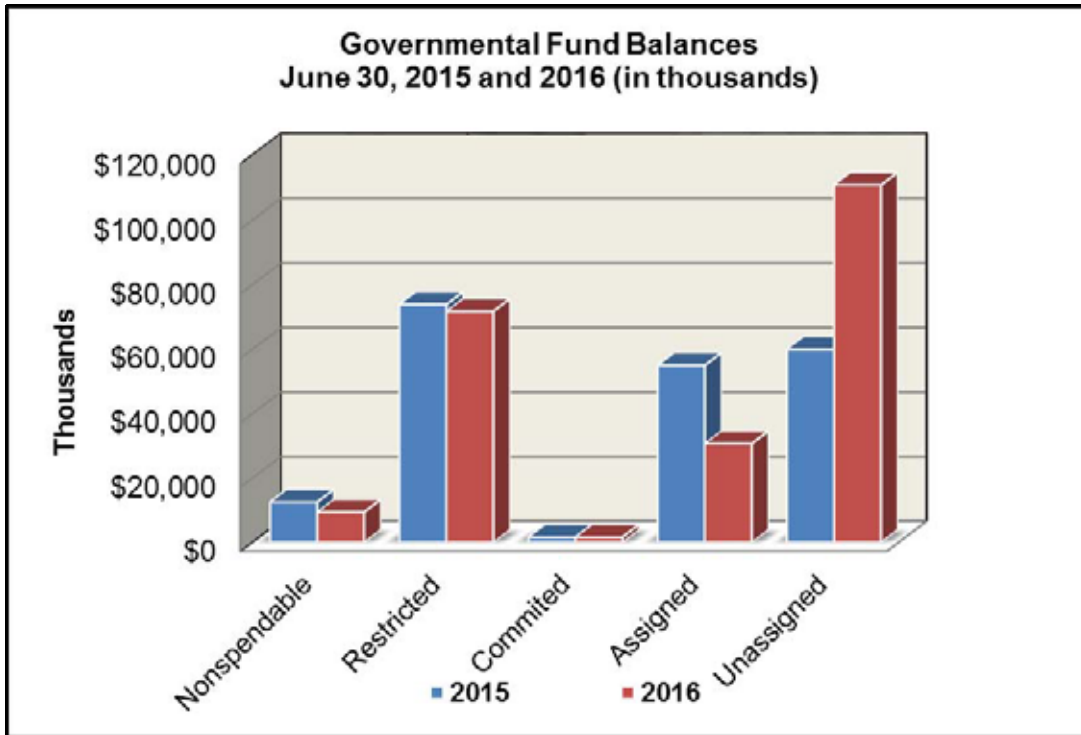
A major portion of the general revenues is not included above because the revenues are not directly identified as supporting a unique or specific activity. Instead, these revenues are general in their support for all activities. General revenues are primarily comprised of local tax revenues provided 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 36.28% of the governmental activities. A breakdown of revenues by program is presented on the next page.



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, 2016, and 2015 the school district’s governmental funds reported combined ending fund balances of \$223,940,627 and \$202,779,777, respectively; an increase of \$21,160,850 in 2016 when compared with 2015. Approximately 49.40% of the total amount (\$110,630,318) is comprised of unassigned fund balance, which is available for spending at the Board’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$9.4 million), 2) restricted for specific purposes (\$71.7 million), 3) committed for specific purposes (\$1.6 million), or 4) assigned for specific purposes (\$30.6 million). The components of the balances by funds are:

	June 30, 2016	June 30, 2015	Percentage Change 2016- 2015
General Fund			
Nonspendable	\$ 5,804,694	\$ 6,799,292	(14.63%)
Restricted	29,360,894	34,442,225	(14.75%)
Assigned	30,631,209	54,883,849	(44.19%)
Unassigned	110,630,318	59,927,330	84.61%
Food Services Fund			
Nonspendable	3,575,342	5,693,585	(37.20%)
Restricted	28,941,639	24,774,401	16.82%
Categorically Aided Fund			
Restricted	4,934,793	2,069,870	138.41%
Committed	1,643,781	1,701,091	(3.37%)
Capital Projects Fund			
Restricted	8,417,957	12,488,134	(32.59%)
Total all government funds	<u>\$ 223,940,627</u>	<u>\$ 202,779,777</u>	10.44%

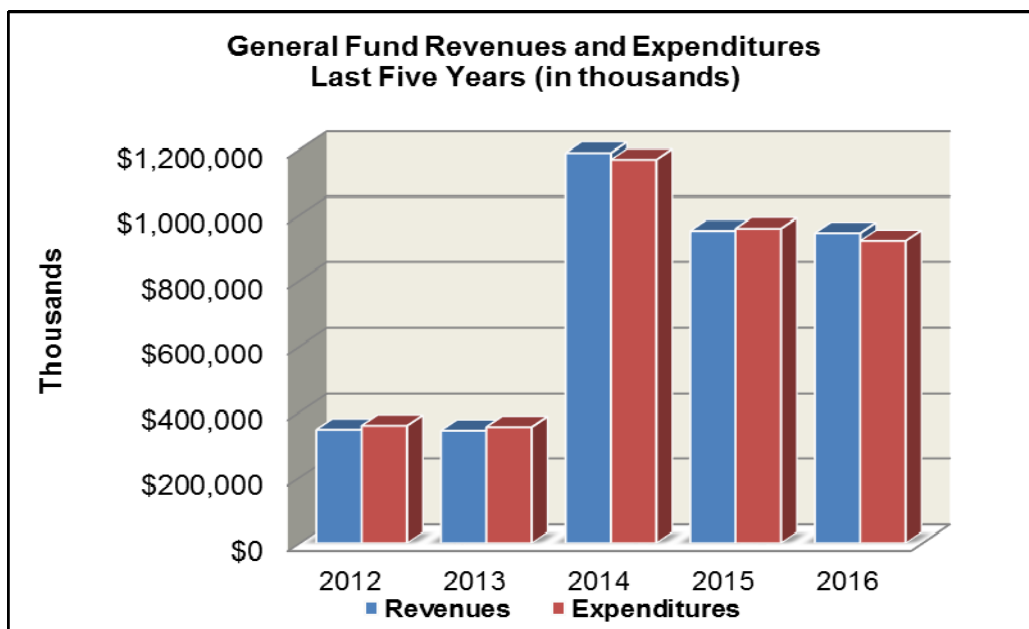
There was approximately a \$21.2 million increase in total fund balance comprised of an increase of \$20.4 million in the general fund, a \$2 million increase in the Food Service Fund, an increase of \$2.8 million in the Categorically Aided Fund, and a \$4.1 million decrease in the Nonmajor Capital Projects Fund. The changes are discussed in the following fund sections.

Major Funds

General Fund

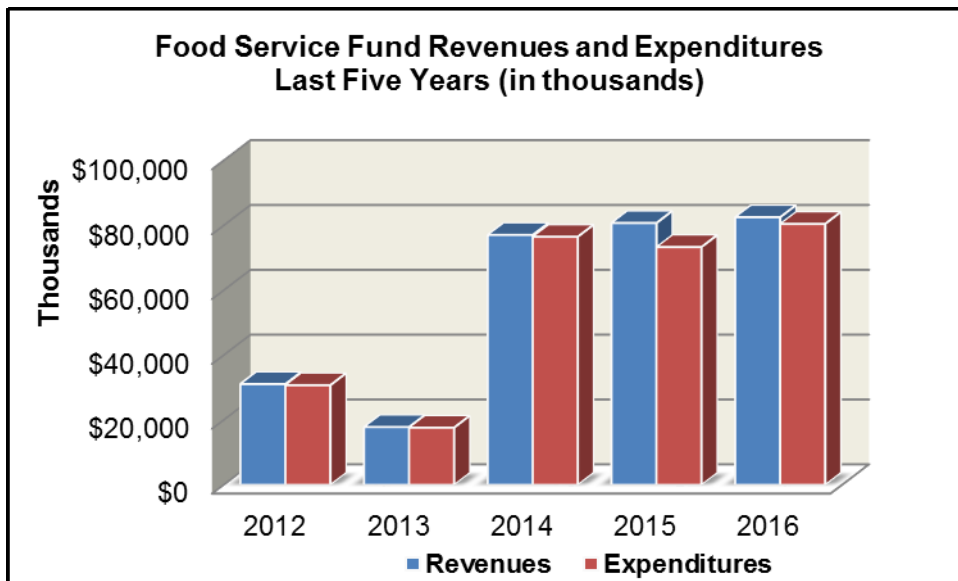
The General Fund is the general purpose and chief operating fund of the school district used to account for the ordinary operations and financial resources not accounted for in any other fund. Taxes, state equalization funding, and other general revenues finance the operations.

As a measure of liquidity, the General Fund unassigned fund balance was approximately \$110.6 million or 12.02% of total fund expenditures, while total fund balance represents 19.16% of that same amount. The unassigned amount is available for contingencies for unforeseen operational emergencies or investments in the future. Revenues exceeded expenditures by \$24.4 million. Contributions to the OPEB Trust (\$5.4 million) and match to Teacher Leadership Effectiveness (1.3 million), offset by the sale of capital assets (\$.2 million) and a \$2.5 million transfer from the unemployment fund, resulted in the overall fund balance increase of \$20.4 million. General Fund revenues decreased by \$6.9 million and expenditures decreased by \$38.4 million from the previous year (GAAP basis). The expenditure decrease was primarily related to vacant positions throughout the school year. 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 2016, there were twenty-seven locations under the ASD umbrella.



Food Service Fund

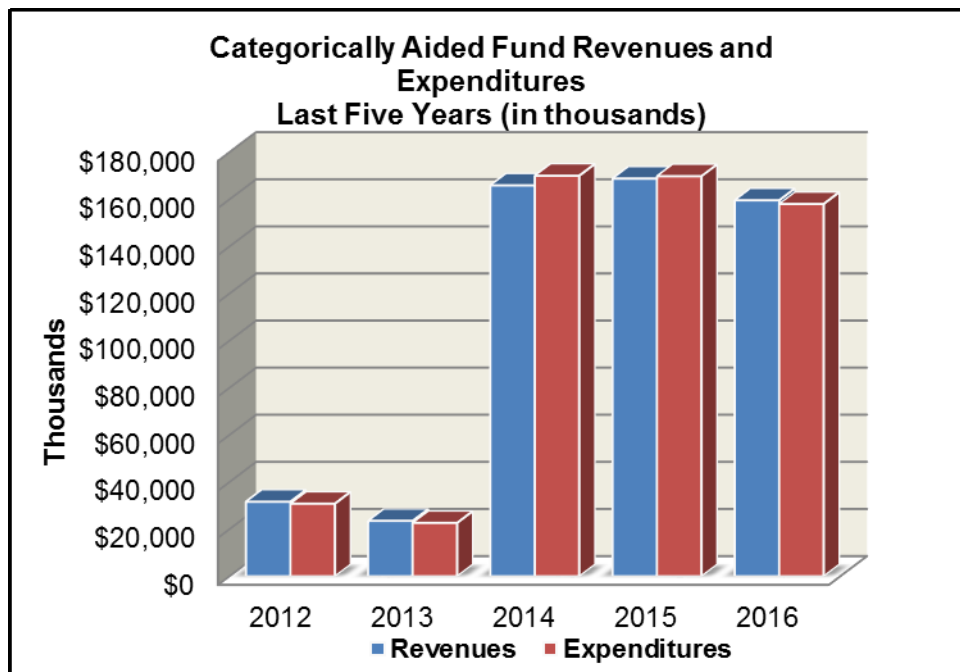
The Food Service Fund is used to designate cafeteria transactions for preparing and serving school breakfasts and lunches, school day snacks, afterschool suppers and snacks, and summer meals. Revenue is provided primarily from governmental agencies, which is restricted for the cafeterias. The fund experienced increases of \$2.0 million in fund balance and \$1.8 million in revenues. Expenditures increased by \$7.1 million. Revenue primarily originates with the U.S. Department of Agriculture and is restricted for food services. These revenues are generally based on per meal rates and the number of meals served. This was the second year operating under the Community Eligibility Provision, where all students, regardless of income, can receive a daily breakfast and a daily lunch at no charge. Under Community Eligibility, 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. Most of the overall increase in revenues resulted due to the annual increase in the reimbursement rate of approximately 3%.



The USDA daily meal service included approximately 59,554 breakfasts via the National School Breakfast Program, most of which were served as 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 school years 2011 thru 2015. The number of schools serving breakfast in the classrooms decreased from 102 in fiscal year 2015 to 80 in fiscal year 2016. This decline was due to schools choosing the more traditional approach of serving breakfast to students in the cafeteria versus the classroom.

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 \$2.8 million from the previous year. Categorical fund balances are restricted or committed and are either reserved for future program needs or encumbered commitments. Revenues decreased by \$9.2 million and expenditures decreased by \$11.8 million. The non-federal fund revenues and expenditures decreased \$3.4 million due to the approval of a no cost extension for the Gates grant, which resulted in the postponement of expenditures to next fiscal year. The remaining decrease was due to the Race to the Top federal grant ending in the prior fiscal year.



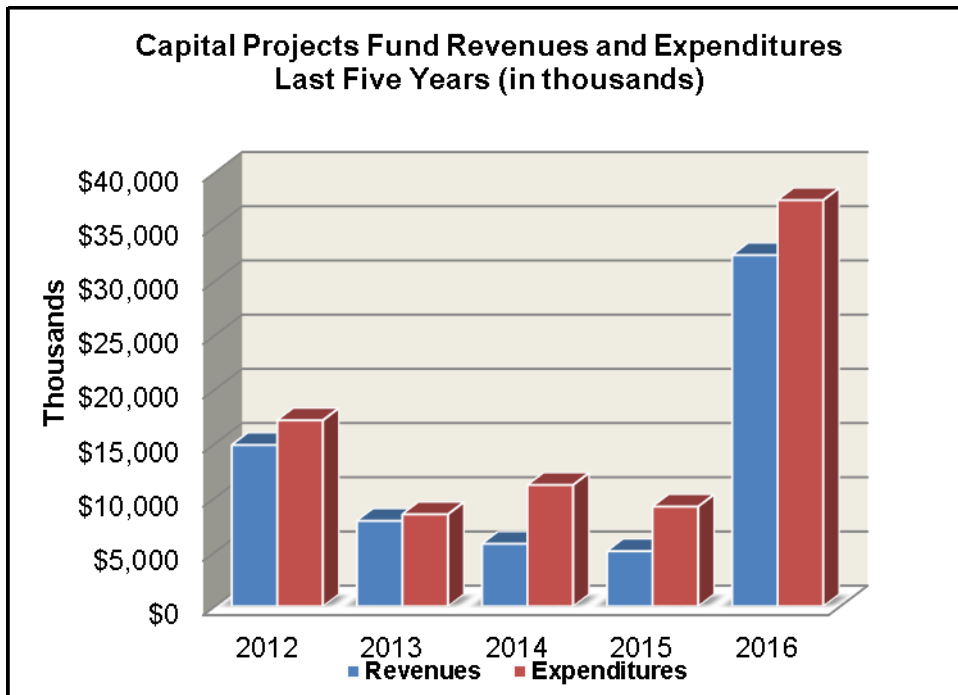
Capital Projects Fund

As previously stated, the Capital Projects Fund is the District's only nonmajor fund. It accounts for 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 decreased by \$4.1 million compared to fiscal year 2016.

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 multiple properties.

During fiscal year 2014, Shelby County Government provided the District an allocation of \$52.2 million to address critical capital needs. In fiscal year 2016, Shelby County Government approved another allocation of \$26.2 million for District capital needs. Local revenue sources included rental revenues, interest earnings, and proceeds from the sale of capital assets. Twenty-eight projects (including municipal schools) were completed during the fiscal year.



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 \$4.2 million primarily due to a \$1.1 million unemployment loss and an unemployment transfer of \$2.5 million to the general fund due to a surplus unemployment fund balance.

General Fund Budgetary Highlights

The school district planned to use \$36 million of fund balance in fiscal year 2016. However, lower than expected expenditures resulted in a \$20.4 million increase to the general fund balance.

Actual day student enrollment of 105,582 based on the 40-day end-of-month membership count, was down 3,907 students from projected enrollment figures of 109,489. Actual membership declined 4,368 students from the previous year (109,950) with the majority moving to the ASD.

General operating revenues exceeded budget estimates by \$3.5 million. Key factors contributing to the revenue variance include:

- Shelby County revenues exceeded forecasts by \$3.3 million primarily from improved local sales and mixed drinks tax collections.
- Revenues from the State of Tennessee for BEP, Career Ladder Program, and Other State Revenue exceeded budgeted forecast by 0.4 million.
- Higher than expected indirect cost revenue related to both the Food Service Fund and Special Revenue Federal Programs Fund account for the \$4.9 variance in Federal Government category.
- Lease and rental income fell short of the revenue budget by \$2.9 million due to a decline in lease agreements with charter schools. Several charter schools either purchased or built their own buildings.
- Other charges for services, tuition and miscellaneous refunds budgets were not realized. The Local category fell short of projections by \$2.2 million.

The District experienced cost savings of \$55.4 million in expenditures compared to the budget due to controlled spending. Key factors contributing to the expenditure variance include:

- Salary and benefit expenditures were under budget by \$20.0 million and \$21.3 million, respectively. A one-time savings in benefits was due to spreading the employer benefits match over 24 months versus 20 months. The overall budget variance was largely due to vacancy savings for hard to fill positions, a national hiring shortage for teachers, a hiring freeze on administrative vacancies, and delayed salary harmonization. The Innovation Zone (iZone) received an unanticipated federal grant resulting in an offsetting savings in the general fund.
- The District reviewed spending for non-essential items. As a result, the District realized \$3.2 million savings in contracted services, and \$10.6 million in other charges and items primarily due to a change in policy for carry forward purchase orders.
- The school district had a total of forty-five charter schools with an aggregate budget of \$94.7 million. In accordance with state law, \$94.4 million was transferred to the charter schools based on actual revenue proceeds distributed on a per pupil basis. Charter

schools' actual enrollment was slightly less than projected, resulting in a \$0.3 million variance.

In fiscal year 2015-16, the District set forth on a path toward greater financial sustainability. Due to the favorable revenue and expenditure results, discussed above, the result of the financial turnaround was a \$50.7 million increase in the unassigned General Fund balance at the end of fiscal year 2015-16. The unassigned General Fund balance stood at \$110.6 million, or 12.02% of General Fund revenues. Prior to fiscal year 2015-16, the unassigned General Fund balance stood at \$59.9 million, representing 6% of revenues. As a benchmark, the median unrestricted General Fund balance of Council of Greater City Schools participants is approximately 10% for fiscal year 2014. As another comparison of financial health, Moody's Investor Service consider available General Fund balance between 10% and 25% of revenues to be strong for school districts. In absence of a formal fund balance target, the District uses these peer-comparison benchmarks to evaluate the relative strength of our financial position.

Capital Asset and Debt Administration

Capital Assets

The school district's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$1,018.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, intangibles, machinery and equipment. Overall capital assets decreased by 1.7 percent from fiscal year 2015 to fiscal year 2016. Accumulated depreciation increased by \$42.8 million or 5.2 percent.

Condensed Statement of Capital Assets

	Governmental Activities		Percentage
	2016	2015	Change
			2016 - 2015
Land	\$ 45,075,585	\$ 45,335,576	(0.57%)
Buildings and improvements	917,530,435	951,962,127	(3.62%)
Machinery and equipment	23,062,274	30,298,549	(23.88%)
Intangible assets	3,969,962	4,537,100	(12.5%)
Construction in progress	28,451,115	3,760,469	656.58%
Total	\$ 1,018,089,371	\$ 1,035,893,821	(1.72%)

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

Long-term Debt

The total debt decreased by \$547,385 during fiscal year 2016 resulting in an ending balance of \$216,799 .

Condensed Statement of Outstanding Debt

	Governmental Activities		Percentage
	2016	2015	Change
	<u>2016</u>	<u>2015</u>	<u>2016 - 2015</u>
Bonded Debt Due to State of Tennessee	\$ 216,799	\$ 764,184	(71.63%)

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

Economic Factors and Next Year’s Budgets

In fiscal Year 2016-17, Shelby County Schools continued to experience a shift in enrollment to the ASD and charter schools. Four additional schools were taken over by the ASD. With five new charter schools opening and five existing charter schools closing, the total number of charter schools remained at forty-five.

The Shelby County Board of Education adopted the Fiscal Year 2016-17 General Fund budget in the amount of \$958,913,051 including transfers to charter schools. The Fiscal Year 2016-17 budget is a decrease of \$21.3 million from the Fiscal Year 2015-16 budget. As stated previously, five new charter schools will open, along with the closure of five established charter schools bringing the total number of charter schools to forty-five, with an aggregate budget of \$112.8 million. The Fiscal Year 2016-17 General Fund budget includes \$3.5 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 \$958,913,051, which equates to \$28,767,391.

The Shelby County Board of Commissioners voted to approve the Shelby County Schools’ Fiscal Year 2016-17 budget including \$332,530,419 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, excluding ASD, is expected to decrease from 105,582 to 103,311 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.

