



**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, 2014

**Board of Education
Shelby County, Tennessee**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2014**

Prepared by:
Shelby County Board Of Education
Department of Finance



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Introductory Section

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

www.SCSK12.org

December 15, 2014

Citizens and Shelby County Board of Education
Shelby County, TN

State law requires that every general purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

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., has issued an unmodified (“clean”) opinion on the Shelby County Board of Education’s financial statement for the year ended June 30, 2014. The independent auditor’s 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 with it.

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 2012-13 school year. In addition, the judge ruled that the pre-merged Shelby County School Board was “unconstitutional.” In order to cure the unconstitutionality of the County School Board, the parties agreed on a Memorandum of Understanding that allowed the Memphis City School Board members, the Shelby County School Board members and seven board members appointed by the Shelby County Board of Commissioners to govern both districts during the transition period.

The merger took place at the beginning of the 2013-2014 school year. At that time, MCS ceased. After the historic opening of the unified district, the final meeting of the 23-member unified Shelby County School Board was held in August 2013. In September 2013, a newly elected seven-member Board was seated, and its first major decision was the selection of a permanent superintendent.

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. The District includes most of the public schools in the county – excluding those served by the Achievement School District (ASD). Prior to June 30, 2014, SCS included those schools inside and outside the corporate limits of the city of Memphis, and the schools located within the six (6) incorporated towns of Arlington, Bartlett, Collierville, Germantown, Lakeland, and Millington. SCS educated 141,814 students in grades K-12, including charter schools, in over 270 locations in fiscal year 2013-14.

During fiscal year 2013-14, the student demographic was 67.6 percent African American, 20.2 percent Caucasian, 9.2 percent Hispanic and 3.0 percent other races and nationalities. The District had a composite ACT score of 17.7 compared to the State’s average of 19.3. The SCS graduation rate was 74.6 percent in 2014 compared to the State’s rate of 87.2.

Fiscal year 2013-14 was distinctive, as Memphis City Schools and Shelby County Schools were combined in the largest merger in the history of public education. During the next fiscal year, the landscape for SCS will shift again as it faces a “de-merger,” meaning the six suburban areas of Shelby County will form separate independent school districts.

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 the SCS follows the criteria established by the Governmental Accounting Standards Board (GASB). During fiscal year 2014, the District was governed by a seven-member Shelby County Board of Education. The Board members elect a member to serve as Chairman and a member to serve as Vice Chairman of the Board for a one-year term.

PROFILE OF SHELBY COUNTY

Shelby County is located on the southwest corner of Tennessee, at the east bank of the Mississippi River. Shelby is the State’s largest county with the City of Memphis as the county seat. The corporate limits contain 783 square miles and include seven incorporated

municipalities: Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis and Millington. The County's 2010 population was 940,764 with the 2013 population estimated at 939,465 according to the U.S. Census Bureau. The County is empowered to levy, without limit, a property tax on both real and personal property located within its boundaries.

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

LOCAL ECONOMIC OUTLOOK

As of June 2014, the Memphis Statistical Area generally underperformed the nation in terms of annual employment growth, the unemployment rate, personal income growth, manufacturing forecasts and the issuance of building permits. The following points illustrate these assessments:

Based on the most recent (June, 2014) report prepared by the Eighth Federal Reserve District on economic conditions in the Memphis area at the close of March 2014, the annual growth of employment, building permits and housing prices was .2 percent, -4.1 percent, and 5.1 percent, respectively, in the Memphis Statistical Area (MSA) and 1.7 percent, zero percent and 11.4 percent, respectively, in the nation. At the same time, the annual growth of personal income was .2 percent in Tennessee and .6 percent in the nation. After remaining above 1.25 percent during most of 2011 and 2012, employment growth in the Memphis zone has slowed to less than .2 percent during the first quarter of 2014. Net job losses in the Government, Manufacturing and Natural Resources/Mining and Construction sectors have been the key drivers of this trend. Slow employment growth in the Memphis area has not been enough to surpass the nation's rates, but did result in a slight decrease in local unemployment. The Memphis unemployment rate of 8.4 percent is 1.7 percent higher than the national rate.

Changes in Employment and Unemployment Rate

With the exception of the third quarter of 2010, Memphis' recession-related decline in employment – centered at approximately January 2009 – was similar to the nation's decline. The State of Tennessee lost about 220,000 jobs in the economic downturn; Memphis lost 60,000. The state recouped one-fourth of its jobs, with Memphis recovering about one-sixth.

Measured against the previous year (March 2013), total non-farm employment only rose by .2 percent in the Memphis zone. In the Memphis Statistical Area, employment in the Trade, Transportation and Utilities (TTU) industry rose at a modest pace (1 percent). This sector represents approximately 27 percent of the labor force. Higher percentage gains were experienced in the Professional and Business Sectors at 2.75 percent and the Financial Activities Sectors at 3.75 percent – which account for 14 and 5 percent of the labor force, respectively. Other sectors in Memphis demonstrated employment losses that offset the modest growth in the TTU, Professional and Business Services, Leisure/Hospitality and Financial Activities sectors.

For example, in comparison to the previous year, payrolls have declined by almost 3 percent in the Government sector, by 1.5 percent in Manufacturing and by 5 percent in the Natural Resources/Mining/Construction sector. Overall, the employment picture has improved slightly from March 2013 to March 2014.

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 2013 and the first quarter of 2014, personal income grew .2 percent in Tennessee, compared with .6 percent in the nation.

Manufacturing Forecasts

On the manufacturing side, the Memphis area's manufacturing employment declined 1.2 percent in the first quarter, as compared to a .6 percent increase in the U.S. and a .8 percent increase in the state of Tennessee. The durable goods sector experienced moderate employment growth in the State by 2.5 percent, while it declined by .4 percent in Memphis and only increased by .9 percent in the nation. The employment rate of non-durable goods sector experienced a decline of approximately 2 percent in Memphis and the state of Tennessee, while increasing by .2 percent nationally.