This page left intentionally blank

Basic Financial Statements



STATEMENT OF NET POSITION
June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 125,583,075
Investments	124,935,628
Due from County of Shelby	34,788,406
Due from other governments	57,238,650
Other receivables	29,528,620
Inventories	9,380,036
Capital assets, not being depreciated	73,526,700
Capital assets, being depreciated, net	944,562,671
Net pension asset	30,735,926
Total assets	1,430,279,712
Deferred Outflows of Resources	
Pension differences between expected and actual experience	4,143,262
Pension employer contributions during fiscal year 2016	51,055,705
Total deferred outflows of resources	55,198,967
Liabilities	
Accounts payable and other accrued liabilities	81,032,811
Insurance claims payable	8,040,195
Unearned revenue	2,640,700
Long-term liabilities, due within one year:	
Capital related liabilities	72,267
Non-capital related liabilities	1,107,709
Long-term liabilities, due beyond one year:	
Capital related liabilities	144,532
Non-capital related liabilities	419,076,066
Total liabilities	512,114,280
Deferred Inflows of Resources	
Pension differences between expected and actual experience	105,582,770
Pension difference between investments projected and actual earnings	41,551,335
Pension changes in proportion of Net Pension Liability (Asset)	51,578,819
Total deferred inflows of resources	198,712,924
Net Position	
Net investment in capital assets	1,017,872,572
Restricted for :	
Capital projects	8,417,957
Contracted grant programs	6,578,574
Food service	32,516,981
Pension Benefits	(112,778,030)
Education	29,360,894
Unrestricted	(207,317,473)
Total net position	\$ 774,651,475

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

STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 597,472,639	\$ 589,588
Instructional support	68,332,710	-
Student support	67,948,438	-
Office of principal	63,512,954	-
General administration	22,290,624	-
Fiscal services	6,061,221	-
Other support services	43,518,961	-
Student transportation	27,981,073	-
Plant services	82,263,525	-
Community service	50,728,987	-
Charter schools	94,408,523	-
Food service	85,229,311	3,514,739
Interest and fees on long-term debt	2,628	-
Loss on disposal of assets	-	-
Depreciation - unallocated	-	-
Retiree expense	-	-
Total governmental activities	\$ 1,209,751,594	\$ 4,104,327

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total</u>
\$ 405,523,486	\$ -	\$ (191,359,565)
47,587,032	-	(20,745,678)
27,527,860	-	(40,420,578)
19,830,653	-	(43,682,301)
8,275,807	-	(14,014,817)
472,225	-	(5,588,996)
2,588,669	-	(40,930,292)
18,421,013	-	(9,560,060)
75,671,383	33,321,219	26,729,077
50,454,463	-	(274,524)
-	-	(94,408,523)
78,798,457	-	(2,916,115)
-	-	(2,628)
-	-	-
-	-	-
<u>\$ 735,151,048</u>	<u>\$ 33,321,219</u>	<u>(437,175,000)</u>
General revenues:		
Shelby County		316,067,610
Local option and state sales taxes		121,423,104
Other local sources		5,755,594
Unrestricted investment earnings		895,492
Total general revenues and special items		<u>444,141,800</u>
Changes in net position		6,966,800
Net position - beginning		767,684,675
Net position - ending		<u><u>\$ 774,651,475</u></u>

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Special Revenue			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Food Service Fund	Categorically Aided Fund	Capital Projects	
Assets					
Cash and cash equivalents	\$ 68,009,394	\$ 28,084,909	\$ 5,117,793	\$ 2,198,614	\$ 103,410,710
Investments	124,635,628	-	-	-	124,635,628
Due from County of Shelby	11,436,429	-	-	8,241,971	19,678,400
Due from other governments	38,057,945	-	-	-	38,057,945
Other receivables	721,369	2,133,058	24,742,075	50,452	27,646,954
Due from other funds	13,359,555	-	-	-	13,359,555
Inventories	5,804,694	3,575,342	-	-	9,380,036
Total assets	\$ 262,025,014	\$ 33,793,309	\$ 29,859,868	\$ 10,491,037	\$ 336,169,228
Liabilities and Fund Balances					
Liabilities					
Accounts payable and other accrued liabilities	69,336,737	1,214,399	7,796,835	2,073,080	80,421,051
Due to other funds	-	-	12,905,687	-	12,905,687
Unearned revenue - other	-	61,929	2,578,772	-	2,640,701
Total liabilities	69,336,737	1,276,328	23,281,294	2,073,080	95,967,439
Deferred Inflows of Resources					
Unavailable revenue - settlement	16,261,162	-	-	-	16,261,162
Total deferred inflows of resources	16,261,162	-	-	-	16,261,162
Fund balances					
Nonspendable	5,804,694	3,575,342	-	-	9,380,036
Restricted	29,360,894	28,941,639	4,934,793	8,417,957	71,655,283
Committed	-	-	1,643,781	-	1,643,781
Assigned	30,631,209	-	-	-	30,631,209
Unassigned	110,630,318	-	-	-	110,630,318
Total fund balances	176,427,115	32,516,981	6,578,574	8,417,957	223,940,627
Total liabilities, deferred inflows of resources, and fund balance:	\$ 262,025,014	\$ 33,793,309	\$ 29,859,868	\$ 10,491,037	\$ 336,169,228

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, 2016**

**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	\$	223,940,627
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost	\$ 1,889,018,298	
Less accumulated depreciation	<u>(870,928,927)</u>	1,018,089,371
Net pension assets are not financial resources and therefore are not reported as assets in governmental funds		
		30,735,926
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.		
		14,734,127
Short-term compensated absences (for active employees) not booked to governmental funds		
		(573,652)
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	\$ (216,799)	
Post employment benefits	(410,385,658)	
Long-term compensated absences (for active employees) not booked to governmental funds	<u>(8,575,958)</u>	(419,178,415)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		
City of Memphis Settlement		16,261,162
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	\$ 15,110,006	
Municipality agreements	<u>19,046,280</u>	34,156,286
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	\$ 4,143,262	
Actuarial experience deferred inflow	(105,582,770)	
Net investment earnings deferred inflow	(41,551,335)	
Change in proportionate share of NPL deferred inflow	(51,578,819)	
Current fiscal year contributions deferred outflow	<u>51,055,705</u>	<u>(143,513,957)</u>
Total net position - governmental activities	\$	<u>774,651,475</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, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue		Non-Major Governmental Fund	Total Governmental Funds
		Food Service Fund	Categorically Aided Fund	Capital Projects	
Revenues					
City of Memphis	\$ 2,057,999	\$ -	\$ -	\$ -	\$ 2,057,999
Shelby County	438,891,698	-	-	31,959,030	470,850,728
State of Tennessee	482,879,311	592,345	12,901,028	-	496,372,684
Federal Government	13,863,446	70,927,194	127,986,049	-	212,776,689
Other local sources	7,423,537	11,004,413	18,722,757	428,164	37,578,871
Total revenues	945,115,991	82,523,952	159,609,834	32,387,194	1,219,636,971
Expenditures					
Current:					
Instruction	474,912,419	-	59,153,871	-	534,066,290
Instructional support	32,961,006	-	30,267,030	-	63,228,036
Student support	55,003,937	-	10,438,066	-	65,442,003
Office of principal	59,514,365	-	202,504	-	59,716,869
General administration	11,829,891	-	8,211,269	-	20,041,160
Fiscal services	5,571,622	-	258,579	-	5,830,201
Other support services	42,382,557	-	202,652	-	42,585,209
Student transportation	27,450,988	-	354,247	-	27,805,235
Plant services	79,819,457	-	680,918	-	80,500,375
Community service	1,597,038	-	48,292,621	-	49,889,659
Charter school	94,408,523	-	-	-	94,408,523
Retiree benefits	34,700,842	-	-	-	34,700,842
Food service	-	80,474,957	-	-	80,474,957
Debt Service:					
Principal	547,385	-	-	-	547,385
Interest and fees	2,628	-	-	-	2,628
Capital outlay	-	-	-	37,466,921	37,466,921
Total expenditures	920,702,658	80,474,957	158,061,757	37,466,921	1,196,706,293
Excess (deficiency) of revenues over expenditures	24,413,333	2,048,995	1,548,077	(5,079,727)	22,930,678
Other financing sources (uses)					
Transfer to insurance fund	(5,408,646)	-	-	-	(5,408,646)
Transfer to special revenue fund	(1,259,536)	-	1,259,536	-	-
Transfer from unemployment fund	2,476,301	-	-	-	2,476,301
Sale of capital assets	152,967	-	-	1,009,550	1,162,517
Total oher financing sources(uses)	<u>(4,038,914)</u>	<u>-</u>	<u>1,259,536</u>	<u>1,009,550</u>	<u>(1,769,828)</u>
Net change in fund balance	20,374,419	2,048,995	2,807,613	(4,070,177)	21,160,850
Fund balance - July 1, 2015	156,052,696	30,467,986	3,770,961	12,488,134	202,779,777
Fund balance - June 30, 2016	<u>\$ 176,427,115</u>	<u>\$ 32,516,981</u>	<u>\$ 6,578,574</u>	<u>\$ 8,417,957</u>	<u>\$ 223,940,627</u>

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, 2016**

**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	\$ 21,160,850
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	\$ 37,922,107
Depreciation expense	<u>(52,261,031)</u>
	(14,338,924)
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.	
	(3,465,525)
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:	
	547,385
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.	
	(62,580,784)
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:	
	303,965
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.	
	(4,201,818)
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.	
	(4,081,091)
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.	
	<u>73,622,742</u>
Change in net position of governmental activities	<u>\$ 6,966,800</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
GENERAL FUND
For the year ended June 30, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
City of Memphis	\$ 1,333,333	\$ 2,057,997	\$ 2,057,999	\$ 2
Shelby County	437,202,867	435,561,881	438,891,698	3,329,817
State of Tennessee	495,003,725	482,470,919	482,879,311	408,392
Federal Government	10,796,709	8,980,408	13,863,446	4,883,038
Other local sources	5,490,859	12,525,854	7,423,537	(5,102,317)
Total revenues	<u>949,827,493</u>	<u>941,597,059</u>	<u>945,115,991</u>	<u>3,518,932</u>
Expenditures				
Current:				
Instruction	507,253,048	498,769,166	473,327,546	25,441,620
Instructional support	53,391,261	46,774,767	33,659,644	13,115,123
Student support	49,940,241	51,905,273	54,739,282	(2,834,009)
Office of principal	61,104,762	61,145,350	59,728,458	1,416,892
General administration	12,751,265	12,894,162	12,164,911	729,251
Fiscal services	6,197,287	6,721,564	5,789,959	931,605
Other support services	53,620,590	50,670,031	38,966,736	11,703,295
Student transportation	32,875,606	29,575,606	28,160,489	1,415,117
Plant services	85,133,697	83,384,278	79,089,586	4,294,692
Community service	1,807,944	1,816,692	1,539,519	277,173
Charter schools	88,000,000	94,745,779	94,408,523	337,256
Retiree benefits	33,135,196	33,135,196	34,700,842	(1,565,646)
Debt Service:				
Principal	656,312	656,312	547,385	108,927
Interest and fees	2,673	2,673	2,628	45
Total expenditures	<u>985,869,882</u>	<u>972,196,849</u>	<u>916,825,508</u>	<u>55,371,341</u>
Excess (deficiency) of revenues over expenditures	<u>(36,042,389)</u>	<u>(30,599,790)</u>	<u>28,290,483</u>	<u>58,890,273</u>
Other financing sources (uses)				
Transfer to insurance fund	-	(5,408,646)	(5,408,646)	-
Transfer to special revenue fund	-	(2,570,611)	(1,259,536)	1,311,075
Transfer from unemployment fund	-	2,476,301	2,476,301	-
Sale of capital assets	-	-	152,967	152,967
Net change in fund balance	<u>\$ (36,042,389)</u>	<u>\$ (36,102,746)</u>	<u>24,251,569</u>	<u>\$ 60,354,315</u>
Change in reserve for encumbrances			<u>(3,877,150)</u>	
Net change in fund balances (GAAP basis)			20,374,419	
Fund balance - July 1, 2015			<u>156,052,696</u>	
Fund balance - June 30, 2016			<u>\$ 176,427,115</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, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 15,571,740	\$ 14,590,922	\$ 12,901,028	\$ (1,689,894)
Federal Government	160,802,857	189,295,731	125,436,360	(63,859,371)
Other local sources	<u>27,891,239</u>	<u>21,356,338</u>	<u>18,722,757</u>	<u>(2,633,581)</u>
Total revenues	<u>204,265,836</u>	<u>225,242,991</u>	<u>157,060,145</u>	<u>(68,182,846)</u>
Expenditures				
Current:				
Instruction	64,987,322	85,137,518	56,060,821	29,076,697
Instructional support	40,255,713	52,751,767	30,543,198	22,208,569
Student support	12,241,756	17,461,127	10,488,153	6,972,974
Office of principal	299,991	177,006	202,504	(25,498)
General administration	24,565,389	10,329,509	8,561,316	1,768,193
Fiscal services	-	280,435	267,524	12,911
Other support services	4,119,364	115,863	202,652	(86,789)
Student transportation	4,066	915,045	510,004	405,041
Plant services	1,196,567	3,618,196	633,209	2,984,987
Community service	57,557,266	55,068,458	47,544,867	7,523,591
Food service	-	2,802	-	2,802
Total expenditures	<u>205,227,434</u>	<u>225,857,726</u>	<u>155,014,248</u>	<u>70,843,478</u>
Excess (deficiency) of revenues over expenditures	<u>(961,598)</u>	<u>(614,735)</u>	<u>2,045,897</u>	<u>2,660,632</u>
Other Financing Sources (Uses)				
Transfer from general fund	-	-	1,259,536	1,259,536
Net change in fund balances	<u>\$ (961,598)</u>	<u>\$ (614,735)</u>	<u>3,305,433</u>	<u>\$ 3,920,168</u>
Change in reserve for encumbrances			<u>(497,820)</u>	
Net change in fund balances (GAAP basis)			2,807,613	
Fund balance - July 1, 2015			<u>3,770,961</u>	
Fund balance - June 30, 2016			<u>\$ 6,578,574</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
FOOD SERVICE FUND
For the year ended June 30, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 610,000	\$ 680,000	\$ 592,345	\$ (87,655)
Federal Government	71,741,027	73,346,658	70,927,194	(2,419,464)
Other local sources	<u>13,826,832</u>	<u>9,677,448</u>	<u>11,004,413</u>	<u>1,326,965</u>
Total revenues	<u>86,177,859</u>	<u>83,704,106</u>	<u>82,523,952</u>	<u>(1,180,154)</u>
Expenditures				
Current				
Labor	37,614,465	34,240,844	29,008,084	5,232,760
Food	35,865,564	32,713,760	37,406,784	(4,693,024)
Supplies	3,174,149	2,489,155	3,021,194	(532,039)
Equipment	2,380,300	6,491,380	3,492,174	2,999,206
Other	<u>7,559,981</u>	<u>12,790,434</u>	<u>11,746,880</u>	<u>1,043,554</u>
Total expenditures	<u>86,594,459</u>	<u>88,725,573</u>	<u>84,675,116</u>	<u>4,050,457</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (416,600)</u>	<u>\$ (5,021,467)</u>	(2,151,164)	<u>\$ 2,870,303</u>
Change in reserve for encumbrances			<u>4,200,159</u>	
Net change in fund balances (GAAP basis)			2,048,995	
Fund balance - July 1, 2015			<u>30,467,986</u>	
Fund balance - June 30, 2016			<u>\$ 32,516,981</u>	

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	<u>Governmental Activities - Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 22,172,365
Investments	300,000
Receivable from state	134,425
Other receivables	<u>1,856,066</u>
Total assets	<u>24,462,856</u>
Liabilities	
Current liabilities:	
Accounts payable	1,126,217
Insurance claims and premiums payable	8,040,195
Due to general fund	428,267
Accrued vacation	19,600
Noncurrent liabilities:	
Accrued vacation	<u>114,450</u>
Total liabilities	<u>9,728,729</u>
Net Position	
Unrestricted	<u><u>\$ 14,734,127</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, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 4,049,887
Employee contributions	59,266,066
Board contributions	87,599,491
Medicare	1,535,458
Total operating revenues	<u>152,450,902</u>
Operating expenses:	
Personnel services	3,839,109
Material & supplies	558,709
Claims incurred	110,379,365
Life insurance premiums	3,454,556
Health insurance premiums	30,697,903
Administrative expenses	3,219,852
Contribution to qualifying trust	7,500,000
Total operating expenses	<u>159,649,494</u>
Operating loss	(7,198,592)
Nonoperating revenues (expenses):	
Interest income	64,429
Total nonoperating revenues (expenses)	<u>64,429</u>
Income (Loss) Before Transfers	(7,134,163)
Transfers to General Fund	(2,476,301)
Transfers from General Fund	<u>5,408,646</u>
Change in net position	(4,201,818)
Total net position - July 1, 2015	<u>18,935,945</u>
Total net position - June 30, 2016	<u><u>\$ 14,734,127</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, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts for interfund services provided	\$ 92,893,647
Receipts from employees	59,266,066
Payments to suppliers	(698,039)
Payments to employees for salaries and benefits	(3,838,687)
Payments to other division funds	(794,958)
Payments for life insurance premiums	(3,454,556)
Payments for health insurance premiums	(30,697,903)
Payments for insurance and unemployment claims	(116,538,821)
Payments to qualifying trust	(7,500,000)
Net cash by operating activities	<u>(11,363,251)</u>
Cash Flows From Noncapital Financing Activities	
Transfer to General Fund	(2,476,301)
Transfers from other funds	<u>5,408,646</u>
Cash Flows From Investing Activities	
Interest received	64,429
Net cash provided (used) by investing activities	<u>64,429</u>
Net decrease in cash and cash equivalents	(8,366,477)
Cash and cash equivalents at beginning of year	<u>30,538,842</u>
Cash and cash equivalents at end of year	<u>\$ 22,172,365</u>
Reconciliation of operating to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (7,198,592)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	(291,189)
Accrued liabilities	<u>(3,873,470)</u>
Net cash by operating activities	<u>\$ (11,363,251)</u>

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund	Internal School Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ -	\$ 9,866,228
Other receivables	6,497	241,707
Investments, at fair value:		
Short-term securities	203,742	383,813
Common stocks	574,660	-
Corporate bonds	322,111	-
Total Investments	<u>1,100,513</u>	<u>383,813</u>
Inventories	-	60,110
Total assets	<u><u>1,107,010</u></u>	<u><u>10,551,858</u></u>
Liabilities		
Accounts payable	13,529	229,775
Due to general fund	25,601	-
Due to student general fund	-	6,912,369
Due to student groups	-	3,409,714
Total liabilities	<u>39,130</u>	<u>10,551,858</u>
Net Position		
Net position restricted for pensions	<u><u>\$ 1,067,880</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, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund
Additions	
Contributions:	
State reimbursements for benefit payments and insurance premiums	\$ 80,886
Investment Earnings:	
Interest income	19,163
Net appreciation (depreciation) in fair value of investments	(42,902)
Total investment earnings	(23,739)
Less investment expense	29,642
Net investment loss	(53,381)
 Total additions	 27,505
Deductions	
Benefit payments	365,210
 Total deductions	 365,210
 Change in net position	 (337,705)
Net position restricted for pensions	
July 1, 2015	1,405,585
June 30, 2016	\$ 1,067,880

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 5% 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 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 Non-major Funds

The General Fund, Food Service Fund, and Categorically Aided Fund are classified as major funds. The Capital Projects Fund is classified as a non-major fund. 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. However, line item transfers from salaries and benefits to operations and maintenance accounts and from other restricted budgets/allocations as provided in policy are not permitted. 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 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:

- 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 are 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 non-

operating 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

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.

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. Property taxes attach an enforceable lien on property on January 1 of each year. The levy is made July 1. Taxes are due October 1 and delinquent March 1 of the following year.

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

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.

The District's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The District uses valuation technique(s) that best represents fair value in the circumstances using one of the three approaches: Market, Cost and Income.

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) 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) 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 Liability (Assets) is reported in the government-wide financial statement.

For purposes of measuring the Net Pension Liability (Assets) the following have been determined on the same basis as they are reported by the TCRS: deferred outflows of resources, deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of Teacher Legacy Pension Plan for teachers, Public Employee Retirement Plan for non-teachers in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from plan's fiduciary net position. 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. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001. Donated Capital Assets are reported at fair value and on a go-forward basis newly acquired donated Capital Assets will be reported at acquisition value.

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, 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 Non-spendable, Restricted, Committed, Assigned and/or Unassigned.

- Non-spendable 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 (adoption of a resolution) of 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 (adoption of a resolution) 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, 2016, consist of the following:

Deposit accounts	\$	73,812,507
Investments in state's local government investment pool		51,770,568
	\$	<u>125,583,075</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, 2016, the deposits held were \$139,725,334. The cash of the Fiduciary fund is not included here.

Shelby County	
Trustee	
LGIP	\$ 51,770,568
PFDs-Regions	41,534,828
Liquid CDARs-Metropolitan	32,587,047
Liquid CDARs-Iberia	12,220,143
Cash-Regions	872,360
Cash-BOA	740,388
	<u>\$ 139,725,334</u>

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments as of June 30, 2016, 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	\$ 21,770,197	\$ -	\$ -	\$ -	\$ 21,770,197	-
CDs	22,960,765	-	300,000	-	23,260,765	-
Agencies	57,145,379	-	-	-	57,145,379	-
Commercial Paper	15,741,788	-	-	-	15,741,788	-
Pass Through Securities	7,017,499	-	-	-	7,017,499	-
Common stocks	-	574,660	-	-	574,660	-
Corporate bonds	-	322,111	-	-	322,111	1.69
Short term investments	-	203,742	-	383,813	587,555	-
	<u>\$ 124,635,628</u>	<u>\$ 1,100,513</u>	<u>\$ 300,000</u>	<u>\$ 383,813</u>	<u>\$ 126,419,954</u>	

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.

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under GAAP are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities the Shelby County Board of Education has the ability to access.
- Level 2 – Inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or other inputs that can be corroborated by observable market data.
- Level 3 – Inputs which are unobservable for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the Shelby County Board of Education utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2016.

For the Shelby County Board of Education, Level 1 investments are valued using prices quoted in active markets for those investments. Level 2 investments are valued based on the investments relationship to benchmark quoted prices. Level 3 investments are valued using either a discounted cash flow or market comparable techniques.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Shelby County Board of Education believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

Shelby County Board of Education has the following recurring fair value measurements as of June 30, 2016:

Investments Measured at Fair Value (\$ in millions)	<u>Fair Value Measurements</u>			Total 6/30/2016
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
CDARS	\$ 21.77	\$ -	\$ -	\$ 21.77
CDs	23.64	-	-	23.64
Commercial paper	-	-	15.74	15.74
Pass through securities	-	7.02	-	7.02
Agencies	-	57.15	-	57.15
Corporate bonds	0.32	-	-	0.32
Short term investments	0.20	-	-	0.20
Common stocks	0.57	-	-	0.57
Total investments measured at fair value	<u>\$ 46.50</u>	<u>\$ 64.17</u>	<u>\$ 15.74</u>	<u>\$ 126.41</u>

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, 2016:

Aa3	2.29%	\$	25,195
A1	8.90%		97,970
A2	4.62%		50,813
A3	4.27%		46,945
Baa1	2.29%		25,156
Baa2	6.91%		76,033
		\$	<u>322,112</u>

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 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 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 \$19,046,280 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 \$16,261,162 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	Food Service Fund	Categorically Aided Fund	Capital Projects Fund	Total Governmental Funds
Accounts payable	\$ 9,198,084	\$ 614,161	\$ 1,831,072	\$ 2,073,080	\$ 13,716,397
Accrued payroll and payroll deductions	59,653,627	599,533	5,937,038	-	66,190,198
Accrued vacation	485,026	705	28,725	-	514,456
Total	\$ 69,336,737	\$ 1,214,399	\$ 7,796,835	\$ 2,073,080	\$ 80,421,051

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, the Shelby County Board of Education became responsible for debt under the former specific agreements with the State of Tennessee.

At June 30, 2016, the Board is indebted for outstanding general long-term obligations (excluding accrued vacation) with interest rates of 0%. 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 paid from their respective funds.

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

Year Ending June 30,	Due to State of Tennessee	Total
Principal:		
2017	\$ 72,267	\$ 72,267
2018	72,266	72,266
2019	72,266	72,266
Total	\$ 216,799	\$ 216,799

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 QZAB Bonds are included in interest and fees expenditures in the general fund.

The following is a summary of changes in general long-term obligations for the year June 30, 2016:

	Balance July 1, 2015	Additions	Payments and Retirements	Balance June 30, 2016	Due Within One Year
Due to State of Tennessee	\$ 764,184	\$ -	\$ 547,385	\$ 216,799	\$ 72,267
Post Employment Benefits	347,804,874	134,831,509	72,250,725	410,385,658	-
Compensated Absences	10,056,241	2,783,220	3,041,344	9,798,117	1,107,709
	<u>\$ 358,625,299</u>	<u>\$ 137,614,729</u>	<u>\$ 75,839,454</u>	<u>\$ 420,400,574</u>	<u>\$ 1,179,976</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 the governing body of the Board of Education of Shelby County Schools.

Plan Membership. At June 30, 2016, local pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>16</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 \$284,324 (\$365,210 net of \$80,886 reimbursements from the state) for employees covered by the Local Plan for the year ended June 30, 2016. 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 \$80,886 during the year ended

June 30, 2016. The on-behalf payments of fringe benefits and salaries provided by TCRS 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 are correlated with the adjustments made by the TCRS.

Contributions. Employees were required to contribute five percent of their individual compensation for the first thirty-five (35) 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, 2016, 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	8.09%
Ishares Russell Midcap ETF	8.46%

Rate of return. For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (10.75%). 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, 2016 were as follows:

Total pension liability	\$ 1,599,521
Plan fiduciary net position	(1,067,880)
Board's net pension liability	<u>\$ 531,641</u>
Plan fiduciary net position as a percentage of the total pension liability	66.76%

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016, 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	3.20 percent
Single equivalent interest rate	4.69 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%	1.4410%
80	4.3746%	2.8965%
85	8.4963%	6.0162%
90	15.2905%	11.9196%
95	24.3550%	19.4048%
100	33.8068%	24.5536%

Discount Rate. The discount rate used to measure the total pension liability was 4.69%. 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 4.69%, 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 (3.69%) or one-percentage-point higher (5.69%) than the current rate:

	1% Decrease (3.69%)	Current Discount Rate (4.69%)	1% Increase (5.69%)
Shelby County School's net pension liability	\$694,541	\$531,641	\$398,833

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

1. Plan Description

Employees of Shelby County Unified School District 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,693
Inactive employees entitled to but not yet receiving benefits	6,145
Active employees	3,873
	13,711

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 5% of salary. Shelby County Unified School District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2016, the Actuarially Determined

Contribution (ADC) for Shelby County Unified School District were \$12,162,217 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 Unified School District's state shared taxes if required employer contributions are not remitted. The employer's 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 Unified School District net pension liability (asset) was measured as of June 30, 2015, and the total pension liability (asset) 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, 2015 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, 2015 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.