Building Permits

Relative to the same period last year, housing activity in the Memphis Zone has been weak in the first quarter of 2014. The number of building permits issued in the Memphis Zone during the first quarter of 2014 was significantly lower at 4.1 percent below the number issued during the same period in 2013. In comparison, national housing activity grew by zero percent.¹ Relative to the nation, Memphis area home prices increased at half the pace. While home prices increased in the Memphis area by 5.1 percent from March 2013 to March 2014, national home prices increased by 11.4 percent in the same period.

Projected Enrollment

The District's enrollment projections for fiscal year 2014-15 estimate that it will serve 117,269 students in grades kindergarten through grade 12. Of this estimated student population, 10,492 are expected to enroll in one of the District's 39 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.

¹Current Economic Conditions in the Eighth Federal Reserve District Memphis Zone, Second Quarter 2014

Shelby County Schools operated 37 charter schools in fiscal year 2013-14. Metropolitan Nashville Public Schools had 19 charter schools and Chattanooga Public Schools had three in fiscal year 2013-14, 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 whomever they want; however, teachers must be state-certified. Tax dollars for education follow the student to the charter school. Over the years, the law has become more liberal. With the amendment of T.C.A. § 49-13-113 in January 2011 (effective FY 2011-12), now any child may attend a charter school in Tennessee, regardless of family income or the academic standing, as determined by the state, of the child's home school. There is no longer a limit on the number of charter schools permitted in a district.

Age of School Buildings

As of June 30, 2014, the average age of the District's school buildings is 49 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.

EDUCATIONAL PROGRAMS

Highlights:

Melissa Collins, a second grade teacher at John P. Freeman Optional School, was selected to participate in the National Education Association (NEA) 2014-15 Science Master Teacher Project.

Southwind High School is home to West Tennessee's first Science, Technology, Engineering and Mathematics (STEM) Platform School. One of only six schools in the state, it was designated by an executive order of Governor Bill Haslam to promote and expand the teaching and learning of STEM in public schools across the region.

Marcus A. Johnson, Southwind High School senior, is one of only 23 students in the world to receive the prestigious Borlaug-Ruan Internship from the World Food Prize Foundation.

Chickasaw Middle School, Lanier Middle School and Memphis Health Careers Academy were awarded grants from the Laura Bush Foundation for America's Libraries.

The National Merit Scholarship Corporation announced Houston High School senior Hailey Baker as a 2014 National Merit Scholarship recipient.

Craigmont High School, Hamilton High School, Memphis Health Careers Academy, Northside High School, Sheffield Career and Technology Center and Trezevant Career and Technology Center competed in the 2014 Cooking up Change challenge.

Education Consumers Foundation recognized Caldwell-Guthrie Elementary School, Donelson Elementary School, and Dexter Middle School for being the most effective schools in Tennessee in terms of student growth.

Six Shelby County Schools' high school seniors were announced as 2014 National Achievement Scholarship recipients by the National Merit Scholarship Corporation. Victoria Roberson (Germantown High School), Haley Nichols and Lachanda Reid (Houston High School), Gregory Hairston (Millington Central High School), and Cameron Benson and Kristen Williams (White Station High School) were honored as the top three percent of African-American students in the United States based on their preliminary SAT scores.

The Memphis Virtual STEM Academy at East High School was awarded a \$1.34 million grant from the National Science Foundation (NSF). This award is part of NSF's Innovative Technology Experiences for Students and Teachers program and recognizes the Virtual STEM Academy as an innovative, pre-engineering strategies project for high school students in grades 9 – 12.

Although the District was committed to making the merger seamless for all stakeholders, the consistent focus was on student achievement. The unified Shelby County Schools had the following academic goals for the 2013 – 14 school year, based on the State of Tennessee's Annual Measurable Objectives (AMOs):

- Increase the percentage of students who are Proficient or Advanced to at least 43.7 percent in third grade Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 39.3 percent in seventh grade Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 43.6 percent in grades 3 – 8 in Reading/Language Arts.
- Increase the percentage of students who are Proficient or Advanced to at least 49.6 percent in English II.
- Increase the percentage of students who are Proficient or Advanced to at least 30.9 percent in English III.
- Increase the percentage of students who are Proficient or Advanced to at least 53.1 percent in third grade Mathematics.
- Increase the percentage of students who are Proficient or Advanced to at least 42.2 percent in seventh grade Mathematics.
- Increase the percentage of students who are Proficient or Advanced to at least 46.4 percent in grades 3 – 8 in Mathematics.

- Increase the percentage of students who are Proficient or Advanced to at least 50.0 percent in Algebra I.
- Increase the percentage of students who are Proficient or Advanced to at least 33.2 percent in Algebra II.
- Increase the graduation rate to 77.4 percent.

Through the Safe Harbor Program, Shelby County Schools met 10 of its 11 state achievement goals. Furthermore, the District met all five state achievement goals for literacy. District-wide, SCS remains a TVAAS level 5, the highest level for growth awarded.

Despite an unprecedented year of change with the merger and municipal movement, 15 schools earned their way off the State’s Priority list, 39 schools were placed on the Reward List, and iZone schools outpaced the state-run ASD.

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

FINANCIAL INFORMATION

SCS ended the fiscal year better than budgeted, primarily due to additional funding from the County of Shelby -- in addition to carefully controlled expenditures in the General Operating Fund. This year began with uncertain enrollment projections, so the District budgeted prudently and instituted fiscal controls. The District ended the fiscal year with total net position of \$1,128.5 million, an increase of approximately \$941 million from FY 2013 due to the merger with Memphis City Schools. The former Memphis City Schools ended with a net position of \$1,242,989,640 at June 30, 2013.

Budgetary Adoption and Controls

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

According to state law and Board policy, the District is required to operate under an annual balanced budget approved by resolution of the 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 funds each school will receive. The allocations to each school are considered discretionary funds. The discretionary funds for each school will be accounted for separately by way of Site-Based Budgets.

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

Revenues

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

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

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

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

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

However, expenditures mandated by this part and implemented by rules, regulations and minimum standards of the State board shall be incorporated into this continuing budget. Any continuing budget adopted by the local fiscal body shall not be valid beyond October 1 of the

current fiscal year for purposes of the local fiscal body's eligibility to receive school funds from the State.

Budget Administration and Management Process

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

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

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

Position Control

An integral part of the District's adopted budget is Position Control, which defines the approved budgeted positions. The purpose of Position Control is to ensure that the District's staffing does not exceed its authorized positions. The Position control budget is maintained by Budget and Fiscal Planning.

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

Fund Accounting

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

Internal Control

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

LONG-TERM FINANCIAL PLANNING

The financial position of Shelby County Schools remains stable as a result of the District's conservative budgeting methodology and its ability to maintain disciplined spending practices. To ensure that 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, focusing on raising pre-K reading levels to grade level for kindergartners, raising third grade reading levels to proficiency, increasing seventh grade proficiency in Math, and increasing the percentage of 11th grade students who meet college readiness benchmarks. These initiatives will be achieved by 2025 through the District's 80/90/100% Strategic Goals. The goals were established to ensure that by 2025, 80 percent of seniors are college and career ready, 90 percent of seniors graduate on time, and 100 percent of college and career ready graduates 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 second graders are graduating, Shelby County Schools expects 80 percent of them will pick up their 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.

Acknowledgments

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

Respectfully submitted,



Dorsey E. Hopson, II Esq.
Superintendent of Schools



Alicia J. Lindsey, CPA, CGMA
Chief Financial Officer

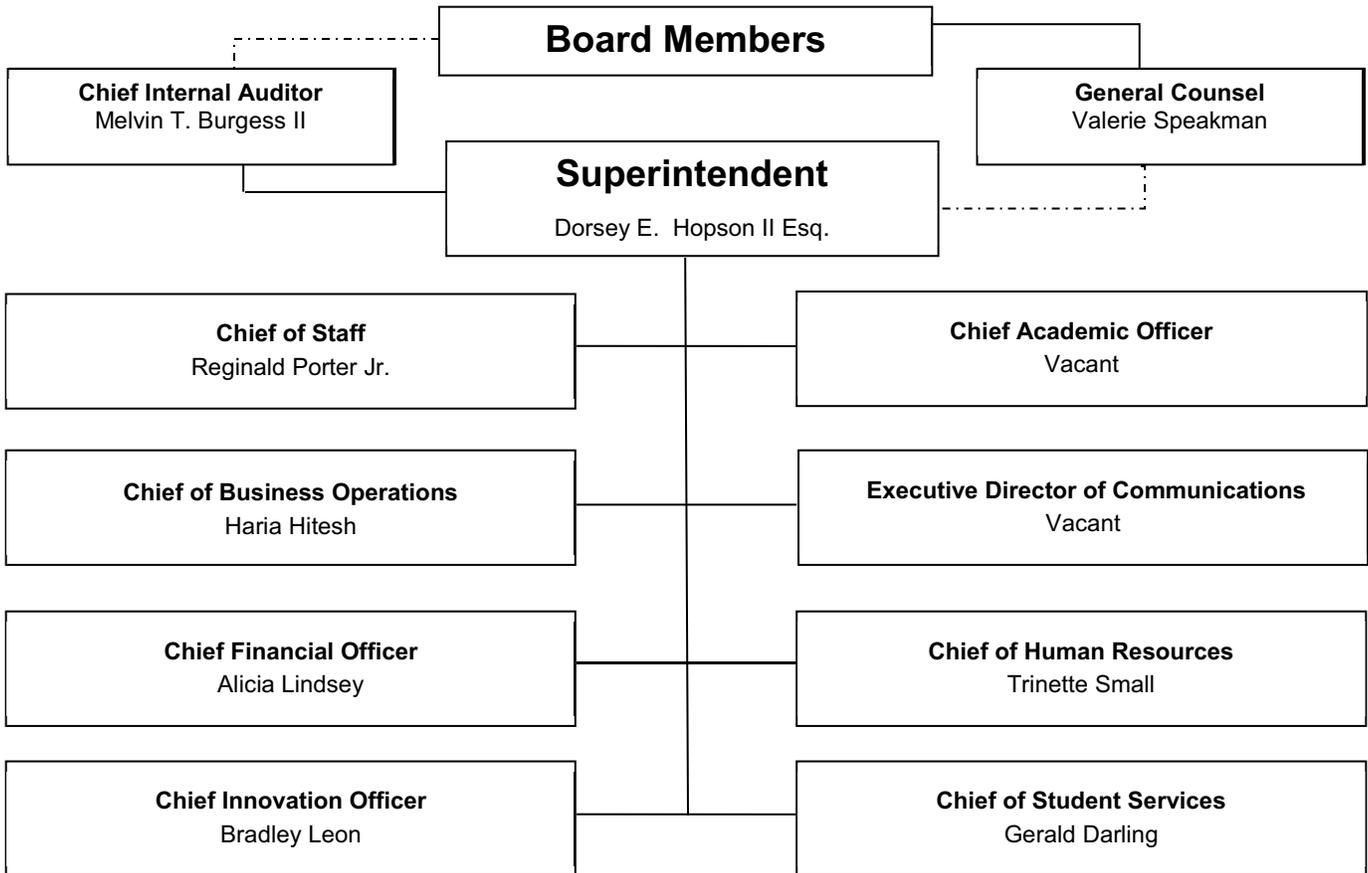


Angela R. Carr, CPA
Director, Accounting &
Reporting

Board of Education
June 30, 2014

BOARD MEMBER	DISTRICT	TERM EXPIRATION
Kevin Woods, Chairman	District 4 (Elected)	8/31/2016
Christopher Caldwell, Vice-Chairman	District 1 (Elected)	8/31/2014
Teresa D. Jones	District 2 (Elected)	8/31/2016
David Reaves	District 3 (Elected)	8/31/2014
David A. Pickler	District 5 (Elected)	8/31/2014
Shante Avant	District 6 (Appointed)	8/31/2014
William "Billy" Orgel	District 7 (Elected)	8/31/2014