6. *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 Unified School District 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.

7. *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 6/30/2014	\$ 592,930,593	\$ 646,494,312	\$ (53,563,719)
Changes for the year:	-	-	-
Service Cost	12,995,488	-	12,995,488
Interest	44,010,023	-	44,010,023
Differences between expected and actual experience	(933,606)	-	(933,606)
Contributions - employer	-	11,999,510	(11,999,510)
Contributions - employees	-	6,473,390	(6,473,390)
Net investment income	-	19,630,955	(19,630,955)
Benefit payments, including refunds of employee contributions	(38,251,547)	(38,251,547)	-
Administrative expense	-	(175,295)	175,295
Other changes	-	325	(325)
Net changes	\$ 17,820,358	\$ (322,662)	\$ 18,143,020
Balance at 6/30/2015	<u>\$ 610,750,951</u>	<u>\$ 646,171,650</u>	<u>\$ (35,420,699)</u>

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

The following presents the net pension liability (asset) of the Shelby County Unified School District 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)	\$ 37,600,328	\$ (35,420,698)	\$ (96,504,167)

9. *Negative Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Negative pension expense: For the year ended June 30, 2016, Shelby County Unified School District recognized negative pension expense of \$8,518,980.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, Shelby County Unified School District 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	\$ -	\$ 25,069,433
Net difference between projected and actual earnings on pension plan investments	22,486,286	30,744,407
Contributions subsequent to the measurement date of June 30, 2015	12,162,217	(not applicable)
Total	\$ 34,648,503	\$ 55,813,840

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," 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:	
2017	\$ (10,893,923)
2018	(10,893,923)
2019	(10,893,923)
2020	(645,787)
2021	-
Thereafter	-

10. *Payable to the Pension Plan*

At June 30, 2016, Shelby County Unified School District reported a payable of \$1,327,892 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

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 Shelby County Board 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. Beginning July 1, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. 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. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the members' 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. 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.

Teacher Legacy Pension Plan. 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 thirty years of service credit regardless of age. A reduced early retirement benefit is available to members of the Teacher Legacy Pension Plan at age 55 and vested with five years of service credit.

Teacher Retirement Plan. 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. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80.

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 5% 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 Teacher Retirement Plan, 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 Shelby County Board of Education for the year ended June 30, 2016 to both the Teacher Legacy Pension Plan and Teacher Retirement Plan were \$36,988,344 and \$1,905,144 respectively which is 9.04% and 4.0% 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

Teacher Legacy Pension Plan

Pension Assets (Liabilities): At June 30, 2016, the Shelby County Board of Education reported a liability of \$5,162,674 for its proportionate share of net pension liability in the Teacher Legacy Pension Plan. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. Shelby County Board of Education's proportion of the net pension liability was based on Shelby County Board of Education's employer contributions to the pension plan during the year ended June 30, 2015 relative to the contributions of all LEAs for the year ended June 30, 2015. At the June 30, 2015 measurement date, Shelby County Board of Education's proportion was 12.60%. The proportion measured as of June 30, 2014 was 16.49%.

Negative Pension Income (Expense): For the year ended June 30, 2016, Shelby County Board of Education recognized negative pension expense of \$14,674,360 in the Teacher Legacy Pension Plan.

Teacher Retirement Plan of TCRS

Pension Assets (Liabilities): At June 30, 2016, Shelby County Board of Education reported an asset of \$477,904 for its proportionate share of net pension asset in the Teacher Retirement Plan of TCRS. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Shelby County Board of Education's proportion of the net pension asset was based on Shelby County Board of Education's employer contributions to the pension plan during the year ended June 30, 2015 relative to the contributions of all LEAs for the year ended June 30, 2015. At the June 30, 2015 measurement date, Shelby County Board of Education's proportion was 11.88%.

Pension Expense: For the year ended June 30, 2016, Shelby County Board of Education recognized a pension expense of \$626,305 in the Teacher Retirement Plan of TCRS.

5. Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2016, Shelby County Board of Education 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,143,262	\$ 80,513,337
Net difference between projected and actual earnings on pension plan investments	93,260,360	126,553,574
Changes in proportion of Net Pension Liability (Asset)	-	51,578,819
Contributions subsequent to the measurement date of June 30, 2015	38,893,488	(not applicable)
	<u>\$ 136,297,110</u>	<u>\$ 258,645,730</u>

Shelby County Board of Education's employer contributions of \$38,893,488 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the Teacher Legacy Pension Plan and Teacher Retirement Plan of TCRS:

Year Ended June 30:

	Teacher Legacy Plan	Teacher Retirement
2017	(44,437,761)	(3,305)
2018	(44,437,761)	(3,305)
2019	(44,437,761)	(3,305)
2020	(2,253,237)	(3,305)
2021	(25,558,669)	(12,962)
Thereafter	-	(90,737)

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

6. Actuarial assumptions

The total pension liability in the June 30, 2015 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, 2015 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.

7. 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.

8. Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate:

The following presents Shelby County Board of Education’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5%, as well as what Shelby County Board of Education’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 (assets)			
Teacher Legacy Plan	\$ 351,973,731	\$ 5,162,674	\$ (281,955,983)
Teacher Retirement Plan	\$ 84,744	\$ (477,904)	\$ (890,557)

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

9. Payable to the Pension Plan

At June 30, 2016, Shelby County Board of Education reported a payable of \$5,155,596 for the outstanding amount of contributions to the Teacher Retirement and the Teacher Legacy Pension Plan required at the year ended June 30, 2016.

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 2016 was \$ 2,378,150.

3. Payable to the Hybrid Pension Plan

As of June 30, 2016, no payable 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, 2016, 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 year ended June 30, 2016, general fund costs were \$34,700,842 of \$44,382,377 Board contributions for the 11,232 retirees and dependents. 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, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 45,335,576	\$ -	\$ 3,000	\$ (262,991)	\$ 45,075,585
Construction in progress	3,760,469	(8,794,380)	33,485,026	-	28,451,115
Total capital assets, not being depreciated	49,096,045	(8,794,380)	33,488,026	(262,991)	73,526,700
Capital assets being depreciated:					
Buildings and improvements	1,608,384,653	8,794,380	1,645,864	(11,494,621)	1,607,330,276
Machinery and equipment	200,871,306	-	2,788,216	(1,169,576)	202,489,946
Intangible assets	5,671,376	-	-	-	5,671,376
Total capital assets, being depreciated	1,814,927,335	8,794,380	4,434,080	(12,664,197)	1,815,491,598
Less accumulated depreciation:					
Buildings and improvements	(656,422,526)	-	(41,945,491)	8,568,176	(689,799,841)
Machinery and equipment	(170,572,757)	-	(9,748,402)	893,487	(179,427,672)
Intangible assets	(1,134,276)	-	(567,138)	-	(1,701,414)
Total accumulated depreciation	(828,129,559)	-	(52,261,031)	9,461,663	(870,928,927)
Capital assets being depreciated, net	986,797,776	8,794,380	(47,826,950)	(3,202,534)	944,562,671
Total capital assets, net	\$ 1,035,893,821	\$ -	\$ (14,338,924)	\$ (3,465,525)	\$ 1,018,089,371

Depreciation expense was charged to governmental functions as follow:

Instruction	\$	42,671,072
Instructional support		2,122,171
Student support		241,128
Office of principal		1,147,818
General administration		2,048,424
Fiscal services		11,932
Other support services		216,829
Student transportation		119,387
Plant services		384,356
Community service		149,488
Food service		3,148,426
Total depreciation expense	<u>\$</u>	<u>52,261,031</u>

The estimated cost to complete construction in progress at June 30, 2016 is \$7,911,709.

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 \$1.9 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 \$9.4 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 7 properties. Capital assets held for sale consist of the following:

Land	\$	125,000
Building		4,811,087
Total Held for Sale	<u>\$</u>	<u>4,936,087</u>

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 \$8,000,000 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>
2017	\$ 40,059,992
2018	29,684,289
2019	81,480
2020	81,480
2021	81,480
2022	81,480
Total Commitments	<u>\$ 70,070,201</u>

Subsequent to June 30, 2016, the Board has entered into school building improvement contracts totaling approximately \$8,901,981.

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2016, 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, 2016, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Categorically Aided	\$ 12,905,687
	Internal Service	428,267
	Pension Trust	25,600
Total Interfund Receivables and Payables		<u>\$ 13,359,554</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. The Categorically Aided Fund has grants that are funded on a reimbursable basis; therefore, expenditures are covered in the interim by the General Fund. The payable from the Internal Service fund is due to the General Fund covering expenditures until payments are received from the Achievement School District (ASD). The General Fund also covers retiree expenditures until pension trust investments are liquidated.

Transfers are indicative of funding for federal programs, special education services for the ASD, and retiree benefits. The following schedule briefly summarizes the District's reciprocal interfund transfer activity during the year:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Categorically Aided Internal Service Pension Trust	\$ 75,446,875 2,153,730 366,684 <u>\$ 77,967,289</u>
Categorically Aided Internal Service Pension Trust	General Fund	\$ 83,202,747 2,330,058 446,021 <u>\$ 85,978,826</u>

In the year ended June 30, 2016, the Board made the following non-reciprocal transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	OPEB Fund Special Revenue Fund	\$ 5,408,646 1,259,536 <u>\$ 6,668,182</u>
Unemployment Fund	General Fund	<u>\$ 2,476,301</u>

A transfer of \$5,408,646 from the general fund to the OPEB internal service fund was made for payments to a qualified trust. The general fund also transferred \$1,259,536 to Teacher and Leadership Effectiveness as a match to the Gates Foundation grant. The transfer of \$2,476,301 from the Unemployment Fund is due to lower than anticipated unemployment claims.

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, 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>2016</u>	<u>2015</u>
Unpaid claims, beginning of fiscal year	\$ 9,844,656	\$ 11,529,974
Incurred claims (including IBNRs)	140,207,718	151,225,338
Claim payments	<u>(142,012,179)</u>	<u>(152,910,656)</u>
Unpaid claims, end of fiscal year	<u>\$ 8,040,195</u>	<u>\$ 9,844,656</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 2016 are expected to be invoiced in December but not paid until 2017. Unpaid fees for 2016, accrued through June, based on estimated membership are estimated to be \$260,000.

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, 2016, total funds remitted to the charter schools totaled \$94,408,523.

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>Food Service Fund</u>	<u>Categorically Aided Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Nonspendable:					
Inventories	\$ 5,804,694	\$ 3,575,342	\$ -	\$ -	\$ 9,380,036
Restricted for:					
Capital projects	-	-	-	8,417,957	8,417,957
Education	29,024,333	-	273,200	-	29,297,533
Operation of non-instructional services	-	28,941,639	4,661,593	-	33,603,232
Other- PARCC - technology support	336,561	-	-	-	336,561
Committed For:					
Operation of non-instructional services	-	-	1,643,781	-	1,643,781
Assigned to:					
Contractual obligations	6,131,209	-	-	-	6,131,209
Capital projects	10,000,000	-	-	-	10,000,000
Legal liability	8,000,000	-	-	-	8,000,000
Other post employment benefits	3,000,000	-	-	-	3,000,000
Other purposes - planned use (1)	3,500,000	-	-	-	3,500,000
Unassigned:					
General purpose	110,630,318	-	-	-	110,630,318
Total fund balances	<u>\$ 176,427,115</u>	<u>\$ 32,516,981</u>	<u>\$ 6,578,574</u>	<u>\$ 8,417,957</u>	<u>\$ 223,940,627</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 \$50.3 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, 2016, and the preceding two years:

	Fiscal Year Ending June 30		
<u>Annual OPEB Cost</u>	2016	2015	2014
Normal Cost at beginning of the year	\$ 41,748,803	\$ 38,983,017	\$ 38,983,017
Amortization of UAAL	79,170,511	85,471,140	85,471,140
Interest	-	-	-
ARC	120,919,314	124,454,157	124,454,157
Interest on net OPEB Obligation	13,912,195	11,744,496	9,504,709
Adjustment to ARC	(20,924,244)	(17,288,840)	(13,991,670)
OPEB Expense	113,907,265	118,909,813	119,967,196
NET OPEB contributions made during the fiscal year	(51,326,481)	(64,717,332)	(63,972,528)
Increase in Net OPEB Obligation	62,580,784	54,192,481	55,994,668
Net OPEB Obligation, beginning of year	347,804,874	293,612,393	237,617,725
Net OPEB Obligation, end of year	<u>\$ 410,385,658</u>	<u>\$ 347,804,874</u>	<u>\$ 293,612,393</u>
Percentage of expense contributed	45.1%	54.4%	53.3%
Unfunded actuarial accrued liability	\$1,250,652,565	\$1,315,980,143 +	\$1,451,539,250
Covered Payroll	\$501,212,249	\$596,273,841	\$451,582,719
Ratio	249.53%	220.70%	321.43%

+ Revised to reflect adjusted retiree life insurance census.

E. FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2016, the actuarial accrued liability for benefits was \$1,300,938,385 of which \$1,250,652,565 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$501,212,249 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 249.53%.

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 93% to 80% based on the retiree valuation data.

The following assumptions were made:

Valuation Date	June 30, 2016		
Actuarial Method	Entry Age Normal		
Amortization Method	Level Dollar, Closed		
Remaining amortization	25 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	7.75%		5.75%
Ultimate trend rate	5.00%		5.00%
Years of Ultimate trend rate	2022		2019

i. Actuarial Method

Costs were determined using the Entry Age Normal (EAN) actuarial cost method, allocated as a level percent of payroll, from first funding age to last age before terminal retirement age. Actuarial gains and losses, as they occur, are reflected in the unfunded actuarial accrued liability.

ii. Health Care Cost Trend Rates

Following is a chart detailing the trend assumptions applied to annual per capita health care costs and contributions. It is assumed that grandfathered retirees contributions do not increase.

Year Beginning July 1	Medical and Prescription Cost Trend	
	CIGNA Plans	Medicare Supplement Plan
2016	7.75%	5.75%
2017	7.00%	5.50%
2018	6.50%	5.25%
2019	6.00%	5.00%
2020	5.50%	5.00%
2021	5.25%	5.00%
2022 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	\$10,126	\$10,248	\$9,308	\$10,619	\$9,308
Medicare	\$3,494	\$3,494	\$3,494	\$3,494	\$9,308

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, where identified, and current plan elections for spouses of current retirees. For spouses of select current and 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	80%	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	48%
OAP Plus	Pre-Medicare	49%
Medicare Surround	Medicare	99%
Medicare Advantage	Medicare	1%

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 Legacy Plan actuarial valuation report as of June 30, 2015. 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 for Legacy Plan members (date of hire prior to July 1, 2014). For Hybrid Plan members (date of hire on or after July 1, 2014), taken from the Tennessee Consolidated Retirement System's Hybrid Plan actuarial valuation report as of June 30, 2015.

x. Retirement

Members are assumed to retire at the representative annual rates shown in the table below. An additional increment of 8.0% is applied for retirees who have fifteen 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 (Legacy and Hybrid Plan)

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

Legacy Plan

The mortality rates for non-disabled beneficiaries are the same as those used by TCRS Legacy Plan, but with an additional 5 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

Hybrid Plan

The mortality rates for non-disabled beneficiaries are the same as those used by TCRS, but with generational 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	0.30	0.20	2.60	1.80
55	0.30	0.20	3.20	2.10
60	0.40	0.40	4.00	2.50
65	0.80	0.60	4.90	3.00
70	1.50	0.90	6.30	3.60
75	2.60	1.60	8.50	4.90
80	4.70	3.10	10.90	6.60
85	8.90	6.30	14.20	9.20
90	15.70	12.20	18.90	13.50
95	24.70	19.70	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 (5 years for Memphis City Schools Legacy employees hired prior to January 1, 2007 and 10 years if 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 provided the retiree elected life insurance coverage as an active employee prior to retirement. Coverage amount is the lesser of 50% of the active coverage amount or \$50,000. Prior to September 1, 2013, the \$50,000 cap did not apply.

Pension plan specific eligibility and benefits are as follows:

Tennessee Consolidated Retirement System

Retirement: Legacy Plan employees (hired prior to July 1, 2014) who retire at age 55 with 5 years of credited service or at any age with 25 years of service will receive health care and life insurance benefits for life. Hybrid Plan employees (hired on or after July 1, 2014) who retire at age 60 with 5 years of credited service or meet the Rule of 80 (where age plus years of service total 80) 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 5 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 2020 (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 January 1, 2017 for Pre-Medicare plans and January 1, 2016 for Medicare Surround and Medicare Advantage. 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	\$209.69	\$389.43	\$599.12
Single + One	\$467.31	\$730.91	\$1,198.22
Family	\$651.89	\$1,019.62	\$1,671.51

Medical Coverage Tier	OAP Basic Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$146.81	\$396.92	\$543.73
Single + One	\$358.86	\$728.59	\$1,087.45
Family	\$500.60	\$1,016.38	\$1,516.98

Medical Coverage Tier	Choice Fund HRA Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$93.00	\$399.53	\$492.53
Single + One	\$246.26	\$738.78	\$985.04
Family	\$343.53	\$1,030.60	\$1,374.13

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

Medical Coverage Tier	Medicare Advantage Healthcare Plan		
	Retiree	Board	Total
Single	\$71.41	\$166.63	\$238.04
Single + One	\$142.82	\$333.26	\$476.08
Family	\$214.24	\$499.98	\$714.22

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 102 grandfathered Memphis City Schools legacy retirees who are Medicare eligible but covered under the OAP Basic Plan and not required to be enrolled in Medicare. We have assumed that these retirees are 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. Grandfathered retirees pay the following premiums for coverage. These amounts are not assumed to increase in the future.

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 \$16,261,162 based on the settlement agreement. The settlement agreement also states:

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.

This page left intentionally blank

Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress and Employer Contributions
June 30, 2016

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>
6/30/2016	\$ 50,286	\$ 1,300,938	\$ 1,250,653	3.87%	\$ 501,212	249.53%
6/30/2015	43,323	1,359,304 +	1,315,980 +	3.19%	596,274	220.70%
6/30/2014	20,822	1,472,361	1,451,539	1.41%	451,583	321.43%

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

+ Revised to reflect adjusted retiree life insurance census.

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>
6/30/2016	\$ 119,154	\$ 51,326	43.08%
6/30/2015	124,454	64,717 *	52.00%
6/30/2014	124,454	63,973 *	51.40%

* Revised to reflect actual contributions.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Investment Returns
Last 10 Fiscal Years
June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(10.75%)	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, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability			
Interest	\$ 79,951	\$ 82,688	\$ 92,830
Difference between expected and actual experience	20,448	101,950	-
Changes if assumptions	44,004	(43,233)	-
Benefit payments	(284,324)	(304,154)	(311,148)
Net change in total pension liability	<u>(139,921)</u>	<u>(162,749)</u>	<u>(218,318)</u>
Total pension liability-beginning	<u>1,739,442</u>	<u>1,902,191</u>	<u>2,120,509</u>
Total pension liability-ending	<u>\$ 1,599,521</u>	<u>\$ 1,739,442</u>	<u>\$ 1,902,191</u>
Plan fiduciary net position			
Net investment income	\$ (23,740)	\$ 59,719	\$ 235,749
Benefit payments	(284,324)	(304,154)	(311,148)
Administrative expense	(29,640)	(20,215)	(29,254)
Net change in plan fiduciary net position	<u>(337,704)</u>	<u>(264,650)</u>	<u>(104,653)</u>
Plan fiduciary net position - beginning	<u>1,405,584</u>	<u>1,670,234</u>	<u>1,774,887</u>
Plan fiduciary net position - ending	<u>\$ 1,067,880</u>	<u>\$ 1,405,584</u>	<u>\$ 1,670,234</u>
Net pension liability- ending	<u>\$ 531,641</u>	<u>\$ 333,858</u>	<u>\$ 231,957</u>
Plan fiduciary net position as a percentage of the total pension liability	66.76%	80.81%	87.81%
Covered payroll	-	-	-
Net pension liability as a percentage of covered payroll	0.00%	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, 2016

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	3.20%
Single Equivalent Interest Rate	4.69%

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, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	2015	2014
	90.75%	93.93%
Total pension liability		
Service Cost	\$ 12,995,488	\$ 16,450,681
Interest	44,010,023	46,958,430
Changes in benefit terms	-	-
Differences between actual and expected experience	(933,606)	(37,762,265)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(38,251,547)	(43,201,780)
Net change in total pension liability	<u>\$ 17,820,358</u>	<u>\$ (17,554,934)</u>
Total pension liability - beginning	613,707,665	631,262,599
Change in allocation percentage	(20,777,072)	-
Total pension liability - ending (a)	<u>\$ 610,750,951</u>	<u>\$ 613,707,665</u>
Plan fiduciary net position		
Contributions - employer	\$ 11,999,510	\$ 14,238,116
Contributions - employee	6,473,390	7,968,014
Net investment income	19,630,955	96,760,233
Benefit payments, including refunds of employee contributions	(38,251,547)	(43,201,780)
Administrative expense	(175,295)	(201,820)
Other	325	-
Net change in plan fiduciary net position	<u>\$ (322,662)</u>	<u>\$ 75,562,763</u>
Plan fiduciary net position - beginning	669,148,327	593,585,564
Change in allocation percentage	(22,654,015)	-
Plan fiduciary net position - ending (b)	<u>\$ 646,171,650</u>	<u>\$ 669,148,327</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (35,420,699)</u>	<u>\$ (55,440,662)</u>
Plan fiduciary net position as a percentage of total pension liability	105.80%	109.03%
Covered payroll	\$ 129,444,544	\$ 158,448,724
Net pension liability (asset) as a percentage covered payroll	27.36%	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.

Note: The non-teacher pension data obtained from TCRS includes the charter schools. Therefore, the amounts above are based on SCS' percentage of that year's total contributions.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

Teacher Legacy Pension Plan of TCRS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required	\$ 36,988,344	\$ 42,650,593	\$ 57,458,551
Contribution in relation to the contractually required contribution	<u>(36,988,344)</u>	<u>(42,650,593)</u>	<u>(57,458,551)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 409,160,280	\$ 471,925,786	\$ 647,055,750
Contributions as a percentage of covered payroll	9.04%	9.04%	8.88%

Teacher Retirement Plan of TCRS

	<u>2016</u>	<u>2015</u>
Contractually required	\$ 1,905,144	\$ 617,052
Contribution in relation to the contractually required contribution	<u>(1,905,144)</u>	<u>(987,290)</u>
Contribution deficiency (excess)	\$ -	\$ (370,238)
Covered payroll	\$ 47,624,002	\$ 24,682,091
Contributions as a percentage of covered payroll	4.00%	4.00%

NonTeacher Pension Plan of TCRS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required	\$ 12,162,217	\$ 12,031,030	\$ 14,238,116
Contribution in relation to the contractually required contribution	<u>(12,162,217)</u>	<u>(12,031,030)</u>	<u>(14,238,116)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 131,199,744	\$ 129,830,056	\$ 158,448,724
Contributions as a percentage of covered payroll	9.27%	9.27%	8.99%

Notes to Non-Teacher Plan

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	3 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

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.