**SHELBY COUNTY
BOARD OF EDUCATION
ORGANIZATIONAL CHART
June 30, 2014**



Financial Section





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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2014, 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 and schedules 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Board of Education of the Shelby County Schools, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparisons for the general fund and special revenue – categorically aided fund 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 21 through 37, budgetary comparison information, and the schedules of funding progress and schedule of employer contributions 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 fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and is also not a required part of the financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal 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 fund financial statements and the schedule of expenditures of federal 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 15, 2014, 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.

Banks, Finley, White & Co.

Watkins Mikusall, PLLC

Memphis, Tennessee
December 15, 2014

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As management of Shelby County Board of Education (the Board), we offer readers of the school district's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2014. Comparative financial information is reported for the fiscal year ended June 30, 2013. 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.

As stated in the Board's 2013 subsequent events note, 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.

Financial Highlights

- Total assets of the school district exceeded its liabilities at June 30, 2014, by \$1,128.5 million (net position).
- Net position increased from fiscal year 2013 by \$941.0 million or 501.81% primarily due to the inclusion of Memphis City Schools' net position of \$1,243.0 million.
- The school district's unrestricted liabilities exceeded its unrestricted assets by \$33.5 million primarily due to the OPEB annual required contribution (ARC).
- At June 30, 2014, the school district's total general operating fund balance was \$179.0 million or 15.31% of total general fund expenditures.
- Unassigned fund balance for the General Fund was \$108.4 million or 9.27% of total General Fund expenditures, an increase of \$104.0 million from the previous year. Fund balance transferred from Memphis City Schools accounted for \$70.5 of the increase. The unassigned fund balance is available to balance future budgets.
- Fund balance in the Categorically Aided fund was \$3.1 million, or 1.81% of expenditures, an increase of \$3.1 million for the year.
- In fiscal year 2014, the Capital Projects fund was categorized as a nonmajor fund and thus reported with the Food Services fund. The fund balance for Nonmajor Funds was \$35.1 million, or 39.97% of total expenditures. Additional information for the Capital Projects fund and Food Services fund is located in the Nonmajor fund section.

Overview of the Financial Statements

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



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

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

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

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

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

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

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

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

Fiduciary Funds. Fiduciary funds (or Trust and Agency Funds) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the school district's own programs. The Board holds the Local Pensioner's Retirement investment accounts and the individual schools' Student Activity 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 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, 2014, and 2013 by \$1,128,530,395 and \$187,522,187, respectively. The former Memphis City Schools ended with a net position of \$1,242,989,640 at June 30, 2013.

Condensed Statement of Net Position

	2014	2013	Percentage Change 2014 - 2013
Assets			
Current and Other Assets	\$ 461,332,128	\$ 57,263,989	705.62%
Capital Assets	1,096,710,029	395,800,108	177.09%
Total Assets	<u>1,558,042,157</u>	<u>453,064,097</u>	243.89%
Liabilities			
Long-term Liabilities	312,442,903	240,550,625	29.89%
Other Liabilities	117,068,859	24,991,285	368.44%
Total Liabilities	<u>429,511,762</u>	<u>265,541,910</u>	61.75%
Net Position			
Net Investment in Capital Assets	1,095,398,461	395,800,108	176.76%
Restricted	66,600,622	17,321,314	284.50%
Unrestricted	(33,468,688)	(225,599,235)	85.16%
Total Net Position	<u>\$ 1,128,530,395</u>	<u>\$ 187,522,187</u>	501.81%

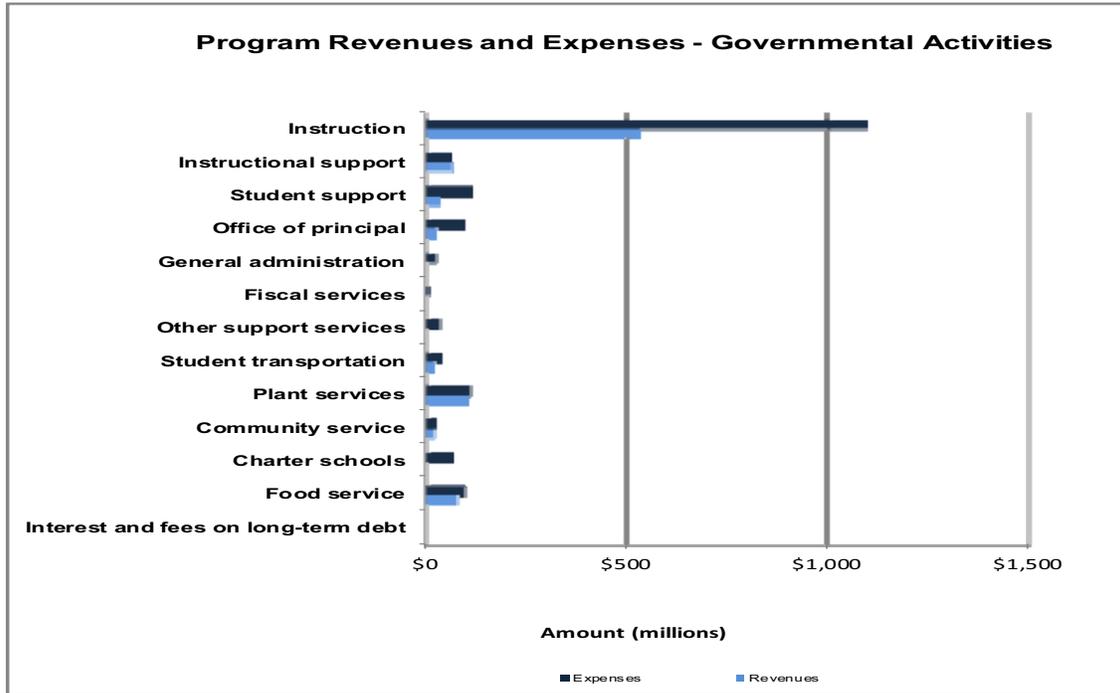
Capital assets (e.g., land, buildings, machinery, equipment, intangibles and construction in progress) are the largest portion 70.39% of the total assets. These assets are not available for future spending. The value of the on-going construction of new schools or renovation of existing facilities accounts for 0.34% of the capital assets. Total debt (including compensating absences) owed by the school district is 72.74% of total liabilities with 97.18% of the debt due after one year. The liabilities increased due to the annual required contribution for OPEB and additional payroll accruals as a result of the merger with the former Memphis City Schools.