Note: The amounts for prior years reflect updated contributions.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability (Asset)
June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

Teacher Legacy Pension Plan of TCRS

	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	12.60%	16.49%
Proportion share of the net pension liability (asset)	\$ 5,162,674	\$ (2,678,822)
Covered payroll	\$ 471,925,786	\$ 647,055,750
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	1.09%	(0.41)%
Plan fiduciary net position as a percentage of the total pension liability	99.81%	100.08%

Teacher Retirement Plan of TCRS

	<u>2016</u>
Proportion of the net pension liability (asset)	11.88%
Proportion share of the net pension liability (asset)	\$ (477,904)
Covered payroll	\$ 24,682,091
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	(1.94)%
Plan fiduciary net position as a percentage of the total pension liability	127.46%

*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
INTERNAL SERVICE FUNDS**



COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

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	\$ 18,076,388	\$ 3,078,742	\$ -	\$ 487,938	\$ 529,297	\$ -	\$ 22,172,365
Investments	300,000	-	-	-	-	-	300,000
Receivable from state	134,425	-	-	-	-	-	134,425
Receivable from other	1,153,841	-	-	2,849	-	699,376	1,856,066
Total assets	19,664,654	3,078,742	-	490,787	529,297	699,376	24,462,856
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	1,042,850	3,148	-	18,334	61,885	-	1,126,217
Insurance claims and premiums payable	8,040,195	-	-	-	-	-	8,040,195
Due to general fund	-	-	-	-	-	428,267	428,267
Accrued vacation	8,392	502	-	2,513	8,193	-	19,600
Noncurrent liabilities:							
Accrued vacation	23,884	5,072	-	25,414	60,080	-	114,450
Total liabilities	9,115,321	8,722	-	46,261	130,158	428,267	9,728,729
Net Position							
Unrestricted	<u>\$ 10,549,333</u>	<u>\$ 3,070,020</u>	<u>\$ -</u>	<u>\$ 444,526</u>	<u>\$ 399,139</u>	<u>\$ 271,109</u>	<u>\$ 14,734,127</u>

See independent auditor's report

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016**

	Group Insurance Fund	Unemployment Fund	OPEB Fund
Operating revenues			
Charges for services	\$ 238,721	\$ -	\$ -
Employee contributions	44,367,113	-	14,898,953
Board contributions	43,198,614	18,500	44,382,377
Medicare	-	-	1,535,458
Total operating revenues	<u>87,804,448</u>	<u>18,500</u>	<u>60,816,788</u>
Operating expenses			
Personnel services	772,389	87,564	-
Material and supplies	-	-	-
Claims incurred	82,738,949	1,022,549	26,617,867
Life insurance premiums	2,593,846	-	860,710
Health insurance premiums	-	-	30,697,903
Administrative expenses	1,910,788	-	548,954
Contribution to qualifying trust	-	-	7,500,000
Total operating expenses	<u>88,015,972</u>	<u>1,110,113</u>	<u>66,225,434</u>
Operating income (loss)	(211,524)	(1,091,613)	(5,408,646)
Nonoperating revenues (expenses)			
Interest income	<u>53,301</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	53,301	-	-
Income (Loss) Before Transfers	(158,223)	(1,091,613)	(5,408,646)
Transfer to General Fund		(2,476,301)	
Transfers from General Fund			<u>5,408,646</u>
Change in net position	<u>(158,223)</u>	<u>(3,567,914)</u>	<u>-</u>
Net position			
July 1, 2015	<u>10,707,556</u>	<u>6,637,934</u>	<u>-</u>
June 30, 2016	<u>\$ 10,549,333</u>	<u>\$ 3,070,020</u>	<u>\$ -</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 654,527	\$ 812,878	\$ 2,343,761	\$ 4,049,887
-	-	-	59,266,066
-	-	-	87,599,491
-	-	-	1,535,458
<u>654,527</u>	<u>812,878</u>	<u>2,343,761</u>	<u>152,450,902</u>
371,875	1,151,026	1,456,255	3,839,109
214,464	55,665	288,580	558,709
-	-	-	110,379,365
-	-	-	3,454,556
-	-	-	30,697,903
65,998	75,482	618,630	3,219,852
-	-	-	7,500,000
<u>652,337</u>	<u>1,282,173</u>	<u>2,363,465</u>	<u>159,649,494</u>
2,190	(469,295)	(19,704)	(7,198,592)
3,904	7,224	-	64,429
3,904	7,224	-	64,429
6,094	(462,071)	(19,704)	(7,134,163)
-	-	-	(2,476,301)
-	-	-	5,408,646
<u>6,094</u>	<u>(462,071)</u>	<u>(19,704)</u>	<u>(4,201,818)</u>
438,432	861,210	290,813	18,935,945
<u>\$ 444,526</u>	<u>\$ 399,139</u>	<u>\$ 271,109</u>	<u>\$ 14,734,127</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2016

	Group Insurance Fund	Unemployment Fund
Cash Flows From Operating Activities		
Receipts for interfund services provided	\$ 42,952,963	\$ 18,500
Receipts from employees	44,367,113	-
Payments to suppliers	-	-
Payments to employees for salaries and benefits	(758,194)	(88,803)
Payments to other division funds	-	-
Payments for life insurance premiums	(2,593,846)	-
Payments for health insurance premiums	-	-
Payments for insurance and unemployment claims	(88,271,991)	(1,100,009)
Payments to qualifying trust	-	-
Net cash provided (used) by operating activities	<u>(4,303,955)</u>	<u>(1,170,312)</u>
Cash Flows From Investing Activities		
Interest received	<u>53,301</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>53,301</u>	<u>-</u>
Cash flows from noncapital financing activities:		
Transfer to General Fund	-	(2,476,301)
Transfers from other funds	<u>-</u>	<u>-</u>
Net Increase (Decrease) in cash and cash equivalents	(4,250,654)	(3,646,613)
Cash and cash equivalents at beginning of year	<u>22,327,042</u>	<u>6,725,355</u>
Cash and cash equivalents at end of year	<u>\$ 18,076,388</u>	<u>\$ 3,078,742</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ (211,524)	\$ (1,091,613)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Receivables	(484,372)	-
Accrued liabilities	<u>(3,608,059)</u>	<u>(78,699)</u>
Net cash provided (used) by operating activities	<u>\$ (4,303,955)</u>	<u>\$ (1,170,312)</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

OPEB Fund	Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 45,917,835	\$ 651,678	\$ 812,878	\$ 2,539,793	\$ 92,893,647
14,898,953	-	-	-	59,266,066
-	(278,312)	(131,147)	(288,580)	(698,039)
-	(382,172)	(1,153,263)	(1,456,255)	(3,838,687)
-	-	-	(794,958)	(794,958)
(860,710)	-	-	-	(3,454,556)
(30,697,903)	-	-	-	(30,697,903)
(27,166,821)	-	-	-	(116,538,821)
(7,500,000)	-	-	-	(7,500,000)
<u>(5,408,646)</u>	<u>(8,806)</u>	<u>(471,532)</u>	<u>-</u>	<u>(11,363,251)</u>
-	3,904	7,224	-	64,429
-	3,904	7,224	-	64,429
5,408,646				(2,476,301)
				5,408,646
-	(4,902)	(464,308)	-	(8,366,477)
-	492,840	993,605	-	30,538,842
<u>\$ -</u>	<u>\$ 487,938</u>	<u>\$ 529,297</u>	<u>\$ -</u>	<u>\$ 22,172,365</u>
\$ (5,408,646)	\$ 2,190	\$ (469,295)	\$ (19,704)	\$ (7,198,592)
-	(2,849)	-	196,032	(291,189)
-	(8,147)	(2,237)	(176,328)	(3,873,470)
<u>\$ (5,408,646)</u>	<u>\$ (8,806)</u>	<u>\$ (471,532)</u>	<u>\$ -</u>	<u>\$ (11,363,251)</u>

This page left intentionally blank

Other Supplementary Statements and Schedules



STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
INTERNAL SCHOOL FUND
For the year ended June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Assets				
Cash and cash equivalents	\$ 9,641,835	\$ 22,651,587	\$ 22,427,194	\$ 9,866,228
Investments	502,907	383,813	502,907	383,813
Other receivables	326,827	241,707	326,827	241,707
Inventories	83,569	60,110	83,569	60,110
Total assets	<u>\$ 10,555,138</u>	<u>\$ 23,337,217</u>	<u>\$ 23,340,497</u>	<u>\$ 10,551,858</u>
Liabilities				
Accounts payable	\$ 308,621	\$ 229,775	\$ 308,621	\$ 229,775
Due to student general fund	6,857,552	4,010,554	3,955,737	6,912,369
Due to student groups	3,388,965	18,432,877	18,412,128	3,409,714
Total liabilities	<u>\$ 10,555,138</u>	<u>\$ 22,673,206</u>	<u>\$ 22,676,486</u>	<u>\$ 10,551,858</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, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Shelby County	\$ 56,642,447	\$ 36,155,986	\$ 31,959,030	\$ (4,196,956)
State of Tennessee	-	-	-	-
Federal Government	-	-	-	-
Other local sources	<u>357,477</u>	<u>357,477</u>	<u>428,164</u>	<u>70,687</u>
Total revenues	<u>56,999,924</u>	<u>36,513,463</u>	<u>32,387,194</u>	<u>(4,126,269)</u>
Expenditures				
Capital Outlay	<u>64,807,529</u>	<u>42,821,641</u>	<u>17,505,023</u>	<u>25,316,618</u>
Total expenditures	<u>64,807,529</u>	<u>42,821,641</u>	<u>17,505,023</u>	<u>25,316,618</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,807,605)</u>	<u>\$ (6,308,178)</u>	<u>\$ 14,882,171</u>	<u>\$ (29,442,887)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	<u>1,009,550</u>	<u>1,009,550</u>
Net change in fund balance	<u>\$ (7,807,605)</u>	<u>\$ (6,308,178)</u>	15,891,721	<u>\$ (28,433,337)</u>
Change in reserve for encumbrances			<u>(19,961,898)</u>	
Net change in fund balances (GAAP basis)			(4,070,177)	
Fund balance - July 1, 2015			<u>12,488,134</u>	
Fund balance - June 30, 2016			<u>\$ 8,417,957</u>	

See independent auditor's report

**SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
June 30, 2016**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Land	Construction in Progress	Intangibles	Buildings and Improvements	Machinery and Equipment	Totals
Cost:						
Unallocated	\$ 336,895	\$ 28,451,115	\$ -	\$ -	\$ -	\$ 28,788,010
Instruction	41,355,155	-	-	1,421,566,094	124,260,290	1,587,181,539
Instructional support	-	-	-	17,925,867	11,058,203	28,984,070
Student support	807	-	-	4,659,945	1,408,227	6,068,979
Office of principal	21,417	-	-	20,887,168	4,836,951	25,745,536
General administration	3,256,387	-	5,671,376	51,164,886	31,445,839	91,538,488
Fiscal services	-	-	-	-	412,473	412,473
Other support services	-	-	-	-	1,610,739	1,610,739
Student transportation	-	-	-	155,501	10,281	165,782
Plant services	63,112	-	-	4,722,088	11,780,718	16,565,918
Community service	-	-	-	-	1,512,676	1,512,676
Food service	41,812	-	-	86,248,727	14,153,549	100,444,088
Totals	<u>\$ 45,075,584</u>	<u>\$ 28,451,115</u>	<u>\$ 5,671,376</u>	<u>\$ 1,607,330,277</u>	<u>\$ 202,489,946</u>	<u>\$ 1,889,018,299</u>
Accumulated depreciation:						
Unallocated	-	-	-	-	-	-
Instruction	-	-	-	603,041,743	111,425,204	714,466,947
Instructional support	-	-	-	12,551,515	8,588,370	21,139,885
Student support	-	-	-	1,974,512	1,011,554	2,986,066
Office of principal	-	-	-	8,963,955	4,512,440	13,476,395
General administration	-	-	1,701,414	22,850,097	30,501,766	55,053,277
Fiscal services	-	-	-	-	403,925	403,925
Other support services	-	-	-	-	1,270,196	1,270,196
Student transportation	-	-	-	264,707	26,571	291,278
Plant services	-	-	-	3,598,385	10,624,778	14,223,163
Community service	-	-	-	-	1,316,892	1,316,892
Food service	-	-	-	36,554,927	9,745,976	46,300,903
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,701,414</u>	<u>\$ 689,799,842</u>	<u>\$ 179,427,672</u>	<u>\$ 870,928,927</u>
Net book value:						
Unallocated	336,895	28,451,115	-	-	-	28,788,010
Instruction	41,355,155	-	-	818,524,351	12,835,086	872,714,592
Instructional support	-	-	-	5,374,352	2,469,833	7,844,185
Student support	807	-	-	2,685,433	396,673	3,082,913
Office of principal	21,417	-	-	11,923,213	324,511	12,269,141
General administration	3,256,387	-	3,969,962	28,314,789	944,073	36,485,211
Fiscal services	-	-	-	-	8,548	8,548
Other support services	-	-	-	-	340,543	340,543
Student transportation	-	-	-	(109,206)	(16,290)	(125,496)
Plant services	63,112	-	-	1,123,703	1,155,940	2,342,755
Community service	-	-	-	-	195,784	195,784
Food service	41,812	-	-	49,693,800	4,407,573	54,143,185
Totals	<u>\$ 45,075,584</u>	<u>\$ 28,451,115</u>	<u>\$ 3,969,962</u>	<u>\$ 917,530,434</u>	<u>\$ 23,062,274</u>	<u>\$ 1,018,089,371</u>

See independent auditor's report

**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2016**

Function	Balance July 1, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2016
Unallocated					
Land	\$ 336,895	\$ -	\$ -	\$ -	\$ 336,895
Construction in Progress	3,760,469	(8,794,380)	33,485,026	-	28,451,115
Totals	4,097,364	(8,794,380)	33,485,026	-	28,788,010
Instruction					
Land	41,591,763	-	2,730	(239,338)	41,355,155
Buildings and Improvements	1,423,025,792	7,711,094	1,451,947	(10,622,739)	1,421,566,094
Machinery and Equipment	122,011,100	-	2,579,210	(330,020)	124,260,290
Totals	1,586,628,655	7,711,094	4,033,888	(11,192,097)	1,587,181,539
Instructional support					
Buildings and Improvements	17,925,867	-	-	-	17,925,867
Machinery and Equipment	11,058,203	-	-	-	11,058,203
Totals	28,984,070	-	-	-	28,984,070
Student support					
Land	1,782	-	15	(990)	807
Buildings and Improvements	4,604,105	23,050	32,790	-	4,659,945
Machinery and Equipment	1,402,881	-	6,815	(1,469)	1,408,227
Totals	6,008,768	23,050	39,620	(2,459)	6,068,979
Office of principal					
Land	23,367	-	30	(1,980)	21,417
Buildings and Improvements	20,901,967	120,122	33,723	(168,644)	20,887,168
Machinery and Equipment	4,808,479	-	41,158	(12,686)	4,836,951
Totals	25,733,813	120,122	74,911	(183,310)	25,745,536
General administration					
Land	3,262,220	-	-	(5,833)	3,256,387
Buildings and Improvements	50,692,728	483,336	-	(11,178)	51,164,886
Machinery and Equipment	31,643,772	-	6,165	(204,098)	31,445,839
Intangible Assets	5,671,376	-	-	-	5,671,376
Totals	91,270,096	483,336	6,165	(221,108)	91,538,488
Fiscal services					
Machinery and Equipment	412,473	-	-	-	412,473
Totals	412,473	-	-	-	412,473
Other support services					
Machinery and Equipment	1,610,739	-	-	-	1,610,739
Totals	1,610,739	-	-	-	1,610,739
Student transportation					
Buildings and Improvements	164,142	-	21,326	(29,967)	155,501
Machinery and Equipment	10,281	-	-	-	10,281
Totals	174,423	-	21,326	(29,967)	165,782
Plant services					
Land	63,112	-	-	-	63,112
Buildings and Improvements	4,722,088	-	-	-	4,722,088
Machinery and Equipment	12,018,133	-	11,348	(248,763)	11,780,718
Totals	16,803,333	-	11,348	(248,763)	16,565,918
Community service					
Machinery and Equipment	1,529,573	-	-	(16,897)	1,512,676
Totals	1,529,573	-	-	(16,897)	1,512,676
Food service					
Land	56,437	-	225	(14,850)	41,812
Buildings and Improvements	86,347,964	456,778	106,078	(662,093)	86,248,727
Machinery and Equipment	14,365,672	-	143,520	(355,643)	14,153,549
Totals	100,770,073	456,778	249,823	(1,032,586)	100,444,088
Grand Totals					
Land	\$ 45,335,576	\$ -	\$ 3,000	\$ (262,991)	\$ 45,075,585
Construction in progress	3,760,469	(8,794,380)	33,485,026	-	28,451,115
Buildings and Improvements	1,608,384,653	8,794,380	1,645,864	(11,494,621)	1,607,330,276
Machinery and Equipment	200,871,306	-	2,788,216	(1,169,576)	202,489,946
Intangible Assets	5,671,376	-	-	-	5,671,376
Totals	\$ 1,864,023,380	\$ -	\$ 37,922,106	\$ (12,927,188)	\$ 1,889,018,298

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Balance July 1, 2015	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2016	Net book value June 30, 2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,895
-	-	-	-	-	28,451,115
-	-	-	-	-	28,788,010
-	-	-	-	-	41,355,155
574,122,845	-	36,947,562	(8,028,664)	603,041,743	818,524,351
105,930,228	-	5,723,510	(228,534)	111,425,204	12,835,086
680,053,073	-	42,671,071	(8,257,199)	714,466,947	872,714,592
11,652,110	-	899,405	-	12,551,515	5,374,352
7,365,604	-	1,222,766	-	8,588,370	2,469,833
19,017,714	-	2,122,171	-	21,139,885	7,844,185
-	-	-	-	-	807
1,857,117	-	117,395	-	1,974,512	2,685,433
888,540	-	123,733	(719)	1,011,554	396,673
2,745,657	-	241,128	(719)	2,986,066	3,082,913
-	-	-	-	-	21,417
8,534,630	-	549,155	(119,830)	8,963,955	11,923,213
3,926,059	-	598,663	(12,282)	4,512,440	324,511
12,460,689	-	1,147,818	(132,112)	13,476,395	12,269,141
-	-	-	-	-	3,256,387
21,797,056	-	1,061,019	(7,978)	22,850,097	28,314,789
30,272,586	-	420,267	(191,087)	30,501,766	944,073
1,134,276	-	567,138	-	1,701,414	3,969,962
53,203,918	-	2,048,424	(199,065)	55,053,277	36,485,211
391,993	-	11,932	-	403,925	8,548
391,993	-	11,932	-	403,925	8,548
1,053,367	-	216,829	-	1,270,196	340,543
1,053,367	-	216,829	-	1,270,196	340,543
164,142	-	117,423	(16,858)	264,707	(109,206)
24,607	-	1,964	-	26,571	(16,290)
188,749	-	119,387	(16,858)	291,278	(125,496)
-	-	-	-	-	63,112
3,598,385	-	-	-	3,598,385	1,123,703
10,486,984	-	384,356	(246,562)	10,624,778	1,155,940
14,085,369	-	384,356	(246,562)	14,223,163	2,342,755
1,176,349	-	149,488	(8,945)	1,316,892	195,784
1,176,349	-	149,488	(8,945)	1,316,892	195,784
-	-	-	-	-	41,812
34,696,241	-	2,253,532	(394,846)	36,554,927	49,693,800
9,056,440	-	894,894	(205,358)	9,745,976	4,407,573
43,752,681	-	3,148,426	(600,203)	46,300,903	54,143,185
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,075,585
-	-	-	-	-	28,451,115
656,422,526	-	41,945,491	(8,568,176)	689,799,841	917,530,435
170,572,757	-	9,748,402	(893,487)	179,427,672	23,062,274
1,134,276	-	567,138	-	1,701,414	3,969,962
\$ 828,129,559	\$ -	\$ 52,261,031	\$ (9,461,663)	\$ 870,928,927	\$ 1,018,089,371

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
For the year ended June 30, 2016

<u>Description/ Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2015</u>
Due to State of Tennessee December 2002 to December 2015	0.00%	\$ 6,651,638	\$ 764,184
Accrued Vacation			10,056,241
Post Employment Benefits			<u>347,804,874</u>
Total Long-term Obligations		<u>\$ 6,651,638</u>	<u>\$ 358,625,299</u>

See Independent Auditor's Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Issued</u>	<u>Payments and Retirements</u>	<u>Outstanding June 30, 2016</u>	<u>Current Portion</u>
\$ -	\$ (547,385)	\$ 216,799	\$ 72,267
2,783,220	(3,041,344)	9,798,117	1,107,709
<u>134,831,509</u>	<u>(72,250,725)</u>	<u>410,385,658</u>	<u>-</u>
<u>\$ 137,614,729</u>	<u>\$ (75,839,454)</u>	<u>\$ 420,400,574</u>	<u>\$ 1,179,976</u>

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
PRINCIPAL AND INTEREST REQUIREMENTS **SHELBY COUNTY**
June 30, 2016 **BOARD OF EDUCATION**

Year Ending June 30,	Due to State of Tennessee	Total
Principal:		
2017	\$ 72,267	\$ 72,267
2018	72,266	72,266
2019	<u>72,266</u>	<u>72,266</u>
Total	<u>\$ 216,799</u>	<u>\$ 216,799</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 QZAB Bonds are included in interest and fees expenditures in the general fund.

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.

This page left intentionally blank

Financial Trends

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

Net Position	2016	2015	2014 (1)	2013
Net investment in capital assets	\$ 1,017,872,572	\$ 1,035,129,637	\$ 1,095,398,461	\$ 395,800,108
Restricted for:				
Capital projects	8,417,957	12,488,134	11,998,630	105,723
Insurance Claims	-	-	-	2,254,559
Student Activities	-	-	-	-
Contracted grant programs	6,578,574	3,770,961	3,075,832	-
Food service	32,516,981	30,467,986	23,056,506	3,888,773
Pension Benefits	(112,778,030)	(186,400,772)		
Education	29,360,894	34,442,225	28,469,654	11,072,259
Unrestricted	(207,317,473)	(162,213,496)	(284,830,727)	(225,599,235)
	<u>\$ 774,651,475</u>	<u>\$ 767,684,675</u>	<u>\$ 877,168,356</u>	<u>\$ 187,522,187</u>