Governmental Activities. Governmental activities during fiscal year 2014 increased the school district's net position by \$941,008,208 or 501.81% of total net position as compared to a decrease of \$52,974,577 or 22.03% during fiscal year 2013. As noted previously, the primary factor for the increase can be attributed to the inclusion of the former Memphis City Schools' fiscal year 2013 net position of \$1,243.0 million.

Condensed Statement of Changes in Net Position

	2014	2013	Percentage Change 2014 - 2013
Revenues			
Program Revenues:			
Charges for services	\$ 19,642,997	\$ 29,736,636	(33.94%)
Operating grants and contributions	855,368,174	220,101,538	288.62%
Capital grants and contributions	5,753,509	-	-
General Revenues:			
Shelby County	422,599,533	120,421,197	250.93%
Local option and state sales taxes	159,752,215	36,228,227	340.96%
Other local sources	5,410,727	1,977,774	173.58%
Unrestricted investment earnings	230,122	-	-
Total revenues	<u>1,468,757,277</u>	<u>408,465,372</u>	259.58%
Expenses			
Instruction	1,096,495,154	278,662,284	293.49%
Instructional support	60,741,347	-	-
Student support	113,550,075	793,703	14,206.37%
Office of principal	94,262,960	-	-
General administration	25,945,874	49,521,741	(47.61%)
Fiscal services	8,428,601	-	-
Other support services	35,303,585	58,631,337	(39.79%)
Student transportation	37,650,956	17,406,176	116.31%
Plant services	110,525,399	29,540,909	274.14%
Community service	23,778,501	-	-
Charter schools	66,987,992	-	-
Food service	96,956,709	20,414,717	374.94%
Interest on long-term debt	111,556	-	-
Total expenses	<u>1,770,738,709</u>	<u>454,970,867</u>	289.20%
Total changes in net position	(301,981,432)	(46,505,495)	(549.35%)
Net position - beginning	<u>1,430,511,827</u>	<u>234,027,682</u>	511.26%
Net position - ending	<u>\$ 1,128,530,395</u>	<u>\$ 187,522,187</u>	501.81%

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.

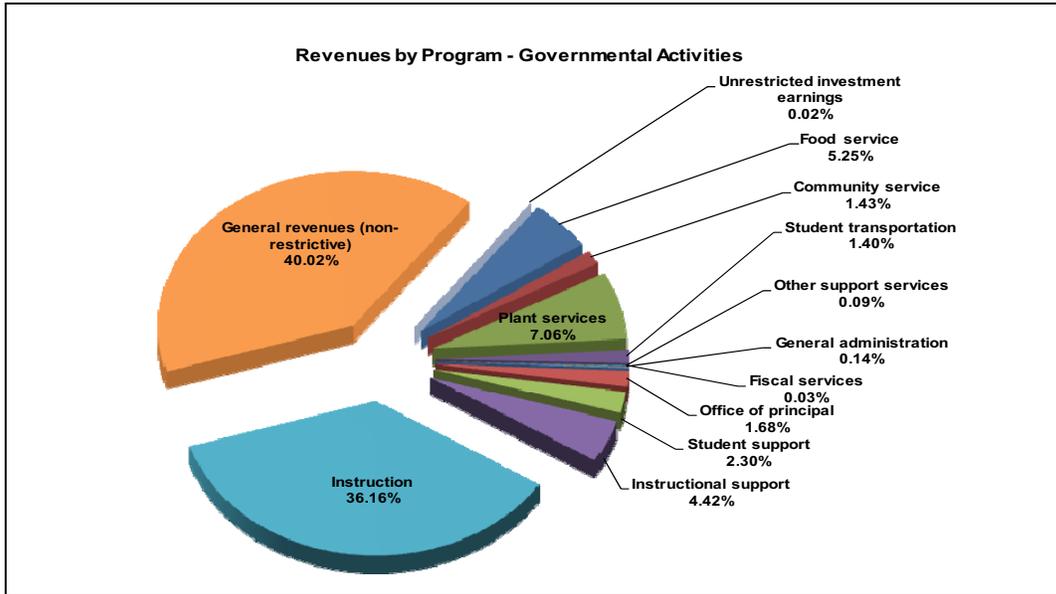


- Instructional expenses include activities directly linked to the teaching of pupils and the interaction between the teacher and pupil. The components include regular, exceptional children, alternative, vocational and adult instruction.
- Instructional support includes the activities involved in assisting 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. Thirty-nine charter schools were operational at the beginning of fiscal year 2014. Due to two school closures, thirty-seven charter schools were active at the end of school year 2014.
- 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.