Note:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2009	2008	2008	2007
\$ 401,963,845	\$ 391,964,327	\$ 375,685,630	\$ 376,442,501	\$ 364,559,286	\$ 348,090,522
710,469	2,987,803	-	-	-	-
3,976,350	9,886,051	12,296,837	15,050,314	12,495,771	11,448,076
6,344,750	5,954,246	5,505,780	5,109,906	5,244,728	4,366,513
-	-	-	-	-	-
3,710,791	3,117,887	-	-	-	-
10,793,684	11,018,457	-	-	-	-
<u>(187,003,125)</u>	<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>\$ 240,496,764</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>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Expenses				
Governmental activities:				
Instruction	\$ 597,472,639	\$ 648,328,804	\$ 1,096,495,154	\$ 278,662,284
Instructional support	68,332,710	87,621,804	60,741,347	-
Student support	67,948,438	65,093,403	113,550,075	793,703
Office of principal	63,512,954	67,794,495	94,262,960	-
General administration	22,290,624	24,830,863	25,945,874	49,521,741
Fiscal Services	6,061,221	5,938,485	8,428,601	-
Other support services	43,518,961	41,954,932	35,303,585	58,631,337
Student transportation	27,981,073	36,004,590	37,650,956	17,406,176
Plant services	82,263,525	92,771,794	110,525,399	29,540,909
Community service	50,728,987	43,152,157	23,778,501	-
Charter schools	94,408,523	81,234,455	66,987,992	-
Food service	85,229,311	78,916,667	96,956,709	20,414,717
Interest on long-term debt	2,628	2,628	111,556	-
Total government expenses	<u>1,209,751,594</u>	<u>1,273,645,077</u>	<u>1,770,738,709</u>	<u>454,970,867</u>
Revenues				
Governmental activities:				
Charges for services				
Instruction	589,588	520,359	832,927	19,386,822
Food service	3,514,739	835,426	18,810,070	10,349,814
Total charges for services	<u>4,104,327</u>	<u>1,355,785</u>	<u>19,642,997</u>	<u>29,736,636</u>
Operating grants and contributions:				
Instruction	405,523,486	419,364,465	530,446,090	211,372,876
Instructional support	47,587,032	51,822,650	64,860,058	-
Student support	27,527,860	27,235,359	33,792,538	-
Office of principal	19,830,653	20,242,173	24,734,319	-
General administration	8,275,807	11,169,211	2,040,439	-
Fiscal Services	472,225	482,907	412,071	-
Other support services	2,588,669	1,537,805	1,367,383	-
Student transportation	18,421,013	17,922,763	20,541,742	-
Plant services	75,671,383	81,586,484	97,960,601	-
Community service	50,454,463	41,493,458	20,932,425	-
Food service	78,798,457	79,875,631	58,280,508	-
Total operating grants and contributions	<u>735,151,048</u>	<u>752,732,906</u>	<u>855,368,174</u>	<u>211,372,876</u>
Capital grants and contributions				
Plant Services	33,321,219	5,066,684	5,753,509	8,728,662
Total capital grants and contributions	<u>33,321,219</u>	<u>5,066,684</u>	<u>5,753,509</u>	<u>8,728,662</u>
General Revenues and Special Items				
Shelby County	316,067,610	306,525,759	422,599,533	120,421,197
Local option and state sales taxes	121,423,104	118,473,827	159,752,215	36,228,227
Other local sources	5,755,594	5,830,798	5,410,727	1,977,774
Gain on Sale of capital assets	-	3,570,476	-	-
Unrestricted investment earnings	895,492	411,950	230,122	-
Special items	-	(29,806,789)	-	-
Total general revenues and special items	<u>444,141,800</u>	<u>405,006,021</u>	<u>587,992,597</u>	<u>158,627,198</u>
Total government revenues	<u>1,216,718,394</u>	<u>1,164,161,396</u>	<u>1,468,757,277</u>	<u>408,465,372</u>
Change in Net Position	<u>\$ 6,966,800</u>	<u>\$ (109,483,681)</u>	<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</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>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 285,400,355	\$ 285,666,544	\$ 281,573,590	\$ 297,446,055	\$ 258,245,547	\$ 198,812,517
-	-	-	-	-	-
14,703,893	14,418,064	13,167,287	12,730,436	12,817,333	12,907,839
-	-	-	-	-	-
44,088,193	40,652,337	37,749,659	38,336,298	65,180,856	33,412,849
-	-	-	-	-	-
66,474,643	61,614,184	57,387,741	63,771,411	38,091,575	34,997,141
18,492,591	17,436,714	14,511,725	17,763,536	14,855,058	13,226,899
29,503,650	29,702,578	28,574,903	37,440,159	37,577,451	23,986,248
-	-	-	-	-	-
-	-	-	-	-	-
19,788,229	20,417,615	18,655,802	22,641,606	16,948,161	13,733,335
-	-	-	-	-	-
<u>478,451,554</u>	<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>
56,876,008	28,378,425	24,044,448	23,779,653	10,682,099	-
8,710,711	8,837,432	9,360,007	9,965,659	8,798,034	8,387,232
<u>65,586,719</u>	<u>37,215,857</u>	<u>33,404,455</u>	<u>33,745,312</u>	<u>19,480,133</u>	<u>8,387,232</u>
191,168,644	211,130,943	204,441,495	192,229,762	196,740,189	160,055,426
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>191,168,644</u>	<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>
7,992,816	8,815,568	7,725,811	6,856,395	6,028,044	5,139,767
<u>7,992,816</u>	<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>
113,303,620	123,693,489	115,749,031	130,350,062	144,980,432	151,672,646
42,445,709	41,681,158	40,354,509	41,371,984	41,552,519	42,089,107
19,278,514	5,674,559	6,686,244	11,603,173	8,738,645	8,668,836
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>439,776,022</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>\$ (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>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net (expense)/revenue:			
Total primary government net expense	\$ (437,175,000)	\$ (514,489,702)	\$ (889,974,029)
General revenues and other changes in net position:			
Governmental activities:			
Shelby County	316,067,610	306,525,759	422,599,533
Local option and state sales taxes	121,423,104	118,473,827	159,752,215
Other local sources	5,755,594	5,830,798	5,410,727
Gain on sale of capital assets	-	3,570,476	-
Unrestricted investment earnings	895,492	411,950	230,122
Special items	-	(29,806,789)	-
Total primary government	<u>444,141,800</u>	<u>405,006,021</u>	<u>587,992,597</u>
Changes in net position:			
Total primary government	<u>\$ 6,966,800</u>	<u>\$ (109,483,681)</u>	<u>\$ (301,981,432)</u>

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ (205,132,693)	\$ (213,703,375)	\$ (212,745,668)	\$ (206,048,946)	\$ (257,298,032)	\$ (221,467,615)	\$ (157,494,403)
120,421,197	113,303,620	123,693,489	115,749,031	130,350,062	144,980,432	151,672,646
36,228,227	42,445,709	41,681,158	40,354,509	41,371,984	41,552,519	42,089,107
1,977,774	19,278,514	5,674,559	6,686,244	11,603,173	8,738,645	8,668,836
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>158,627,198</u>	<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>\$ (46,505,495)</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>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	5,804,694	6,799,292	7,636,851	2,811,900
Restricted	29,360,894	34,442,225	28,469,654	11,072,259
Assigned	30,631,209	54,883,849	34,547,426	-
Unassigned	110,630,318	59,927,330	108,369,481	4,359,928
Total general fund	<u>176,427,115</u>	<u>156,052,696</u>	<u>179,023,412</u>	<u>18,244,087</u>
All other governmental funds:				
Reserved	-	-	-	-
Nonspendable	3,575,342	5,693,585	6,330,708	688,959
Restricted	42,294,389	39,332,405	31,800,260	3,994,496
Committed	1,643,781	1,701,091	-	-
Total all other governmental funds	<u>47,513,512</u>	<u>46,727,081</u>	<u>38,130,968</u>	<u>4,683,455</u>
Total fund balance	<u>\$ 223,940,627</u>	<u>\$ 202,779,777</u>	<u>\$ 217,154,380</u>	<u>\$ 22,927,542</u>

Note:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2012</u>	<u>2011</u>	<u>2010 (1)</u>	<u>2009 (1)</u>	<u>2008 (1)</u>	<u>2007 (1)</u>
\$ -	\$ -	\$ 18,597,932	\$ 33,347,378	\$ 32,696,069	\$ 23,084,183
-	-	40,578,285	37,785,903	46,354,662	54,976,638
4,792,583	3,405,416	-	-	-	-
10,793,684	11,018,457	-	-	-	-
6,491,029	5,000,000	-	-	-	-
6,581,657	20,839,274	-	-	-	-
<u>28,658,953</u>	<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>
-	-	17,927,077	23,952,700	30,009,892	22,471,705
676,195	787,743	-	-	-	-
10,766,010	12,059,936	-	-	-	-
-	-	-	-	-	-
<u>11,442,205</u>	<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>\$ 40,101,158</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>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues				
City of Memphis	\$ 2,057,999	\$ 8,225,000	\$ 193,746	\$ -
Shelby County	470,850,728	436,419,011	557,773,447	121,482,108
State of Tennessee	496,372,684	506,266,991	634,426,006	188,985,681
Federal Government	212,776,689	217,151,945	201,163,016	31,115,853
Other local sources	37,578,871	38,658,960	45,249,153	49,953,953
Other Financing Sources				
Sale of capital assets	1,162,517	9,876,840	-	-
Transfer	2,476,301	-	-	-
Total revenues and other financing sources	<u>1,223,275,789</u>	<u>1,216,598,747</u>	<u>1,438,805,368</u>	<u>391,537,595</u>
Expenditures				
Current:				
Instruction	534,066,290	579,675,810	768,659,704	241,436,952
Instructional support	63,228,036	80,727,562	52,124,810	-
Student support	65,442,003	61,607,873	106,787,831	-
Office of principal	59,716,869	62,360,125	82,887,768	26,072,011
General administration	20,041,160	22,072,062	26,488,469	9,907,762
Fiscal services	5,830,201	5,566,517	7,855,712	5,471,541
Other support services	42,585,209	40,666,176	33,621,393	51,488,014
Student transportation	27,805,235	30,278,585	34,924,072	13,599,321
Plant services	80,500,375	90,225,740	105,716,725	26,523,343
Community service	49,889,659	41,943,284	22,176,468	1,156,041
Charter school	94,408,523	81,234,455	66,987,992	-
Retiree benefits	34,700,842	31,961,282	30,164,526	-
Food service	80,474,957	73,398,313	76,549,491	17,668,835
Debt Service:				
Principal	547,385	547,383	547,383	-
Interest	2,628	2,628	111,556	-
Capital outlay	37,466,921	9,205,555	11,195,512	9,038,510
Other Financing Uses				
Transfer	5,408,646	19,500,000	-	-
Total expenditures and other financing uses	<u>1,202,114,939</u>	<u>1,230,973,350</u>	<u>1,426,799,412</u>	<u>402,362,330</u>
Net change in fund balances	<u>\$ 21,160,850</u>	<u>\$ (14,374,603)</u>	<u>\$ 12,005,956</u>	<u>\$ (10,824,735)</u>
Debt service as a percentage of noncapital expenditures	0.05%	0.05%	0.05%	0.00%

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128,191,254	124,721,112	114,999,020	126,992,203	141,072,601	140,155,200
185,490,183	181,536,876	177,946,262	172,343,479	166,457,012	158,700,415
40,212,975	36,918,593	33,548,078	26,260,572	23,069,928	17,462,208
68,922,213	71,111,264	68,756,853	75,284,517	72,265,054	68,354,645
-	-	-	-	-	-
-	-	-	-	-	-
<u>422,816,625</u>	<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>
245,510,326	241,646,844	242,803,311	229,570,364	219,055,449	201,636,473
-	-	-	-	-	-
13,298,824	13,737,572	12,609,467	12,730,436	12,817,333	7,942,190
25,531,111	25,622,652	24,870,680	24,457,874	22,206,918	20,290,446
9,411,529	10,551,602	11,001,290	9,989,857	15,802,139	10,691,567
4,810,908	4,506,823	4,181,690	3,916,373	3,478,641	2,430,836
55,757,634	53,469,473	51,626,205	49,100,493	33,919,912	29,479,923
13,821,831	16,473,843	13,547,018	12,861,583	15,261,734	13,226,899
27,587,135	27,345,262	26,383,747	26,548,983	25,531,497	23,986,248
1,232,331	1,191,489	-	-	-	617,841
-	-	-	-	-	-
-	-	-	-	-	-
16,145,023	17,174,955	15,796,977	15,888,590	14,885,498	13,733,335
-	-	-	-	-	-
-	-	-	-	-	-
23,510,909	27,234,560	14,426,192	30,294,003	31,323,342	51,380,492
-	-	-	-	-	-
<u>436,617,561</u>	<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>\$ (13,800,936)</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>
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>
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%
2016	-	110,630,318	927,370,840		11.93%

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
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
2016	2015	9,595,800,610	5,701,519,115	1,426,582,015

Percentage of Total

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%
2016	53.49%	31.78%	7.95%

- (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 2010, 2014.

**SHELBY COUNTY
BOARD OF EDUCATION**

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

Public Utilities	Total		Assessed Value as a % of Actual Value	Total Direct Tax Rate
Assessed Value (a)	Assessed Value (b)	Estimated Actual Value		
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
1,215,978,130	17,939,879,870	59,897,289,027	29.95%	4.37
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%		
6.78%	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

Fiscal Year	Tax Year	Tax Rates Per \$100 Assessed Value		Shelby County Schools Percent of County Allocation	Tax Levies
		County	County Allocation to Schools		County
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
2016	2015	4.37	2.14	78.62%	780,513,345

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.

This page left intentionally blank

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

Name of Taxpayer	2016		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	
FedEx Express Corporation	\$ 734,388,695	1	4.09%
Bellsouth Telecommunications Inc.	120,490,733	2	0.67%
AT&T Mobility LLC	65,960,941	3	0.37%
Belz Investco GP	63,567,345	4	0.35%
AMISUB (SFH) Inc.	64,702,465	5	0.36%
G&I VII Retail Carriage LLC (and related divs)	60,166,600	6	0.34%
Kroger Companies	58,437,820	7	0.33%
Galleria at Wolfchase, LLC	58,329,440	8	0.33%
Lightman Michael A (and affiliated LPs)	55,338,335	9	0.31%
Boyle Investment Co.	46,110,715	10	0.26%
Pinnacle Airlines Inc.			
Mid-America Apts LP			
Regions/Union Planters National Bank			
Cingular Wireless			
Baptist Memorial Hospital			
Total Assessed Valuation of Top Ten Taxpayers	1,327,493,089		7.40%
Balance of Assessed Valuation	16,612,386,781		92.60%
Total Assessed Valuation	<u>\$ 17,939,879,870</u>		<u>100.00%</u>

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Name of Taxpayer</u>	<u>2007</u>		<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
	<u>Taxable Assessed Value</u>			
FedEx Express Corporation	\$ 429,223,766		1	2.45%
Bellsouth Telecommunications Inc.	171,948,791		2	0.98%
AT&T Mobility LLC				0.00%
Belz Investco GP	100,108,420		3	0.57%
AMISUB (SFH) Inc.	38,720,000		6	0.22%
G&I VII Retail Carriage LLC (and related divs)				0.00%
Kroger Companies				0.00%
Galleria at Wolfchase, LLC	54,781,310		4	0.31%
Lightman Michael A (and affiliated LPs)				0.00%
Boyle Investment Co.				0.00%
Pinnacle Airlines Inc.	49,077,998		5	0.28%
Mid-America Apts LP	38,524,410		7	0.22%
Regions/Union Planters National Bank	35,148,740		8	0.20%
Cingular Wireless	33,692,845		9	0.19%
Baptist Memorial Hospital	32,751,600		10	0.19%
Total Assessed Valuation of Top Ten Taxpayers	983,977,880			5.62%
Balance of Assessed Valuation	16,518,780,252			94.38%
Total Assessed Valuation	<u>\$ 17,502,758,132</u>			<u>100.00%</u>

This page left intentionally blank

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

Fiscal year	Governmental activities			Total primary government	Percentage of personal income	Per capita
	ENA Claims	State of Tennessee QZAB (Bonds)	Capital leases			
2014	\$ 6,870,022	\$ 1,311,568	-	\$ 8,181,590	N/A	N/A
2015	-	764,184	-	764,184	N/A	N/A
2016	-	216,799	-	216,799	N/A	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
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
2016	216,799	17,939,879,870	0.00	59,897,289,027	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>
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%
2016	550,013	1,164,192,833	0.05%

Source: District Annual Financial Statements

This page left intentionally blank

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>
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	41,968,752	44,705	7.9%
2015	938,069	N/A	N/A	N/A
2016	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	2016		
	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	5.06%
Tennessee State Government	14,800	2	2.50%
United States Government	13,500	3	2.28%
Shelby County Schools (a)	12,700	4	2.14%
Methodist Le Bonheur Healthcare	10,967	5	1.85%
Naval Support Activity Mid-South	7,500	6	1.27%
Baptist Memorial Health Care Corp.	7,081	7	1.20%
The Kroger Company	6,731	8	1.14%
City of Memphis	6,475	9	1.09%
Wal-Mart Stores Inc.	5,600	10	0.95%
Shelby County Government			
Memphis City Schools (a)			
Harrah's Entertainment, Inc.			
Total	<u>115,354</u>		<u>19.48%</u>

Notes:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2007			
Name of Employer	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	5.14%
Tennessee State Government	5,000	12	0.86%
United States Government	15,000	3	2.57%
Shelby County Schools (a)	5,200	11	0.89%
Methodist Le Bonheur Healthcare	7,369	4	1.26%
Naval Support Activity Mid-South	6,372	8	1.09%
Baptist Memorial Health Care Corp.	6,463	7	1.11%
The Kroger Company	3,500	16	0.60%
City of Memphis	6,667	5	1.14%
Wal-Mart Stores Inc.	6,000	9	1.03%
Shelby County Government	6,513	6	1.12%
Memphis City Schools (a)	15,240	2	2.61%
Harrah's Entertainment, Inc.	5,541	10	0.95%
Total	118,865		20.37%

This page left intentionally blank

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
2007	55,745	\$ 324,035,758	\$ 5,813	3.93
2008	56,799	362,959,121	6,390	9.93
2009	56,503	385,064,553	6,815	6.65
2010	56,905	402,820,385	7,079	3.87
2011	56,162	411,720,515	7,331	3.56
2012	54,823	413,106,652	7,535	2.79
2013	54,887	393,323,820	7,166	(4.90)
2014	195,359	1,347,956,969	6,900	(3.71)
2015	141,916	1,139,983,329	6,366	(7.74)
2016	139,755	1,069,689,482	6,018	(0.05)

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**

Expenses	Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
\$ 331,076,828	\$ 5,939	3.05	2,825	19.74
443,715,981	7,812	31.54	2,944	19.29
490,129,501	8,674	11.04	2,998	18.85
451,620,707	7,936	(8.51)	3,066	18.56
469,908,036	8,367	5.43	3,036	18.50
478,451,554	8,727	4.30	3,040	18.03
454,970,867	8,289	(5.02)	2,930	18.73
1,770,738,709	9,064	9.35	6,808	28.70
1,273,645,077	7,112	(21.53)	7,355	24.35
1,209,751,594	6,806	(0.04)	6,380	21.91

This page left intentionally blank

**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
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%
2016	139,755	78.62%	37,997	21.38%

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 school districts 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>2016</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013</u>	<u>2012</u>
Full Time Staff					
Officials/Administration/Management	156	138	179	29	28
Principals	168	178	226	51	51
Assistant Principals, Non-Teachers	183	188	301	119	121
Elementary Classroom Teachers	2,380	2,486	3,401	2,063	2,145
Secondary Classroom Teachers	1,912	2,037	3,069	836	868
Other Classroom Teachers	2,087	2,070	2,740	31	28
Guidance	263	255	348	125	123
Psychological	47	48	63	9	9
Librarian/Audiovisual	174	191	244	55	58
Consultants/Supervisors	70	49	54	35	36
Other Professional	343	298	354	186	186
Teachers Aides	626	636	872	574	606
Technicians	118	120	138	-	-
Clerical/Secretarial	689	694	1,068	320	384
Service Workers	99	99	100	759	679
Skilled Crafts	130	146	225	156	158
Laborers Unskilled	184	209	472	-	-
Totals	<u>9,630</u>	<u>9,841</u>	<u>13,852</u>	<u>5,348</u>	<u>5,480</u>
Part-Time Staff					
Totals	13	22	68	57	56
New Hires					
Totals	N/A	N/A	N/A	488	N/A

N/A - Not available

Note:

(1) Updated for actual staffing levels.

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

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
23	161	27	26	23
51	52	51	51	48
120	123	124	117	107
2,141	2,199	2,153	2,144	2,073
867	835	813	774	729
28	32	31	27	23
122	122	118	105	92
9	9	8	8	7
59	60	58	56	52
30	27	23	13	13
152	153	145	133	128
614	624	607	553	518
-	-	-	-	-
354	360	361	338	337
594	659	740	684	652
147	151	151	155	155
-	-	-	-	-
<u>5,311</u>	<u>5,567</u>	<u>5,410</u>	<u>5,184</u>	<u>4,957</u>
65	92	94	84	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	2016	2015	2014	2013
A. B. Hill ES (2002)				
Square Feet	79,293	79,293	79,293	
Classrooms	43	43	43	
Design Capacity	860	860	860	
Enrollment	296	229	243	
A. Maceo Walker MS (2002)				
Square Feet	136,253	136,253	136,253	
Classrooms	47	47	47	
Design Capacity	1116	1116	1116	
Enrollment	665	631	419	
Administration Building (1962)				
Square Feet	172,942	172,942	172,942	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Airways MS (1968)				
Square Feet	139,338	139,338	139,338	
Classrooms	33	33	33	
Design Capacity	Functions as Alternative School	823	823	
Enrollment	Functions as Alternative School	289	260	
Alcy ES (1965)				
Square Feet	60,313	60,313	60,313	
Classrooms	30	30	30	
Design Capacity	600	600	600	
Enrollment	226	284	293	
Alton ES (1969)				
Square Feet	55,934	55,934	55,934	
Classrooms	30	30	30	
Design Capacity	600	600	600	
Enrollment	278	311	301	
Alturia ES (1976)				
Square Feet	88,321	88,321	88,321	88,321
Classrooms	55	55	55	55
Design Capacity	Municipal School	Municipal School	1,100	1,100
Enrollment	Municipal School	Municipal School	799	787
American Way MS (2003)				
Square Feet	140,970	140,970	140,970	
Classrooms	46	46	46	
Design Capacity	1093	1093	1093	
Enrollment	671	683	672	
Appling MS (1995)				
Square Feet	96,000	96,000	96,000	96,000
Classrooms	50	50	50	50
Design Capacity	Municipal School	Municipal School	1,250	1,250
Enrollment	Municipal School	Municipal School	590	652
Arlington ES (1972)				
Square Feet	87,949	87,949	87,949	87,949
Classrooms	58	58	58	58
Design Capacity	Municipal School	Municipal School	1,160	1,160
Enrollment	Municipal School	Municipal School	936	920
Arlington HS (2004)				
Square Feet	327,069	327,069	327,069	327,069
Classrooms	116	116	116	116
Design Capacity	Municipal School	Municipal School	2,320	2,320
Enrollment	Municipal School	Municipal School	2,168	2,314

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

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
88,321	88,321	88,321	88,321	88,321	88,321
55	55	55	55	55	55
1,100	1,100	1,100	1,100	1,100	1,100
750	759	753	772	812	795
96,000	96,000	96,000	96,000	96,000	96,000
50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250
706	744	745	706	885	856
87,949	87,949	87,949	87,949	87,949	87,949
58	58	58	58	58	58
1,160	1,160	1,160	1,160	1,160	1,160
935	920	890	1,200	1,133	946
327,069	327,069	327,069	327,069	327,069	327,069
116	116	116	116	116	116
2,320	2,320	2,320	2,320	2,320	2,320
2,356	2,408	2,200	2,016	1,880	1,346

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Arlington MS (2000)				
Square Feet	91,097	91,097	91,097	91,097
Classrooms	56	56	56	56
Design Capacity	Municipal School	Municipal School	1,400	1,400
Enrollment	Municipal School	Municipal School	1,247	1,201
Avon-Lennox ES (1956)				
Square Feet	33,242	33,242	33,242	
Classrooms	23	23	23	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	0	0	0	
B.T. Washington HS (1949)				
Square Feet	202,918	202,918	202,918	
Classrooms	37	37	37	
Design Capacity	834	834	964	
Enrollment	551	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	Municipal School	1,280	1,280
Enrollment	Municipal School	Municipal School	847	909
Barret's ES (1960)				
Square Feet	81,021	81,021	81,021	81,021
Classrooms	33	33	33	33
Design Capacity	860	860	740	660
Enrollment	638	651	304	302
Bartlett ES (1990)				
Square Feet	Municipal School	Municipal School	104,630	104,630
Classrooms	Municipal School	Municipal School	65	65
Design Capacity	Municipal School	Municipal School	1,300	1,300
Enrollment	Municipal School	Municipal School	872	877
Bartlett HS (1962)				
Square Feet	104,630	104,630	220,160	220,160
Classrooms	65	65	109	109
Design Capacity	Municipal School	Municipal School	2,180	2,180
Enrollment	Municipal School	Municipal School	2,009	1,840
Bellevue MS (1928)				
Square Feet	93,972	93,972	93,972	
Classrooms	29	29	29	
Design Capacity	724	724	724	
Enrollment	478	466	481	
Belle Forest Community School (2013)				
Square Feet	106,000	106,000	106,000	106,000
Classrooms	56	56	56	56
Design Capacity	1180	1142	1142	1142
Enrollment	1113	1079	866	884
Berclair ES (1952)				
Square Feet	46,139	46,139	46,139	
Classrooms	27	27	27	
Design Capacity	540	540	540	
Enrollment	560	580	596	
Bethel Grove ES (1932)				
Square Feet	54,324	54,324	54,324	
Classrooms	31	31	31	
Design Capacity	620	620	620	
Enrollment	233	261	265	
Bolton HS (1960)				
Square Feet	293,200	293,200	293,200	293,200
Classrooms	106	106	106	103
Design Capacity	2,450	2,450	2,597	2,060
Enrollment	1497	1860	1,943	1,942

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
91,097	91,097	91,097	91,097	91,097	91,097
56	56	56	56	56	56
1,400	1,400	1,400	1,400	1,400	1,400
1,139	1,115	1,098	1,094	1,359	1,278
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
907	955	901	860	871	835
81,021	81,021	81,021	81,021	81,021	81,021
33	33	33	33	33	33
660	660	660	660	660	660
293	274	264	266	269	287
104,630	104,630	104,630	104,630	104,630	104,630
65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300
841	776	811	889	908	976
220,160	220,160	220,160	220,160	220,160	220,160
109	109	109	109	109	109
2,180	2,180	2,180	2,180	2,180	2,180
1,660	1,538	1,478	1,434	1,560	1,565
293,200	293,200	293,200	293,200	293,200	293,200
103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060
1,940	1,956	1,847	1,877	1,975	2,129