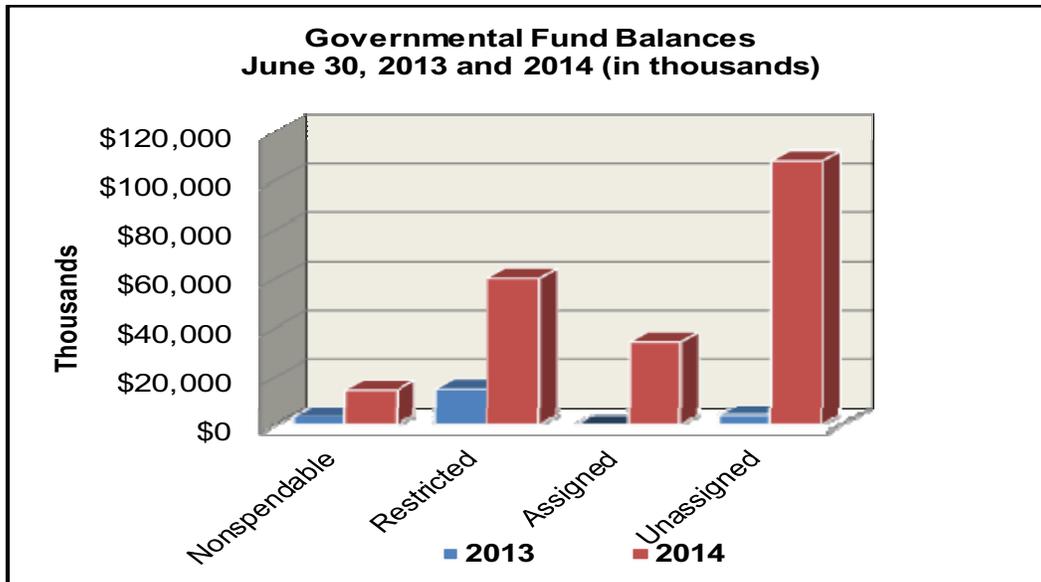
A major portion of the general revenues is not included above because the revenues are not directly identified as supporting a unique or specific activity. Instead, these revenues are general in their support for all activities. General revenues are primarily comprised of local tax revenues provided 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 31.20% of the governmental activities. A breakdown of revenues by program is presented below.



Financial Analysis of the Government’s Funds

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

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



Management Discussion and Analysis

Shelby County Board of Education

As of June 30, 2014, and 2013 the school district's governmental funds reported combined ending fund balances of \$217,154,380 and \$22,927,542, respectively; an increase of \$194,226,838 in 2014 when compared with 2013. Approximately 49.90% of the total amount (\$108,369,481) is comprised of unassigned fund balance, which is available for spending at the Board's discretion. The remainder of the fund balance is either nonspendable, restricted or assigned to indicate that it is 1) not in spendable form (\$14.0 million), 2) restricted for specific purposes (\$60.3 million), or 3) assigned for specific purposes (\$34.5 million). The components of the balances by funds are:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change 2014 - 2013</u>
General Fund			
Nonspendable	\$ 7,636,851	\$ 2,811,900	171.59%
Restricted	28,469,654	11,072,259	157.13%
Assigned	34,547,426	-	
Unassigned	108,369,481	4,359,928	2385.58%
Categorically Aided Fund			
Restricted	<u>3,075,832</u>	<u>-</u>	
Total, except Nonmajor Funds	<u>182,099,244</u>	<u>18,244,087</u>	898.13%
Nonmajor Funds			
Nonspendable	6,330,708	688,959	818.88%
Restricted	<u>28,724,428</u>	<u>3,994,496</u>	619.10%
Total all government funds	<u>\$ 217,154,380</u>	<u>\$ 22,927,542</u>	847.13%

There was approximately an \$163.9 million increase in fund balance excluding nonmajor funds that included an increase of \$160.8 million in the general fund and an increase of \$3.1 million in the Categorically Aided Fund. There was a \$30.4 million increase in the Nonmajor funds. The changes are discussed in the following fund sections.