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Bond Building (1984)				
Square Feet	57,600	57,600	57,600	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	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	Municipal School	1,260	1,260
Enrollment	Municipal School	Municipal School	837	830
Bon Lin MS (2008)				
Square Feet	111,442	111,442	111,442	111,442
Classrooms	52	52	52	52
Design Capacity	Municipal School	Municipal School	1,300	1,300
Enrollment	Municipal School	Municipal School	614	613
Brookmeade ES (1960)				
Square Feet	52,991	52,991	52,991	
Classrooms	27	27	27	
Design Capacity	ASD School	540	540	
Enrollment	ASD School	294	281	
Brownsville Rd ES (1964)				
Square Feet	66,545	66,545	66,545	
Classrooms	44	44	44	
Design Capacity	880	880	880	
Enrollment	544	587	607	
Bruce ES (1999)				
Square Feet	68,491	68,491	68,491	
Classrooms	37	37	37	
Design Capacity	740	740	740	
Enrollment	320	314	337	
Caldwell ES (1956)				
	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School	
Square Feet	104656	104656	104,656	
Classrooms	66	66	66	
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School	
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School	
Caldwell-Guthrie ES (2000)				
	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.
Square Feet	78,829	78,829	78,829	
Classrooms	42	42	42	
Design Capacity	840	840	840	
Enrollment	432	460	287	
Carnes ES (1951)				
Square Feet	74,000	74,000	74,000	
Classrooms	38	38	38	
Design Capacity	760	760	760	
Enrollment	240	242	250	
Carver HS (1958)				
Square Feet	167,088	167,088	167,088	
Classrooms	43	43	43	
Design Capacity	1068	1068	1120	
Enrollment	189	237	326	
Central HS (1911)				
Square Feet	283,230	283,230	283,230	
Classrooms	71	71	71	
Design Capacity	1740	1740	1740	
Enrollment	1585	1637	1595	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
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
808	874	833	766	762	741
111,442	111,442	111,442	111,442		
52	52	52	52		
1,300	1,300	1,300	1,300		
654	673	669	549		

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
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	39,352	
Classrooms	24	24	24	
Design Capacity	480	480	480	
Enrollment	344	386	415	
Cherokee ES (1951)				
Square Feet	61,286	61,286	61,286	
Classrooms	43	43	43	
Design Capacity	860	860	860	
Enrollment	513	477	431	
Chickasaw MS (1971)				
Square Feet	138,044	138,044	138,044	
Classrooms	32	32	32	
Design Capacity	798	798	798	
Enrollment	396	434	472	
Chimneyrock ES				
Square Feet	90,611	90,611	90,611	
Classrooms	50	50	50	
Design Capacity	1,000	1,000	1,000	
Enrollment	739	797	809	
Coleman ES (1910)				
Square Feet	118,617	118,617	118,617	
Classrooms	32	32	32	
Design Capacity	ASD School	ASD School	653	
Enrollment	ASD School	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	Municipal School	1,320	1,320
Enrollment	Municipal School	Municipal School	759	754
Collierville HS (1975)				
Square Feet	281,172	281,172	281,172	281,172
Classrooms	107	107	107	107
Design Capacity	Municipal School	Municipal School	2,140	2,140
Enrollment	Municipal School	Municipal School	1,922	1,973
Collierville MS (2011)				
	New building constructed in 2011.	New building constructed in 2011.	New building constructed in 2011.	
Square Feet	114,865	114,865	114,865	114,865
Classrooms	54	54	54	54
Design Capacity	Municipal School	Municipal School	1,350	1,350
Enrollment	Municipal School	Municipal School	843	890
Colonial MS (2009)				
Square Feet	153,438	153,438	153,438	
Classrooms	52	52	52	
Design Capacity	1,235	1,235	1,235	
Enrollment	1045	1078	1,043	

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration
225,586 N/A Not Available Administration					
27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration
114,081 66 1,320 762	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
281,172 107 2,140 1,939	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
114,865 54 1,350 878	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

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

School/Building	2016	2015	2014	2013
Cordova ES (2002)			Includes Middle School enrollment in early years	
Square Feet	88,164	88,164	88,164	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	637	673	628	
Cordova HS			Annexed by the City of Memphis in 2005.	
Square Feet	278,000	278,000	278,000	
Classrooms	107	107	107	
Design Capacity	2,548	2,548	2,622	
Enrollment	2035	2011	1,694	
Cordova MS (1993)			Was K-8 until elementary school built in 2002-03	
Square Feet	147,873	147,873	147,873	
Classrooms	62	62	62	
Design Capacity	1,473	1,473	1,473	
Enrollment	692	763	784	
Corning ES (1968)	ASD School	ASD School	ASD School	
Square Feet	47,149	47,149	47,149	
Classrooms	22	22	22	
Design Capacity	ASD School	ASD School	ASD School	
Enrollment	ASD School	ASD School	ASD School	
Corry MS (1959)	ASD School	ASD School		
Square Feet	101,247	101,247	101,247	
Classrooms	34	34	34	
Design Capacity	ASD School	ASD School	ASD School	813
Enrollment	ASD School	ASD School	ASD School	268
Craigmont HS (1973)				
Square Feet	324,517	324,517	324,517	
Classrooms	63	63	63	
Design Capacity	1,589	1,589	1,641	
Enrollment	914	1025	984	
Craigmont MS (2001)				
Square Feet	148,352	148,352	148,352	
Classrooms	48	48	48	
Design Capacity	1140	1140	1140	
Enrollment	601	654	663	
Cromwell ES (1963)				
Square Feet	45,580	45,580	45,580	
Classrooms	39	39	39	
Design Capacity	780	780	780	
Enrollment	542	492	589	
Crosswind ES (1993)				
Square Feet	90,629	90,629	90,629	90,629
Classrooms	52	52	52	52
Design Capacity	Municipal School	Municipal School	Municipal School	1,040
Enrollment	Municipal School	Municipal School	Municipal School	722
Crump ES (1978)				
Square Feet	60,483	60,483	60,483	
Classrooms	49	49	49	
Design Capacity	980	980	980	
Enrollment	693	756	818	
Cummings ES (1961)				
Square Feet	120,729	120,729	120,729	
Classrooms	38	38	38	
Design Capacity	760	760	760	
Enrollment	494	540	556	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012

2011

2010

2009

2008

2007

90,629
52
1,040
733

90,629
52
1,040
770

90,629
52
1,040
770

90,629
52
1,040
764

90,629
52
1,040
760

90,629
52
1,040
741

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

School/Building	2016	2015	2014	2013
Cypress MS (1966)	Closed. Leased to Charter School	Closed. Leased to Charter School		
Square Feet	216,171	216,171	216,171	
Classrooms	56	56	56	
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	1,338	
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	232	
Delano ES (1957)				
Square Feet	34,000	34,000	34,000	
Classrooms	16	16	16	
Design Capacity	320	320	320	
Enrollment	222	242	215	
Denver ES (1957)				
Square Feet	47,093	47,093	47,093	
Classrooms	46	46	46	
Design Capacity	ASD School	920	920	
Enrollment	ASD School	561	567	
Dexter ES (2002)				
Square Feet	119,082	119,082	119,082	119,082
Classrooms	62	62	65	65
Design Capacity	1,240	1,240	1,240	1,300
Enrollment	729	659	574	568
Dexter MS (2002)				
Square Feet	112,072	112,072	112,072	112,072
Classrooms	50	50	50	53
Design Capacity	1,248	1,248	1,248	1,325
Enrollment	478	516	386	411
Dogwood ES (1976)				
Square Feet	88,000	88,000	88,000	88,000
Classrooms	50	50	50	50
Design Capacity	Municipal School	Municipal School	1,000	1,000
Enrollment	Municipal School	Municipal School	623	597
Donelson ES (2009)				
Square Feet	113,202	113,202	113,202	113,202
Classrooms	65	65	65	65
Design Capacity	Municipal School	Municipal School	1,300	1,300
Enrollment	Municipal School	Municipal School	601	613
Double Tree ES (1977)				
Square Feet	51,144	51,144	51,144	
Classrooms	Open Classroom	Open Classroom	Open Classroom	
Design Capacity	560	560	640	
Enrollment	304	340	413	
Douglass ES (1965)				
Square Feet	93,447	93,447	93,447	
Classrooms	42	42	44	
Design Capacity	840	840	929	
Enrollment	398	458	353	
Douglass HS (2008)				
Square Feet	146,568	146,568	146,568	
Classrooms	35	35	35	
Design Capacity	912	912	912	
Enrollment	454	515	560	
Downtown ES (2003)				
Square Feet	84,070	84,070	84,070	
Classrooms	45	45	45	
Design Capacity	900	900	900	
Enrollment	541	528	567	
Driver Ed Building (2006)				
Square Feet	3,200	3,200	3,200	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
119,082	119,082	119,082	119,082	119,082	119,082
65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300
552	594	936	960	962	975
112,072	112,072	112,072	112,072	112,072	112,072
53	53	53	53	53	53
1,325	1,325	1,325	1,325	1,325	1,325
452	618	668	698	681	645
88,000	88,000	88,000	88,000	88,000	88,000
50	50	50	50	50	50
1,000	1,000	1,000	1,000	1,000	1,000
586	620	634	654	709	710
113,202	113,202	113,202			
65	65	65			
1,300	1,300	1,300			
592	591	533			

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Dunbar ES (1956)				
Square Feet	55,155	55,155	55,155	
Classrooms	30	30	30	
Design Capacity	600	600	600	
Enrollment	295	286	329	
Dunn ES (1952)	Facility Sold	Facility Sold		
Square Feet	Facility Sold	Facility Sold	41,233	
Classrooms	Facility Sold	Facility Sold	22	
Design Capacity	Facility Sold	Facility Sold	Not Available	
Enrollment	Facility Sold	Facility Sold	Vacant	
East HS (1948)				
Square Feet	189,493	189,493	189,493	
Classrooms	61	61	61	
Design Capacity	1,589	1,589	1,589	
Enrollment	553	581	763	
East Career & Technology				
Square Feet	53,200	53,200	53,200	
Classrooms	22	22	22	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	
Egypt ES (1964)				
Square Feet	57,636	57,636	57,636	
Classrooms	41	41	41	
Design Capacity	820	820	820	
Enrollment	536	610	623	
Ellendale ES (1976)				
Square Feet	84,693	84,693	84,693	84,693
Classrooms	53	53	53	53
Design Capacity	Municipal School	Municipal School	1,060	1,060
Enrollment	Municipal School	Municipal School	554	539
Elmore Park MS (1957)				
Square Feet	109,746	109,746	109,746	69,943
Classrooms	52	52	52	52
Design Capacity	Municipal School	Municipal School	1,300	1,300
Enrollment	Municipal School	Municipal School	714	645
Evans ES (1966)				
Square Feet	67,246	67,246	67,246	
Classrooms	36	36	36	
Design Capacity	720	720	720	
Enrollment	441	426	591	
Fairley ES (1960)				
Square Feet	69,501	69,501	69,501	
Classrooms	39	39	39	
Design Capacity	780	780	780	
Enrollment	499	509	349	
Fairley HS (1968)	ASD School	ASD School		
Square Feet	189,299	189,299	189,299	
Classrooms	52	52	52	
Design Capacity	ASD School	ASD School	1,253	
Enrollment	ASD School	ASD School	684	
Fairview MS (1930)				
Square Feet	Now Maxine Smith & Middle College		95,345	
Classrooms	Now Maxine Smith & Middle College		35	
Design Capacity	Now Maxine Smith & Middle College		837	
Enrollment	Now Maxine Smith & Middle College		280	
Farmington ES (1973)				
Square Feet	73,908	73,908	73,908	73,908
Classrooms	48	48	48	48
Design Capacity	Municipal School	Municipal School	960	960
Enrollment	Municipal School	Municipal School	753	752

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
84,693	84,693	84,693	84,693	84,693	84,693
53	53	53	53	53	53
1,060	1,060	1,060	1,060	1,060	1,060
555	558	567	564	580	634
69,943	69,943	69,943	69,943	69,943	69,943
52	52	52	52	52	52
1,300	1,300	1,300	1,300	1,300	1,300
639	657	663	661	640	689
73,908	73,908	73,908	73,908	73,908	73,908
48	48	48	48	48	48
960	960	960	960	960	960
740	736	708	672	676	694

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

School/Building	2016	2015	2014	2013
Florida ES (1924)				
Square Feet	Facility Demolished	Facility Demolished	Facility Demolished	
Classrooms	Facility Demolished	Facility Demolished	Facility Demolished	
Design Capacity	Facility Demolished	Facility Demolished	Facility Demolished	
Enrollment	Facility Demolished	Facility Demolished	Facility Demolished	
Florida-Kansas ES (1999)				
Square Feet	80,610	80,610	80,610	
Classrooms	47	47	47	
Design Capacity	ASD School	940	940	
Enrollment	ASD School	245	303	
Ford Road ES (1952)				
Square Feet	78,213	78,213	78,213	
Classrooms	45	45	45	
Design Capacity	900	900	900	
Enrollment	555	581	476	
Fox Meadows ES (1965)				
Square Feet	93,872	93,872	93,872	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	591	662	650	
Frayser ES (1954)				
Square Feet	ASD School	ASD School	ASD School	
Classrooms	42,797	42,797	42,797	
Design Capacity	26	26	26	
Enrollment	ASD School	ASD School	ASD School	
Frayser HS (1938)				
Square Feet	ASD School	ASD School	ASD School	
Classrooms	189,648	189,648	189,648	
Design Capacity	59	59	59	
Enrollment	ASD School	ASD School	ASD School	1,421
Gardenview ES (1967)				
Square Feet	ASD School	ASD School	ASD School	548
Classrooms	55,570	55,570	55,570	
Design Capacity	35	35	35	
Enrollment	700	700	714	
Geeter MS (1961)				
Square Feet	323	333	306	
Classrooms	105,957	105,957	105,957	
Design Capacity	36	36	36	
Enrollment	898	898	898	
Georgia Avenue ES (1960)				
Square Feet	396	421	376	
Classrooms	Closed 2011-2012	Closed 2011-2012		
Design Capacity	143,577	143,577	143,577	
Enrollment	72	72	72	
Georgian Hills ES (1951)				
Square Feet	Not Available	Not Available	Not Available	
Classrooms	A Portion Leased to	A Portion Leased to		
Design Capacity	Charter School	Charter School		
Enrollment			Closed School	
Georgian Hills MS (1959)				
Square Feet	ASD School	ASD School	ASD School	
Classrooms	44,786	44,786	44,786	
Design Capacity	24	24	24	
Enrollment	ASD School	ASD School	ASD School	
Germanshire ES (2001)				
Square Feet	ASD School	ASD School	ASD School	
Classrooms	89,228	89,228	89,228	
Design Capacity	46	46	46	
Enrollment	920	920	920	
Germantown ES (1975)				
Square Feet	775	741	694	
Classrooms	84,584	84,584	84,584	84,584
Design Capacity	42	42	42	42
Enrollment	900	900	920	840
	635	621	755	759

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012

2011

2010

2009

2008

2007

84,584
42
840
749

84,584
42
840
791

84,584
42
840
709

84,584
42
840
740

84,584
42
840
755

84,584
42
840
729

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Germantown HS (1964)				
Square Feet	231,717	231,717	231,717	231,717
Classrooms	104	104	104	101
Design Capacity	2,548	2,548	2,548	2,020
Enrollment	2074	1979	2,009	2,029
Germantown MS (1979)				
Square Feet	81,834	81,834	81,834	81,834
Classrooms	41	41	41	44
Design Capacity	974	974	974	1,100
Enrollment	650	615	654	672
Getwell ES (2001)				
Square Feet	87,025	87,025	87,025	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	361	374	379	
Goodlett ES (1964)				
Square Feet	51,813	51,813	51,813	
Classrooms	25	25	25	
Design Capacity	500	500	500	
Enrollment	459	460	423	
Gordon ES (1992)				
Square Feet	86,387	86,387	86,387	
Classrooms	45	45	45	
Design Capacity	Functions as Alternative School	Functions as Alternative School	918	
Enrollment	Functions as Alternative School	Functions as Alternative School	255	
Graceland ES (1958)				
Square Feet	Demolished	Demolished	Demolished	
Classrooms	Demolished	Demolished	Demolished	
Design Capacity	Demolished	Demolished	Demolished	
Enrollment	Demolished	Demolished	Demolished	
Gragg/North Area Office				
Square Feet	85,642	85,642	85,642	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Grahamwood ES (1953)				
Square Feet	87,612	87,612	87,612	
Classrooms	55	55	55	
Design Capacity	1,100	1,100	1,100	
Enrollment	1019	1007	984	
Grandview Hts. ES (1953)				
Square Feet	87,612	87,612	85,810	
Classrooms	55	55	39	
Design Capacity	923	1,100	879	
Enrollment	592	688	533	
Graves ES (1953)				
Square Feet	Closed 2013-2014	Closed 2013-2014		
Classrooms	52,321	52,321	52,321	
Design Capacity	29	29	29	
Enrollment	Closed 2013-2014	Closed 2013-2014	592	
	Closed 2013-2014	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	Municipal School	440	440
Enrollment	Municipal School	Municipal School	360	399
Hamilton ES (1964)				
Square Feet	81,740	81,740	81,740	
Classrooms	43	43	43	
Design Capacity	720	720	860	
Enrollment	474	543	525	
Hamilton HS (1972)				
Square Feet	136,797	136,797	336,151	
Classrooms	64	64	74	
Design Capacity	1,876	1,597	1,928	
Enrollment	636	711	808	

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
231,717	231,717	231,717	231,717	231,717	231,717
101	101	101	101	101	101
2,020	2,020	2,020	2,020	2,020	2,020
2,046	2,000	1,731	1,687	1,664	1,911
81,834	81,834	81,834	81,834	81,834	81,834
44	44	44	44	44	44
1,100	1,100	1,100	1,100	1,100	1,100
708	697	621	776	779	773

50,200	50,200	50,200	50,200	50,200	50,200
22	22	22	22	22	22
440	440	440	440	440	440
391	392	419	432	399	426

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

School/Building	2016	2015	2014	2013
Hamilton MS (1942)				
Square Feet	136,797	136,797	136,797	
Classrooms	64	64	64	
Design Capacity	1,597	1,597	413	
Enrollment	407	409	252	
Hanley ES (1960)	ASD School	ASD School	ASD School	
Square Feet	104,224	104,224	104,224	
Classrooms	57	57	57	
Design Capacity	ASD School	ASD School	ASD School	
Enrollment	ASD School	ASD School	ASD School	
Havenview MS (1960)				
Square Feet	104,745	104,745	104,745	
Classrooms	44	44	44	
Design Capacity	1,045	1,045	1,045	
Enrollment	714	717	792	
Hawkins Mill ES (1965)				
Square Feet	67,350	67,350	67,350	
Classrooms	36	36	36	
Design Capacity	720	720	720	
Enrollment	314	315	326	
Hickory Ridge ES (2001)				
Square Feet	83,060	83,060	83,060	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	841	853	799	
Hickory Ridge MS (2001)				
Square Feet	139,685	139,685	139,685	
Classrooms	47	47	47	
Design Capacity	1,116	1,116	1,116	
Enrollment	866	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	1,260	1,320
Enrollment	872	963	941	984
Highland Oaks MS (2009)				
Square Feet	118,130	118,130	118,130	118,130
Classrooms	55	55	55	57
Design Capacity	1,306	1,306	1,306	1,425
Enrollment	726	769	835	895
Hillcrest HS (1962)				
Square Feet	169,973	169,973	169,973	
Classrooms	59	59	59	
Design Capacity	1,485	1,485	1,537	
Enrollment	505	506	561	
Hollywood ES (1933)	Closed. Leased to Charter School	Closed. Leased to Charter School		
Square Feet	67,804	67,804	67,804	
Classrooms	34	34	34	
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Not Available	
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Charter School	
Holmes Road ES (2001)				
Square Feet	84,633	84,633	84,633	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	550	512	521	
Houston HS (1989)				
Square Feet	263,689	263,689	263,689	263,689
Classrooms	111	111	111	111
Design Capacity	Municipal School	Municipal School	2,220	2,220
Enrollment	Municipal School	Municipal School	1,865	1,787
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
Enrollment	Municipal School	Municipal School	848	859

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
107,971	107,971	107,971	107,971	107,971	107,971
66	66	66	66	66	66
1,320	1,320	1,320	1,320	1,320	1,320
960	1,046	1,034	855	875	860
118,130	118,130	118,130			
57	57	57			
1,425	1,425	1,425			
947	952	953			
263,689	263,689	263,689	263,689	263,689	263,689
111	111	111	111	111	111
2,220	2,220	2,220	2,220	2,220	2,220
1,678	1,681	1,761	1,953	2,146	2,428
92,750	92,750	92,750	92,750	92,750	92,750
50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250
890	858	848	803	789	858

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

School/Building	2016	2015	2014	2013
Humes MS (1925)	ASD School	ASD School	ASD School	
Square Feet	131,301	131,301	131,301	
Classrooms	61	61	61	
Design Capacity	ASD School	ASD School	ASD School	
Enrollment	ASD School	ASD School	ASD School	
Ida B. Wells (1963)				
Square Feet	Alternative School	Alternative School	71,059	
Classrooms	Alternative School	Alternative School	17	
Design Capacity	Alternative School	Alternative School	Not Available	
Enrollment	Alternative School	Alternative School	Not Available	
Idlewild ES (1903)				
Square Feet	65,025	65,025	65,025	
Classrooms	33	33	33	
Design Capacity	660	660	660	
Enrollment	480	471	456	
E.E. Jeter ES (1949)				
Square Feet	70,058	70,058	70,058	70,058
Classrooms	27	27	27	28
Design Capacity	540	540	540	560
Enrollment	349	330	186	180
Jackson ES (1957)				
Square Feet	44,568	44,568	44,568	
Classrooms	24	24	24	
Design Capacity	480	480	480	
Enrollment	346	380	348	
John P. Freeman MS (1973)				
Square Feet	98,000	98,000	98,000	
Classrooms	38	38	38	
Design Capacity	760	760	760	
Enrollment	550	537	592	
Kansas Career & Technology (1976)				
Square Feet	49,000	49,000	49,000	
Classrooms	18	18	18	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment			Not Available	
Kate Bond ES (1993)				
Square Feet	107,748	107,748	107,748	
Classrooms	58	58	58	
Design Capacity	1,160	11,160	1160	
Enrollment	1097	1061	1,091	
Kate Bond MS (2011)				
Square Feet	165,749	165,749	165,749	
Classrooms	64	64	64	
Design Capacity	1,520	1,520	1,520	
Enrollment	1146	1194	1,213	
Keystone ES (1991)				
Square Feet	84,641	84,641	84,641	
Classrooms	39	39	39	
Design Capacity	780	780	780	
Enrollment	362	399	362	
King Cultural Center (1953)				
Square Feet	102,207	102,207	102,207	
Classrooms	N/A	N/A	N/A	
Design Capacity	Alternative School	Not Available	Not Available	
Enrollment	Alternative School	Not Available	Not Available	
Kingsbury ES (1959)				
Square Feet	65,250	65,250	65,250	
Classrooms	36	36	36	
Design Capacity	720	720	720	
Enrollment	562	555	552	
Kingsbury MS				
Square Feet	See Kingsbury HS	See Kingsbury HS	See Kingsbury HS	
Classrooms	29	29	29	
Design Capacity	736	736	689	
Enrollment	597	646	623	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
70,058	70,058	70,058	70,058	70,058	70,058
28	28	28	28	28	28
560	560	560	560	560	560
175	188	212	213	226	238

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

School/Building	2016	2015	2014	2013
Kingsbury HS (1950)				
Square Feet	219,201	219,201	219,201	
Classrooms	63	63	63	
Design Capacity	1,563	1,593	1,641	
Enrollment	1173	1132	1,129	
Kingsbury Career Technology Center (1976)	Students counted in HS.	Students counted in HS.	Students counted in HS.	
Square Feet	51,000	51,000	51,000	
Classrooms	21	21	21	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment			Not Available	
Kirby HS (1980)				
Square Feet	206,224	206,224	206,224	
Classrooms	70	70	70	
Design Capacity	1,693	1,693	1,824	
Enrollment	991	1114	1,284	
Kirby MS (1987)				
Square Feet	85,050	85,050	85,050	
Classrooms	51	51	51	
Design Capacity	1,272	1,272	1,272	
Enrollment	538	584	604	
Klondike ES (1939)	ASD School	ASD School		
Square Feet	90,835	90,835	90,835	
Classrooms	46	46	46	
Design Capacity	ASD School	ASD School	938	
Enrollment	ASD School	ASD School	94	
Knight Road ES (1959)				
Square Feet	53,093	53,093	53,093	
Classrooms	35	35	35	
Design Capacity	700	700	700	
Enrollment	470	476	469	
Lakeland ES (2001)				
Square Feet	115,780	115,780	115,780	115,780
Classrooms	65	65	65	65
Design Capacity	Municipal School	Municipal School	1,300	1,300
Enrollment	Municipal School	Municipal School	836	805
Lakeview ES (1959)	Closed. Leased to Charter School	Closed. Leased to Charter School		
Square Feet	38,793	38,793	38,793	
Classrooms	21	21	21	
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	420	
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Charter School	
Lanier MS (1970)	Facility Sold	Facility Sold		
Square Feet	Facility Sold	Facility Sold	135,959	
Classrooms	Facility Sold	Facility Sold	29	
Design Capacity	Facility Sold	Facility Sold	693	
Enrollment	Facility Sold	Facility Sold	389	
Larose ES (1963)				
Square Feet	94,426	94,426	94,426	
Classrooms	34	34	34	
Design Capacity	680	680	680	
Enrollment	396	387	392	
Lester ES (1955)				
Square Feet	107,896	107,896	107,896	
Classrooms	45	45	45	
Design Capacity	ASD School	1130	1130	
Enrollment	ASD School	156	257	
Levi ES (1992)				
Square Feet	71,179	71,179	71,179	
Classrooms	31	31	31	
Design Capacity	620	620	620	
Enrollment	491	434	340	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012

2011

2010

2009

2008

2007

115,780
65
1,300
832

115,780
65
1,300
845

115,780
65
1,300
864

115,780
65
1,300
1,051

115,780
65
1,300
1,005

115,780
65
1,300
994

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

School/Building	2016	2015	2014	2013
Lincoln ES (1923)		Closed 2014-2015		
Square Feet	80,080	80,080	80,080	
Classrooms	39	39	39	
Design Capacity	Closed 2014-2015	620	620	
Enrollment	Closed 2014-2015	269	255	
Lincoln MS (1922)				
Square Feet	Demolished	Demolished	Demolished	
Classrooms	Demolished	Demolished	Demolished	
Design Capacity	Demolished	Demolished	Demolished	
Enrollment	Demolished	Demolished	Demolished	
Locke Elementary (1953)				
Square Feet	Demolished	Demolished	Demolished	
Classrooms	Demolished	Demolished	Demolished	
Design Capacity	Demolished	Demolished	Demolished	
Enrollment	Demolished	Demolished	Demolished	
Longview MS (1954)				
Square Feet	Closed 2006-2007	Closed 2006-2007		
Square Feet	76,211	76,211	76,211	
Classrooms	33	33	33	
Design Capacity	Closed 2006-2007	Closed 2006-2007	Not Available	
Enrollment	Closed 2006-2007	Closed 2006-2007	Closed	
Lowrance ES (1995)			School name changed from Southwind MS to Lowrance ES in 2010.	
Square Feet	112,374	112,374	112,374	112,374
Classrooms	62	62	62	65
Design Capacity	1,240	1,240	1,240	1,300
Enrollment	800	833	912	897
Lucie E. Campbell ES (2003)				
Square Feet	84,740	84,740	84,740	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	503	305	352	
Lucy ES (1921)				
Square Feet	102,446	102,446	102,446	102,446
Classrooms	49	49	49	48
Design Capacity	980	980	980	960
Enrollment	458	504	686	687
Macon ES (1955)				
Square Feet	Alternative School	Alternative School		
Square Feet	33,051	33,051	33,051	
Classrooms	17	17	17	
Design Capacity	Alternative School	Alternative School	Not Available	
Enrollment	Alternative School	Alternative School	Closed	
Macon Hall ES (1997)				
Square Feet	110,481	110,481	10,481	93,481
Classrooms	63	63	63	66
Design Capacity	1,260	1,260	1,260	1,320
Enrollment	1146	1136	1,208	1,151
Magnolia ES (1950)				
Square Feet	76,804	76,804	76,804	
Classrooms	43	43	43	
Design Capacity	860	860	860	
Enrollment	234	267	298	
Maintenance (1945)				
Square Feet	389,988	389,988	389,988	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Mallory Warehouse (1945)				
Square Feet	See Maintenance	See Maintenance	See Maintenance	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
112,374 65 1,300 896	112,374 65 1,300 896	112,374 65 1,300 895			
102,446 48 960 630	102,446 48 960 558	102,446 48 960 554	102,446 48 960 570	102,446 48 960 580	102,446 48 960 586
93,481 66 1,320 1,148	93,481 66 1,320 1,188	93,481 66 1,320 1,110	93,481 66 1,320 1,065	93,481 66 1,320 1,051	93,481 66 1,320 1,018

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

School/Building	2016	2015	2014	2013
Manassas HS-Old (1936)				
Square Feet	Not Available	Not Available	Not Available	
Classrooms	Not Available	Not Available	Not Available	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	
Manassas HS-New (2008)				
Square Feet	151,754	151,754	151,754	
Classrooms	38	38	38	
Design Capacity	990	990	1042	
Enrollment	340	439	492	
Manor Lake ES (1971)				
Square Feet	65,640	65,640	65,640	
Classrooms	35	35	35	
Design Capacity	700	700	700	
Enrollment	280	308	354	
Maxine Smith STEAM Academy	Merged with Middle Collge (Previously Fairview Middle School)			
Square Feet	95345			
Classrooms	54			
Design Capacity	875			
Enrollment	252	138		
Melrose HS (1970)				
Square Feet	280,000	280,000	280,000	
Classrooms	59	59	53	
Design Capacity	1,407	1,407	1,537	
Enrollment	642	738	859	
Messick Career & Technology (1930)				
Square Feet	104,118	104,118	104,118	
Classrooms	44	44	44	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Adult	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	Municipal School	1,260	1,260
Enrollment	Municipal School	Municipal School	565	581
Millington HS (1971)				
Square Feet	309,026	309,026	309,026	309,026
Classrooms	103	103	103	103
Design Capacity	Municipal School	Municipal School	2,060	2,060
Enrollment	Municipal School	Municipal School	1,270	1,347
Millington MS (1971)				
Square Feet	80,784	80,784	80,784	80,784
Classrooms	30	30	30	30
Design Capacity	Municipal School	Municipal School	750	750
Enrollment	Municipal School	Municipal School	486	480
Mitchell HS (1957,2002)				
Square Feet	117,630	117,630	117,630	
Classrooms	45	45	45	
Design Capacity	1,146	1,172	1,172	
Enrollment	516	540	524	
Mt. Pisgah MS (2007)			New building constructed in 2007	
Square Feet	125,900	125,900	125,900	125,900
Classrooms	59	59	59	65
Design Capacity	1,472	1,472	1,472	1,625
Enrollment	488	509	533	541
Newberry ES (1970)				
Square Feet	45,170	45,170	45,170	
Classrooms	24	24	24	
Design Capacity	480	480	480	
Enrollment	390	414	416	

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
115,104	115,104	115,104	115,104	115,104	115,104
63	63	63	63	63	63
1,260	1,260	1,260	1,260	1,260	1,260
598	577	625	617	638	679
309,026	309,026	309,026	309,026	309,026	309,026
103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060
1,324	1,386	1,456	1,522	1,625	1,580
80,784	80,784	80,784	80,784	80,784	80,784
30	30	30	30	30	30
750	750	750	750	750	750
469	440	510	505	556	566
125,900	125,900	125,900	125,900	125,900	125,900
65	65	65	65	65	65
1,625	1,625	1,625	1,625	1,625	1,625
600	1,146	1,288	1,232	1,242	1,262

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Norris ES (1960)	Closed. Leased to Charter	Closed. Leased to Charter		
Square Feet	52,000	52,000	52,000	
Classrooms	25	25	25	
Design Capacity	Closed. Leased to Charter	Closed. Leased to Charter	Closed	
Enrollment	Closed. Leased to Charter	Closed. Leased to Charter	Closed	
North Area Office (1958)				
Square Feet	85,642	85,642	85,642	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Northhaven ES (1978)				
Square Feet	84,468	84,468	84,468	84,468
Classrooms	43	43	44	44
Design Capacity	860	860	860	880
Enrollment	291	472	371	368
North Side HS (1967)				
Square Feet	293,868	293,868	293,868	
Classrooms	77	77	77	
Design Capacity	1,980	1,980	2,006	
Enrollment	268	284	289	
Nutrition Services (2003)				
Square Feet	300,000	300,000	300,000	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Oak ES (1986)				
Square Feet	106,420	106,420	106,420	
Classrooms	69	69	69	
Design Capacity	Municipal School	Municipal School	1,380	
Enrollment	Municipal School	Municipal School	585	
Oak Forest ES (1993)				
Square Feet	87,550	87,550	87,550	
Classrooms	43	43	43	
Design Capacity	860	860	860	
Enrollment	499	482	499	
Oakhaven ES (1956)				
Square Feet	74,500	74,500	74,500	
Classrooms	41	41	41	
Design Capacity	820	820	820	
Enrollment	622	592	489	
Oakhaven HS (1956)				
Square Feet	152,940	152,940	152,940	
Classrooms	28	28	28	
Design Capacity	703	703	729	
Enrollment	382	416	436	
Oakhaven MS				
Square Feet	See Oakhaven HS	See Oakhaven HS	See Oakhaven HS	
Classrooms	18	18	18	
Design Capacity	449	449	449	
Enrollment	327	305	263	
Oakshire ES (1966)				
Square Feet	51,892	51,892	51,892	
Classrooms	31	31	31	
Design Capacity	620	620	620	
Enrollment	437	486	447	
Oakville Mental Health Ctr (1922)				
Square Feet	Demolished	Demolished	Demolished	
Classrooms	Demolished	Demolished	Demolished	
Design Capacity	Demolished	Demolished	Demolished	
Enrollment	Demolished	Demolished	Demolished	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
84,468	84,468	84,468	84,468	84,468	84,468
44	44	44	44	44	44
880	880	880	880	880	880
326	409	424	450	455	495

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Orleans ES (1966)				
Square Feet	63,888	63,888	63,888	
Classrooms	29	29	29	
Design Capacity	Closed 2011-2012	Closed 2011-2012	Closed	
Enrollment	Closed 2011-2012	Closed 2011-2012	Closed	
Overton HS (1959)				
Square Feet	177,940	177,940	177,940	
Classrooms	65	65	65	
Design Capacity	1,544	1,544	1,593	
Enrollment	1215	1254	1,292	
Peabody ES (1909)				
Square Feet	53,997	53,997	53,997	
Classrooms	24	24	24	
Design Capacity	480	480	480	
Enrollment	375	388	389	
Pyramid Academy (1928)				
Square Feet	165,486	165,486	165,486	
Classrooms	N/A	N/A	N/A	
Design Capacity	Functions as an Alternative School	Functions as an Alternative School	Not Available	
Enrollment	Functions as an Alternative School	Functions as an Alternative School	Closed	
Raineshaven ES (1959)				
Square Feet	66,892	66,892	66,892	
Classrooms	35	35	35	
Design Capacity	700	700	700	
Enrollment	398	404	258	
Raleigh-Bartlett ES (1971)				
Square Feet	51,891	51,891	51,891	
Classrooms	Open Classroom	Open Classroom	Open Classroom	
Design Capacity	600	600	600	
Enrollment	438	427	449	
Raleigh-Egypt HS (1969)				
Square Feet	145,850	145,850	145,850	
Classrooms	62	62	62	
Design Capacity	1,511	1,511	1,615	
Enrollment	735	701	742	
Raleigh-Egypt MS (1979)				
Square Feet	133,750	133,750	133,750	
Classrooms	40	40	40	
Design Capacity	998	998	998	
Enrollment	484	578	580	
Residential Training Center (1965)				
Square Feet			40,270	
Classrooms			Open Classroom	
Design Capacity			Not Available	
Enrollment			N/A	
Richland ES (1957)				
Square Feet	59,833	59,833	59,833	
Classrooms	36	36	36	
Design Capacity	720	720	720	
Enrollment	788	798	783	
Ridgeway/Balmoral ES (1970)				
Square Feet	38,940	38,940	38,940	
Classrooms	20	20	20	
Design Capacity	400	400	400	
Enrollment	317	329	319	
Ridgeway ES (1969)	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	
Square Feet	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	
Classrooms	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	
Design Capacity	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	
Enrollment	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	

Continued from Prior Page

2012

2011

2010

2009

2008

2007

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

School/Building	2016	2015	2014	2013
Ridgeway HS (1970)				
Square Feet	247,000	247,000	247,000	
Classrooms	60	60	60	
Design Capacity	1,511	1,511	1,563	
Enrollment	1181	1191	1,072	
Ridgeway MS (2001)				
Square Feet	143,000	143,000	143,000	
Classrooms	47	47	47	
Design Capacity	1,116	1,116	1,116	
Enrollment	655	673	700	
River City High				
Square Feet	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed	
Classrooms	Charter School Closed 2010-2011	Charter School Closed 2010- 2011	Closed	
Design Capacity	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed	
Enrollment	Charter School Closed 2010-2011	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	Municipal School	1,280	1,280
Enrollment	Municipal School	Municipal School	615	654
Riverdale ES (1968)				
Square Feet	88,199	88,199	88,199	88,199
Classrooms	45	45	45	45
Design Capacity	Municipal School	Municipal School	900	900
Enrollment	Municipal School	Municipal School	1,178	1,185
Riverview ES (1952)				
Square Feet	Closed. Leased by Charter School	Closed. Leased by Charter School	69,422	
Classrooms	41	41	45	
Design Capacity	Closed. Leased by Charter School	Closed. Leased by Charter School	900	
Enrollment	Closed. Leased by Charter School	Closed. Leased by Charter School	291	
Riverview MS (1967)				
Square Feet	150,850	150,850	150,850	
Classrooms	35	35	35	
Design Capacity	780	780	780	
Enrollment	531	348	159	
Riverwood ES (2010)				
Square Feet	107,565	107,565	107,565	
Classrooms	56	56	56	
Design Capacity	1,120	1,120	1,120	
Enrollment	1009	1072	1,022	
Robert R. Church ES (2001)				
Square Feet	81,500	81,500	81,500	
Classrooms	45	45	45	
Design Capacity	900	900	900	
Enrollment	631	711	688	
Ross ES (1976)				
Square Feet	126,662	126,662	126,662	
Classrooms	71	71	71	
Design Capacity	1,420	1,420	1,420	
Enrollment	842	932	961	
Rozelle ES (1914)				
Square Feet	58,750	58,750	58,750	
Classrooms	27	27	27	
Design Capacity	540	540	540	
Enrollment	275	280	263	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
109,536	109,536	109,536	109,536	109,536	109,536
64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280
695	912	978	1,025	1,035	965
88,199	88,199	88,199	88,199	88,199	88,199
45	45	45	45	45	45
900	900	900	900	900	900
1,174	1,147	1,085	1,076	1,034	1,039

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Sea Isle ES (1955)				
Square Feet	79,703	79,703	79,703	
Classrooms	42	42	42	
Design Capacity	840	840	840	
Enrollment	445	441	444	
Scenic Hills ES (1957)				
Square Feet	48,338	48,338	48,338	
Classrooms	27	27	27	
Design Capacity	540	540	540	
Enrollment	312	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	Municipal School	1,200	1,200
Enrollment	Municipal School	Municipal School	990	1,004
Shadowlawn MS (1967)				
Square Feet	119,881	119,881	119,881	108,936
Classrooms	57	57	57	57
Design Capacity	Municipal School	Municipal School	1,425	1,425
Enrollment	Municipal School	Municipal School	Not Available	855
Shady Grove ES (1963)				
Square Feet	48,401	48,401	48,401	
Classrooms	25	25	25	
Design Capacity	500	500	500	
Enrollment	415	444	448	
Shannon ES (1959)	ASD School	ASD School		
Square Feet	54,522	54,522	54,522	
Classrooms	34	34	34	
Design Capacity	ASD School	ASD School	694	
Enrollment	ASD School	ASD School	179	
Sharpe ES (1955)				
Square Feet	47,130	47,130	47,130	
Classrooms	26	26	26	
Design Capacity	520	520	520	
Enrollment	440	469	496	
Sheffield ES (1970)				
Square Feet	46,320	46,320	46,320	
Classrooms	31	31	31	
Design Capacity	620	620	620	
Enrollment	623	565	555	
Sheffield HS (1966)				
Square Feet	193,236	193,236	193,236	
Classrooms	55	55	55	
Design Capacity	1,329	1,329	1,407	
Enrollment	745	781	828	
Sheffield Career & Technology (1976)				
Square Feet	47,000	47,000	47,000	
Classrooms	21	21	21	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	
Shelby Oaks ES (1996)				
Square Feet	74,069	74,069	74,069	
Classrooms	44	44	44	
Design Capacity	880	880	880	
Enrollment	822	867	826	
Sherwood ES (1950)				
Square Feet	94,516	94,516	94,516	
Classrooms	42	42	42	
Design Capacity	840	840	840	
Enrollment	668	663	678	
Sherwood MS (1957)				
Square Feet	141,952	141,952	141,952	
Classrooms	52	52	52	
Design Capacity	1,330	1,330	1,235	
Enrollment	880	675	509	

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
97,250	97,250	97,250	97,250	97,250	97,250
48	48	48	48	48	48
1,200	1,200	1,200	1,200	1,200	1,200
1,044	1,077	1,034	991	950	972
108,936	108,936	108,936	108,936	108,936	108,936
57	57	57	57	57	57
1,425	1,425	1,425	1,425	1,425	1,425
904	909	880	861	970	962

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
Shrine School (1976)				
Square Feet	74,512	74,512	74,512	
Classrooms	Open Classroom	Open Classroom	Open Classroom	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment		Not Available	Not Available	
Snowden ES (1909)				
Square Feet	199,849	199,849	199,849	
Classrooms	65	65	65	
Design Capacity	1,300	1,300	1,300	
Enrollment	1482	1503	1,480	
South Area Office (1959)				
Square Feet	Closed 2005-2006	Closed 2005-2006	38,663	
Classrooms	N/A	N/A	N/A	
Design Capacity	Closed 2005-2006	Closed 2005-2006	Not Available	
Enrollment	Closed 2005-2006	Closed 2005-2006	Administration	
South Park ES (2000)				
Square Feet	77,075	77,075	77,075	
Classrooms	40	40	40	
Design Capacity	800	800	800	
Enrollment	521	562	532	
South Side MS (1962)				
Square Feet	ASD School 254,967	ASD School 254,967	254,967	
Classrooms	71	71	71	
Design Capacity	Closed 2014-15	1,771	1,771	
Enrollment	Closed 2014-15	263	276	
Southwest Career & Technology(1976)				
Square Feet	64,201	64,201	64,201	
Classrooms	23	23	23	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	
Southwind ES (1990)				
Square Feet	108,303	108,303	108,303	108,303
Classrooms	65	65	65	68
Design Capacity	1300	1300	1,300	1,360
Enrollment	756	819	873	861
Southwind MS	School name changed to Lowrance ES in 2010.	School name changed to Lowrance ES in 2010.	School name changed to Lowrance ES in 2010.	
Square Feet				
Classrooms				
Design Capacity				
Enrollment				
Southwind HS (2007)				
Square Feet	326,926	326,926	326,926	326,926
Classrooms	104	104	104	116
Design Capacity	2,475	2,475	2,548	2,320
Enrollment	1508	1660	1,777	1,698
Spring Hill ES (1956)				
Square Feet	ASD School K-2. SCS has Grades 3-5 65,698	ASD School K-2. SCS has Grades 3-5 65,698	65,698	
Classrooms	35	35	35	
Design Capacity	700	700	700	
Enrollment	165	261	370	
Springdale ES (1940)				
Square Feet	58,986	58,986	58,986	
Classrooms	24	24	24	
Design Capacity	480	480	480	
Enrollment	278	277	284	
Sycamore ES (2000)				
Square Feet	127,627	127,627	127,627	127,627
Classrooms	64	64	64	64
Design Capacity	Municipal School	Municipal School	1,280	1,280
Enrollment	Municipal School	Municipal School	796	823
Stafford ES (1965)				
Square Feet	56,216	56,216	56,216	
Classrooms	30	30	30	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
108,303	108,303	108,303	108,303	108,303	108,303
68	68	68	68	68	68
1,360	1,360	1,360	1,360	1,360	1,360
842	842	819	1,127	1,126	1,055
			112,374	112,374	112,374
			65	65	65
			1,300	1,300	1,300
			1,082	1,197	1,139
326,926	326,926	326,926	326,926	326,926	
116	116	116	116	116	
2,320	2,320	2,320	2,320	2,320	
1,690	1,931	1,884	1,473	1,038	
127,627	127,627	127,627	127,627	127,627	127,627
64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280
794	791	834	788	704	691

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

School/Building	2016	2015	2014	2013
Tara Oaks ES (1995)				
Square Feet	Municipal School	Municipal School	109,405	109,405
Classrooms	Municipal School	Municipal School	69	69
Design Capacity	Municipal School	Municipal School	1,380	1,380
Enrollment	Municipal School	Municipal School	659	682
Teaching & Learning Academy (1958)				
Square Feet	57,803	57,803	57,803	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Administration	Administration	Administration	
Treadwell ES (1985)				
Square Feet	55,512	55,512	55,512	
Classrooms	45	45	45	
Design Capacity	900	900	900	
Enrollment	650	689	677	
Treadwell MS (HS Prior to 2010) (1948)				
Square Feet	145,870	145,870	145,870	
Classrooms	40	40	40	
Design Capacity	998	998	998	
Enrollment	392	407	372	
Trezevant HS (1960)				
Square Feet	296,765	296,765	296,765	
Classrooms	67	67	67	
Design Capacity	1,667	1,667	1,745	
Enrollment	667	559	615	
Trezevant Career & Technology (1976)				
Square Feet	62,546	62,546	62,546	
Classrooms	27	27	27	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	Not Available	Not Available	Not Available	
Vance MS (1971)				
Square Feet	150,300	150,300	150,300	
Classrooms	36	36	36	
Design Capacity	Closed 2013-2014	Closed 2013-2014	860	
Enrollment	Closed 2013-2014	Closed 2013-2014	159	
Vollentine ES (1930)				
Square Feet	75,100	75,100	75,100	
Classrooms	37	37	37	
Design Capacity	740	740	740	
Enrollment	223	265	270	
Walker Elementary (1963)				
Square Feet	43,558	43,558	43,558	
Classrooms	N/A	N/A	N/A	
Design Capacity		Not Available	Not Available	
Enrollment	Admin closed	Administration	Administration	
Wells Station ES (1954)				
Square Feet	69,001	69,001	69,001	
Classrooms	35	35	35	
Design Capacity	700	700	700	
Enrollment	739	750	683	
Westhaven ES (1956)				
Square Feet	Closed 2013-2014	Closed 2013-2014		
Classrooms	67,082	67,082	67,082	
Design Capacity	44	44	44	
Enrollment	Closed 2013-2014	Closed 2013-2014	898	
Westside ES (1952)				
Square Feet	67,028	67,028	67,028	
Classrooms	29	29	29	
Design Capacity	580	580	580	
Enrollment	323	302	342	
Westside MS (1960)				
Square Feet	ASD School	ASD School	ASD School	Westside MS became an Achievement School District (ASD) school in 2013.
Classrooms	133,852	133,852	133,852	
Design Capacity	35	35	35	
Enrollment	ASD School	ASD School	ASD School	875
	ASD School	ASD School	ASD School	ASD School