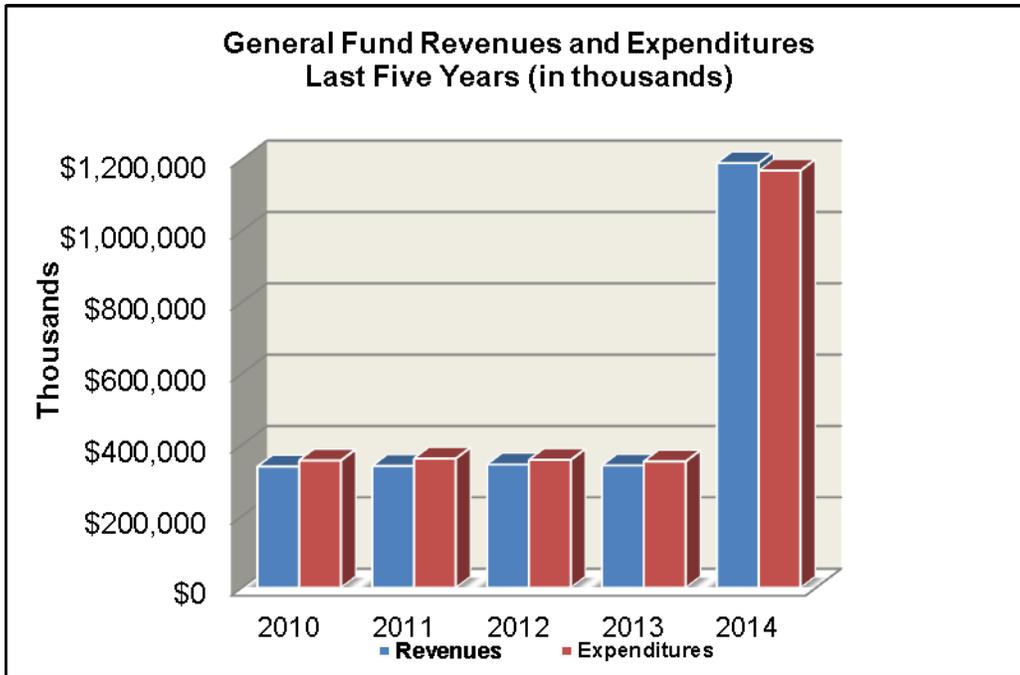
Major Funds

General Fund

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

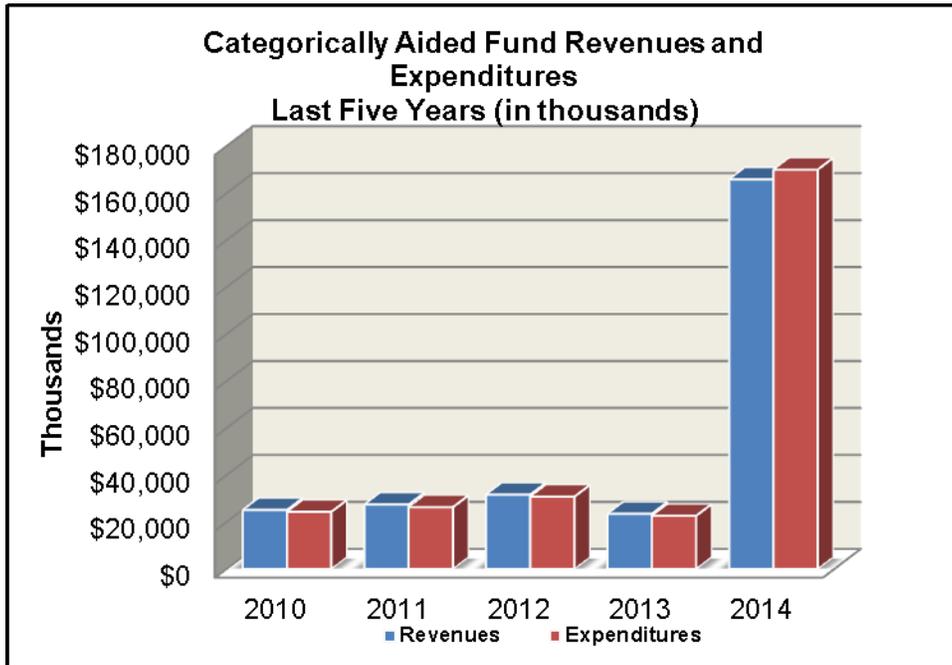
As a measure of liquidity, the General Fund unassigned fund balance was approximately \$108.4 million or 9.27% of total fund expenditures, while total fund balance represents 15.31% of that same amount. This amount is available for future appropriation. The District planned to use \$12.6 million of fund balance to balance the fiscal year 2014 budget. However, the funds were not used because the Board experienced expenditure savings of \$18.1 million and higher than anticipated revenues of \$14.0 million. As a result, fund balance increased by \$21.0 million. Expenditures savings were realized in salaries and benefits due to lower than anticipated student enrollment and cost containment of district wide vacant positions. There were also expenditure savings in professional services, property maintenance, contracted services and supplies.

General Fund revenues increased by \$847.7 million and expenditures increased by \$815.4 million from the previous year (GAAP basis). The increases were primarily related to the merger with Memphis City Schools. Although the Board experienced an overall increase 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 2014, there were twelve locations, including partially run schools, under the ASD umbrella.



Categorically Aided Fund

The Categorically Aided Fund accounts for restricted funds received from various agencies, state and federal governments that are to be spent for specific purposes, based on contractual agreements or grant applications. The available fund balance increased by \$3.1 million from the previous year. Categorical fund balances are restricted and are either reserved for future program needs or encumbered commitments. Revenues increased by \$142.4 million and expenditures increased by \$147.4 million (GAAP basis). As a result of the merger, approximately 114,000 students received Title I services, including students at eligible non-public and charter schools. SCBE also received increased funding for Individuals with Disabilities; Pre-Kindergarten; Teacher Incentive; and Science, Technology, Engineering, and Mathematics grants. A grant award from the Bill and Melinda Gates Foundation was received by the former Memphis City Schools during fiscal year 2010. The grant covers a time span of seven years with a focus on improving teacher effectiveness in the classroom and accounted for \$12.3 million of the 2014 revenue increase.



Nonmajor Funds

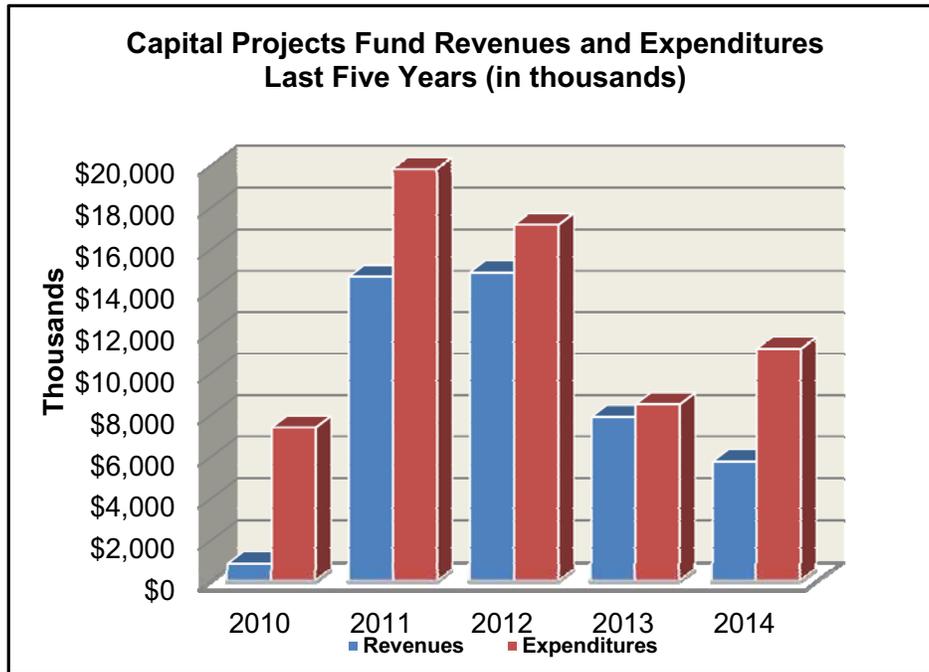
As previously stated, the Capital Projects fund and Food Services fund are the District’s only nonmajor funds. Although the funds are combined for presentation, the funds are discussed separately to clearly identify and discuss revenues, expenditures, and fund balance changes.