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
109,405	109,405	109,405	109,405	109,405	109,405
69	69	69	69	69	69
1,380	1,380	1,380	1,380	1,380	1,380
729	745	780	770	834	893

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

School/Building	2016	2015	2014	2013
Westwood ES (1962)	ASD School	ASD School		
Square Feet	77,428	77,428	77,428	
Classrooms	47	47	47	
Design Capacity	ASD School	940	940	
Enrollment	ASD School	225	332	
Westwood HS (1958)				
Square Feet	181,342	181,342	181,342	
Classrooms	51	51	51	
Design Capacity	1,329	1,329	1,329	
Enrollment	381	404	462	
White Station ES (1933)				
Square Feet	76,420	76,420	76,420	
Classrooms	42	42	42	
Design Capacity	840	840	840	
Enrollment	599	615	627	
White Station HS (1952)				
Square Feet	247,624	247,624	247,624	
Classrooms	98	98	98	
Design Capacity	2,401	2,401	2,401	
Enrollment	2189	2313	2,293	
White Station MS (1960,2007)				
Square Feet	144,411	144,411	144,411	
Classrooms	53	53	53	
Design Capacity	1,259	1,259	1,259	
Enrollment	1254	1303	1,247	
Whitehaven ES (1949)				
Square Feet	49,885	49,885	49,885	
Classrooms	30	30	30	
Design Capacity	600	600	600	
Enrollment	463	491	459	
Whitehaven HS (1931)				
Square Feet	232,776	232,776	232,776	
Classrooms	68	68	68	
Design Capacity	1,666	1,666	1,666	
Enrollment	1777	1848	1,906	
White's Chapel ES (1951)				
Square Feet	ASD School	ASD School	Closed	
Classrooms	ASD School	ASD School	Closed	
Design Capacity	ASD School	ASD School	Closed	
Enrollment	ASD School	ASD School	Closed	
Whitney ES (1962)	ASD School	ASD School		
Square Feet	63,979	63,979	63,979	
Classrooms	30	30	30	
Design Capacity	ASD School	ASD School	640	
Enrollment	ASD School	ASD School	ASD School	
William H. Brewster (2006)				
Square Feet	95,220	95,220	95,220	
Classrooms	41	41	41	
Design Capacity	820	820	820	
Enrollment	366	429	438	
Willow Oaks ES (1951)				
Square Feet	71,759	71,759	71,759	
Classrooms	42	42	42	
Design Capacity	840	840	840	
Enrollment	674	671	685	
Winchester ES (1960)				
Square Feet	82,664	82,664	82,664	
Classrooms	40	40	40	
Design Capacity	800	800	800	
Enrollment	580	494	365	
Windridge ES (2001)				
Square Feet	84,214	84,214	84,214	
Classrooms	46	46	46	
Design Capacity	920	920	920	
Enrollment	545	527	621	
Wooddale HS (1967)				
Square Feet	263,513	263,513	263,513	
Classrooms	80	80	80	
Design Capacity	1928	1928	1960	
Enrollment	1067	1163	1311	

Continued from Prior Page

2012

2011

2010

2009

2008

2007

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

School/Building	2016	2015	2014	2013
Wooddale MS (1970)				
Square Feet	184,760	184,760	184,760	
Classrooms	62	62	62	
Design Capacity	ASD School	1,473	1,473	
Enrollment	ASD School	699	762	
Woodstock MS (1956)				
Square Feet	84,850	84,850	84,850	84,850
Classrooms	62	62	62	43
Design Capacity	973	973	973	1,075
Enrollment	320	330	434	468
Total SCS Buildings				
Square Feet	26,202,116	26,106,771	26,956,417	6,760,805
Classrooms	10,391	10,337	10,616	3,189
Design Capacity	149,675	167,873	217,154	67,357
Enrollment	92,799	98,611	131,782	46,175

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
84,850	84,850	84,850	84,850	84,850	84,850
43	43	43	43	43	43
1,075	1,075	1,075	1,075	1,075	1,075
485	516	520	553	562	637
6,654,805	6,429,219	6,429,219	6,197,887	6,086,445	5,759,519
3,133	3,133	3,133	3,011	2,959	2,843
66,215	66,215	66,215	63,490	62,190	59,870
45,141	46,616	46,420	45,298	45,410	44,571

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2016	2015	2014	2013
SCS schools on non-SCS property (enrollment)				
Campus Elementary	329	329	329	
Hollis F. Price Middle College	108	117		
MCS Prep School - Southeast			197	
Memphis Virtual School	103		93	
Memphis Health Careers Academy	74	90	105	
Middle College High (Relocated to Fairview in 2)	283	236	198	
Martin Luther King Transition Center			316	
Highland Oaks Primary			Students transferred to Highland Oaks ES in 2010.	
Total non-SCS property (enrollment)	772	772	1,237	0
Charter Schools (enrollment)				
Arrow Academy of Excellence	81	58	29	
Aurora Collegiate Academy	199	175	113	
Circles of Success	246	247	244	
City University	301	294	314	
City University School Of Independence	23			
City University Boys Prep	56	73	115	
City University Girls Prep	82	60	37	
DuBois Elementary School of Arts Technology	279	319	203	
DuBois Elementary School of Entrepreneurship	266	238	179	
DuBois High School of Arts Technology	159	115	74	
DuBois Middle of Leadership Public Policy	136	124	104	
DuBois High of Leadership Public Policy	17	23		
DuBois Middle School of Arts Technology	208	215	140	
Freedom Prep	601	475	367	
Goodwill Excel	adult			
Granville T. Woods Academy of Innovation	291			
KIPP Diamond (Became a charter school 2009)	1162	1013	846	
KIPP Academy at Cypress	396	298	199	
Leadership Preparatory Charter School	78			
Memphis Academy of Health Sciences	265	323	311	
Memphis Academy of Health Science High	385	401	389	
Memphis Academy of Science & Engineering	407	389	360	
Memphis Business Academy	320	571	428	
Memphis Business Academy Elementary	334			
Memphis Business Academy High	381	383	323	
Memphis College Prep	316	289	212	
Memphis Rise Academy	211	95		
Memphis Grizzlies Prep	252	238	157	
Memphis School of Excellence	453	453	389	
Moving Ahead School of Scholars	58			
New Consortium of Law and Business	225	155	163	
Omni Prep - North Pointe Lower	186	201	193	
Omni Prep - North Pointe Middle	148	127	125	
Power Center	1301	960	605	
Promise Academy	424	482	460	
Soulsville Academy	641	632	588	
Southern Avenue	436	372	364	
Southern Avenue Middle	161	249	265	
Star Academy	235	232	236	
Thurgood Marshall High School			59	
Thurgood Marshall Middle School		188	12	
Veritas College Preparatory		100	192	
Vision Prep	155			
Total Charter School Enrollments	12,011	10,567	8,795	0
District Total Enrollment	105,582	109,950	141,814	46,175

Note: Enrollment is based on the 40th Day.

SHELBY COUNTY
BOARD OF EDUCATION

2012	2011	2010	2009	2008	2007
0	0	0	397	380	397
0	0	0	397	380	397

0	0	0	0	0	0
45,141	46,616	46,420	45,695	45,790	44,968

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	7/1/15 - 6/30/16	United States Fire Insurance	US562915	\$301,393
Insurance Consultant	By Contract	Gallagher Risk Services	NA	\$70,000
Property Insurance	7/1/15 - 6/30/16	Travelers Indemnity	KTKCMB1C6033913	\$870,437
Property & Boiler/Machinery Insurance	7/1/15 - 6/30/16	Travelers Indemnity	KTKCMB1C6033913	Included with the Property Insurance
Flood Insurance - A. Maceo Walker 100 year flood plan site	9/10/14 - 9/10/15 9/10/15 - 9/10/16	American Bankers Ins. Co. American Bankers Ins. Co.	88300001794200 88300001794200	\$2,880.00 \$3,188.00
Flood Insurance - American Way Middle 100 year flood plan site	8/20/14 - 8/20/15 8/20/15 - 8/20/16	American Bankers Ins. Co. American Bankers Ins. Co.	88300001554600 88300001554600	\$1,499.00 \$1,889.00
Flood Insurance - North Area Office	10/30/14 - 10/30/15 10/30/15 - 10/30/16	American Bankers Ins. Co. American Bankers Ins. Co.	88300001554200 88300001554200	\$3,394.00 \$3,343.00
Flood Insurance - IT Bldg & Training Ctr.	10/30/14 - 10/30/15 10/30/15 - 10/30/16	American Bankers Ins. Co. American Bankers Ins. Co.	88830000155300 88830000155300	\$3,394.00 \$3,343.00
Vehicle Insurance Out of State	7/1/15 - 7/1/16	National Continental Ins.	CTN 000 7325-412-4	\$11,813.00
JROTC	7/1/15 - 6/30/16	Self-insured	None	Self-insured
Voluntary Student Insurance Participation voluntary	7/1/15 - 7/1/16	K&K Insurance	JXS0000027528700	Individual Student Coverage
Surety/Criminal Bond General Employees	7/1/15 - 7/1/16	Ohio Casualty Insurance	5103811	\$20,000
Surety Bond Commissioners	Teresa Jones 8/2/12 - 8/2/20 Kevin Woods 8/2/12 - 8/2/20 Shante Avant 9/1/15 - 9/1/19 William Orgel 8/2/14 - 8/2/18 Christopher Caldwell 8/2/14 - 8/2/18 Stephanie Love 9/1/14 - 9/1/18 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 \$100 \$170 \$170
Student Field Trip	3/18/15 - 3/18/16 3/18/16 - 3/18/17	Hartford Insurance Hartford Insurance	20 SR 145507 20 SR 145507	Coverage Paid by Schools Coverage Paid by Schools
Medicare Section 111	9/9/14 - 9/9/15 9/9/15 9/9/16	Gould & Lamb Self -Insured (Self Reporting to Medicare)	None NA	\$850 per month NA
Law Enforcement Liability Insurance	5/7/15 - 5/7/16 5/7/16 - 5/7/17	First Mercury Insurance First Mercury Insurance	SE-CGL-0000043224-01 SE-CGL-0000043224-01	\$75,310.00 \$79,075.00
Germantown Athletic Field Liability Insurance	7/30/14 - 7/30/15 7/30/15 - 7/30/16	Cincinnati Insurance Cincinnati Insurance	ENP 026 76 50 ENP 026 76 50	\$6,027.00 \$6,126.00

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
2016	7,298	183	7,481

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Charge per lunch to students:					
Paid Elementary	\$0.00	\$0.00	\$2.25	\$2.25	\$2.00
Paid Secondary	\$0.00	\$0.00	\$2.25	\$2.25	\$2.00
Paid High School	\$0.00	\$0.00	\$2.25	\$2.25	\$2.00
Reduced	\$0.00	\$0.00	\$0.30	\$0.40	\$0.40
Charge per lunch to adults	\$2.00	\$3.50	\$3.50	\$3.25	\$3.00
Number of days served	179	174	175	178	177
Number of free lunches served	15,067,418	15,124,383	12,502,586	1,878,650	1,849,565
Percent of total lunches served	100.00%	100.00%	85.68%	52.62%	46.28%
Average number of free lunches served daily	84,176	86,922	71,443	10,554	10,450
Number of paid lunches served at reduced price	0	0	620,289	266,969	10,450
Percent of total lunches served	0.00%	0.00%	4.25%	7.48%	0.26%
Number of paid lunches served at regular price	0	0	1,468,796	1,424,529	1,858,175
Percent of total lunches served	0.00%	0.00%	10.07%	39.90%	46.49%
Average number of paid lunches served daily:					
At reduced price	0	0	3,545	1,500	59
At regular price	0	0	8,393	8,003	10,498
Total number of lunches served	15,067,418	15,124,383	14,591,671	3,570,148	3,996,777
Average number of lunches served daily	84,176	86,922	83,381	20,057	22,581
Weighted FTE Average Daily Attendance	139,755	141,916	195,359	54,887	54,823

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2011	2010	2009	2008	2007
\$2.00	\$1.75	\$1.75	\$1.75	\$1.50
\$2.00	\$2.00	\$2.00	\$2.00	\$1.75
\$2.00	\$2.00	\$2.00	\$2.00	\$1.75
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
\$3.00	\$3.00	\$3.00	\$3.00	\$2.50
176	175	180	180	179
1,918,868	1,765,495	1,581,974	1,461,637	1,305,209
45.02%	40.34%	35.56%	32.40%	29.22%
10,903	10,089	8,789	8,120	7,292
10,903	10,089	8,789	8,120	7,292
0.26%	0.23%	0.20%	0.18%	0.16%
2,066,310	2,299,477	2,526,128	2,724,235	2,868,644
48.48%	52.54%	56.78%	60.39%	64.23%
62	58	49	45	41
11,740	13,140	14,034	15,135	16,026
4,262,168	4,376,275	4,448,631	4,510,970	4,466,504
24,217	25,007	24,715	25,061	24,953
56,162	56,905	56,503	56,799	N/A

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School Buses				
Type I	472	451	642	312
Type II	-	-	-	-
Total	<u>472</u>	<u>451</u>	<u>642</u>	<u>312</u>
Daily one-way miles traveled for all buses				
From residence to first pick-up	3,453	8,282	27,366	1,857
From first pick-up to last school served	<u>11,870</u>	<u>11,976</u>	<u>26,964</u>	<u>12,416</u>
Total	<u>15,323</u>	<u>20,258</u>	<u>54,330</u>	<u>14,273</u>
Pupils Transported				
Enrolled				
Regular	23,708	37,116	54,409	23,331
Special Education	1,975	2,117	2,689	667
ADT 1 1/2 miles +				
Regular	15,686	28,179	43,721	22,320
Special Education	1,975	1,691	2,232	623
Injuries				
Treated and released	7	30	4	3
Confined overnight	-	2		
Type Accident				
Property damage	98	9	67	55
Personal injury	5	17	8	7

Source: Annual Pupil Transportation Report

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008	2007
311	316	309	298	294	294
-	-	-	-	-	-
<u>311</u>	<u>316</u>	<u>309</u>	<u>298</u>	<u>294</u>	<u>294</u>
2,010	1,879	1,960	1,906	1,896	1,887
8,470	8,691	8,719	8,602	8,697	8,336
<u>10,480</u>	<u>10,570</u>	<u>10,679</u>	<u>10,508</u>	<u>10,593</u>	<u>10,223</u>
23,153	22,777	26,236	24,174	24,407	24,164
440	370	337	352	394	450
22,496	22,188	23,833	23,673	23,897	24,164
396	343	307	345	381	450
2	3	-	19	5	82
48	52	66	59	63	57
8	2	7	11	6	6

This page left intentionally blank

Statutory Reporting Section



**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, special revenue – categorically aided fund, and food service 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, 2016, 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 13, 2016.

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. However, material weaknesses may exist that have not been identified.

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*.

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 13, 2016

This page left intentionally blank

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2016.

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Watkins Mikusall, PLLC Banks, Jolley, White & Co.

Memphis, Tennessee
December 13, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2016

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			
Workforce Investment Act - Employment and Training Activities for Out of School Youth	17.259	20150427	\$ 345,902
Workforce Investment Act - Employment and Training Activities for In School Youth 15.01	17.259	31002	<u>(247)</u>
Total 17.259			<u>345,655</u>
U.S. Department of Justice			
Passed Through City of Memphis			
DOJ Safe Communities	16.819	2012-NY-FX-0024	<u>92,315</u>
Total 16.819			<u>92,315</u>
U.S. Department of Justice			
Passed Through State			
Juvenile Justice System Improvement	16.540	44583	21,123
Juvenile Justice System Improvement	16.540	44583	<u>33,105</u>
Total 16.540			<u>54,228</u>
National Science Foundation			
Memphis Virtual STEM Academy	47.076	DRL-1311876	<u>24,146</u>
Total 47.076			<u>24,146</u>
U.S. Department of Agriculture			
Passed Through State of Tennessee			
Child Nutrition Program Cluster			
National School Breakfast Program	10.553	N/A	<u>21,053,688</u>
Total 10.553			<u>21,053,688</u>
National School Lunch Program	10.555	N/A	47,516,462
National School Lunch Program-Non Cash Assistance	10.555	N/A	<u>2,357,044</u>
Total 10.555			<u>49,873,506</u>
Total Child Nutrition Program Cluster			<u>70,927,194</u>
Child Care Food Program	10.558	N/A	25,203
At Risk Supper Program	10.558	N/A	<u>2,047,103</u>
Total 10.558			<u>2,072,306</u>
Fresh Fruit and Vegetable Program	10.582	N/A	<u>1,396,634</u>
Total 10.582			<u>1,396,634</u>
Total U.S. Department of Agriculture			<u>74,396,134</u>
U.S. Department of Education Direct Funding			
Project Prevent	84.184M	S184M140089	<u>773,943</u>
Total 84.184M			<u>773,943</u>
School Leadership Initiative	84.363A	U363A130164	54,170
School Leadership Initiative	84.363A	U363A130164-14	<u>426,645</u>
Total 84.363A			<u>480,815</u>
U.S. Department of Education Direct Funding-Continued			
Teacher Incentive Fund TIF3, "In The Zone"	84.374A	S374A130172-14	<u>1,555,027</u>
Total 84.374A			<u>1,555,027</u>
Subtotal U.S. Department of Education Direct Funding			<u>2,809,786</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2016

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			
Title I, A Improving Basic Programs Operated by LEAs	84.010A	S010A150042	47,693,192
Title I, A Improving Basic Programs Operated by LEAs	84.010A	S010A150042	16,125
Title I, Neglected	84.010A	S010A150042	124,997
Title I, School Improvement 1003(a) Focus Schools Grant	84.010A	S010A140042	316,418
Title I, School Improvement 1003(a) SIG Cohort 4	84.010A	S010A140042	2,874,975
Title I, School Improvement 1003(a) iZone Grant	84.010A	S010A140042	386,882
Title I, School Improvement 1003(a) iZone Incubator Grant	84.010A	S010A140042	144,185
Title I, School Improvement 1003(a) Turnaround Incubator Grant	84.010A	S010A140042	235,865
Priority School Planning Grant	84.010/84.395	S010A130042/S395A100032	727,461
ESEA Consolidated Administration	N/A	N/A	1,305,468
ESEA Consolidated Administration	N/A	N/A	129,417
Total 84.010			<u>53,954,986</u>
 Title I, D	 84.013	 S013A150042	 62,421
Total 84.013			<u>62,421</u>
Special Education Cluster			
IDEA Part B-High Cost	84.027A	2015	288,459
IDEA Part B-Discretionary	84.027A	H027A150052	(1,994)
Comprehensive Plan for Providing Special Education Services - IDEA Part B	84.027A	H027A150052	25,415,725
Total 84.027A			<u>25,702,190</u>
 Comprehensive Plan for Providing Special Education Services - Preschool Incentive	 84.173	 H173A150095	 342,983
Total 84.173			<u>342,983</u>
Total Special Education Cluster			
			<u>26,045,173</u>
 GEAR-UP	 84.334S	 NV41607	 281,937
Total 84.334S			<u>281,937</u>
 Teacher Incentive Fund TIF3, "AIM"	 84.374A	 S374A100045	 519,149
Total 84.374A			<u>519,149</u>
 Race To The Top	 84.395	 S395A100032	 295,041
Total 84.395			<u>295,041</u>
 Vocational Program Improvement	 84.048A	 V048A150042	 2,127,461
Total 84.048A			<u>2,127,461</u>
 Homeless Children and Youth	 84.196A	 S196A140044	 11,887
Homeless Children and Youth	84.196A	S196A140044	164,847
Total 84.196A			<u>176,734</u>
U.S. Department of Education Passed Through-Continued			
 Twenty First Cent. Community Learning-Cohort 1	 84.287C	 S287C150043	 401,931
Twenty First Cent. Community Learning-Cohort 2	84.287C	S287C150043	355,301
Twenty First Cent. Community Learning-Cohort 3	84.287C	S287C150043	395,648
Twenty First Cent. Community Learning-Cohort 1	84.287C	192-14-01-034	(885)
Twenty First Cent. Community Learning-Cohort 2	84.287C	192-12-3-016	40,025
Twenty First Cent. Community Learning-Cohort 3	84.287C	192-12-3-017	18,139
Total 84.287C			<u>1,210,159</u>
School Improvement Grants Cluster			
School Improvement	84.377A	S377A100043	1,735,507
School Improvement	84.377A	S377A110043/S377A120043	62,470
School Improvement	84.377A	S377A120043/S377A130043	2,510,286
School Improvement -ARRA	84.388A	S388A090043	5,796
Total 84.388A and 84.377A			<u>4,314,059</u>
Total School Improvement Grants Cluster			
			<u>4,314,059</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2016

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
Title III-English Language Acquisition/Language Enhancement/Academic Achievement	84.365A	S365A150042	1,206,314
Title III-English Language Acquisition/Language Enhancement/Academic Achievement	84.365A	S365A150042	5,971
Title III-Supplemental Immigrant Grant	84.365B	S365B150042	14,544
Total 84.365A			<u>1,226,829</u>
Title II-Math and Science Partnership	84.366B	40082	38,816
Total 84.366B			<u>38,816</u>
Title II-A Teacher and Principal Training & Recruiting	84.367A	S013A150042	5,512,871
Total 84.367A			<u>5,512,871</u>
Race to the Top - Preschool Expansion Grant	84.419B	S419B150026	5,854,805
Total 84.419B			<u>5,854,805</u>
Subtotal U.S. Department of Education Passed Through			101,674,670
Total U.S. Department of Education			<u>104,484,456</u>
U.S. Department of Health and Human Services			
Center for Mental Health Services			
Project Aware	93.243	1H79SM062052-01	21,314
Total 93.243			<u>21,314</u>
Teen Pregnancy and Parenting Success	93.500	CA-1213951	120,292
Total 93.500			<u>120,292</u>
Head Start	93.600	04CH4727-02-02	12,340,419
Head Start	93.600	04CH4727-03-02	10,449,835
Total 93.600			<u>22,790,254</u>
U.S. Department of Health and Human Services			
Passed Through Center For Disease Control			
CDCP HIV/STD Prevention	93.079	5U87PS004197-03	396,077
Total 93.079			<u>396,077</u>
Total U.S. Department of Health and Human Services			<u>23,327,936</u>
Total Federal Awards			<u>202,670,641</u>
State Awards			
State Department of Education			
Family Resource Center	N/A	2016	87,519
Safe Schools Act of 1998	N/A	2016	365,633
Safe Schools Act of 1998	N/A	2015	242,246
Coordinated School Health	N/A	2016	430,451
Early Childhood Education- Pilot/State	N/A	2015	10,050,369
Lottery for Education: AfterSchool Programs	119-11-01-039	2015	280,294
			<u>11,456,513</u>
State Department of Health			
Total State Awards			<u>11,456,513</u>
Total Federal and State Awards			<u>\$ 214,127,154</u>

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

This page left intentionally blank

NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards (the Schedule) is based on the modified accrual basis of accounting, consistent with accounting for governmental type funds. It includes the transactions related to the receipt of federal funds by the Shelby County Board of Education (the "District") under programs of the federal and state government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in either OMB circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

FOOD DONATION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2016, the Shelby County Board of Education had food commodities totaling \$110,940 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	\$ 214,127,154
Add: Expenditures not shown on the schedule	19,745,046
Subtract: Food service expenditures not reported in categorially aided fund	(74,396,134)
Other expenditures not reported in categorially aided fund	(1,414,309)
Total categorially aided fund expenditures	<u>\$ 158,061,757</u>

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. No significant deficiencies or 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 Uniform Guidance.
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. There were no audit findings required to be reported in accordance with Title 2 U.S *Code of Federal Regulations* (CFR) Part 200, Section 200.516(a).
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 Education, Pre-school Expansion grant, CFDA No. 84.419B.
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

NONE

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

NONE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2016

**SHELBY COUNTY
BOARD OF EDUCATION**

FINDINGS - FINANCIAL STATEMENT AUDIT

2015-1 – RESOLVED

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE



This page left intentionally blank