Capital Projects Fund

The Capital Projects Fund accounts for intangible assets and transactions related to resources obtained and used for the acquisition, construction or improvement of capital facilities financed primarily through the County of Shelby bond issues. The available fund balance was increased by \$11.9 million or 106.2% of total fund expenditures compared to fiscal year 2013.

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 and a \$3.4 million allocation from the County of Shelby Government for life safety capital needs.

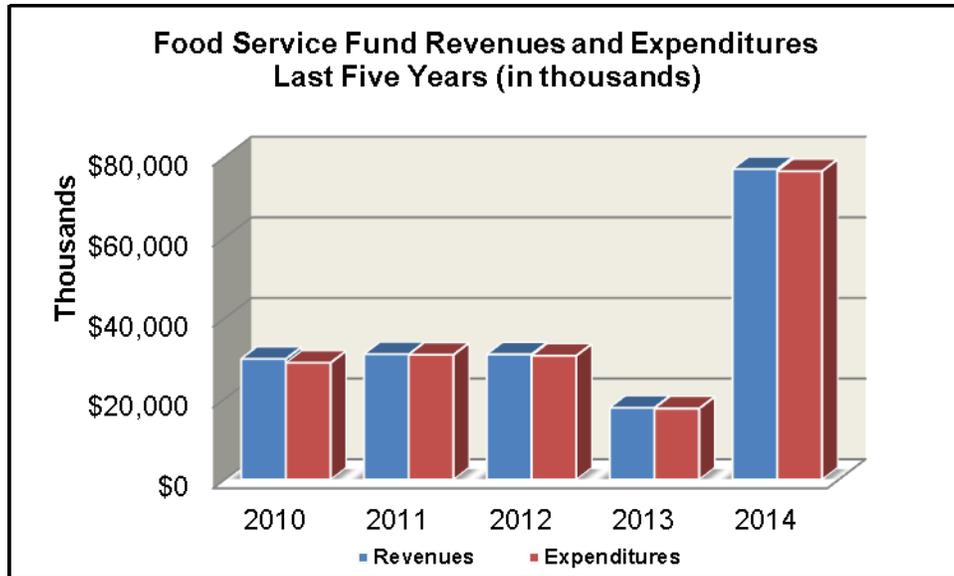
The Board received QSCB awards in fiscal years 2010 and 2011 in the amount of \$13,400,000 and \$17,550,000, respectively. The 2010 award was totally expended as of fiscal year 2012 and the 2011 award as of fiscal year 2013. During fiscal year 2013, the County of Shelby Government provided the Board an allocation of \$13.9 million for the upgrade of the ERP system. Local revenue sources included rental revenues, interest earnings, and reimbursements for the ERP system. Nine projects were completed during the fiscal year.



Food Service Fund

The Food Service Fund is used to designate cafeteria transactions of preparing and serving regular and incidental meals, breakfast, lunches and snacks in connection with non-instructional services. Revenue is provided primarily from governmental agencies, which is restricted for the cafeterias. The fund experienced increases of \$18.5 million in fund balance, revenues of \$59.3 million, and expenditures of \$58.9 million. The revenues increased as a result of the school district merger and an additional \$.06 per meal allowed by the USDA to certify menus and regulate meal pattern requirements. The Board also began serving breakfast and lunch daily to 10 Catholic schools. The USDA daily meal service included approximately 63,310 breakfasts via the National School Breakfast Program which included breakfast in the classroom. Breakfast in the classroom started in the former Memphis City Schools during the 2009-2010 school year with increasing numbers in the years that followed. In fiscal year 2014, there were 105 schools serving breakfast in the classroom with a plan of increasing this number of schools. Daily meal service also included 83,380 lunches via the National School Lunch Program.

The At Risk Supper Program operated the full year with the addition of the extended learning program; approximately 4,000 supper meals were served.



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 assets increased by \$23.1 million from gains realized during the year in the Unemployment and Insurance Funds.

General Fund Budgetary Highlights

The school district planned to use \$12.6 million of fund balance during the year. However, due to uncertain enrollment projections, the District enacted controlled spending and implemented a hiring freeze; the District increased fund balance by \$21.0 million.

Actual day student enrollment of 141,814, based on the 40-day end-of-month membership count, was down 6,461 students from projected enrollment figures of 148,275. Actual membership declined 8,005 students from the previous year (149,819).

General operating revenues exceeded budget estimates by \$14.0 million. Key factors contributing to the revenue variance include:

- The County of Shelby revenues exceeded forecasts by \$19.5 million primarily from improved local sales tax collections.

- The District received \$2.9 million more than projected from the State's Basic Education Program - net of the pass-through to the Achievement School District – due to revised average daily membership.
- Lease and rental income exceeded the revenue budget by \$.8 million due to additional lease agreements with charter schools.
- The District benefited from a Special Education – Grants to States payment of \$1.8 million accounted for in the Federal category – which was not budgeted.
- Revenues from the State of Tennessee for the Career Ladder Program, Extended Contracts and Other State Revenue did not meet the budgeted forecast by \$6.1 million.
- Lower than expected indirect cost revenues related to both the Food Service Fund and Special Revenue Federal Programs Fund account for the \$2.8 million variance in Federal Government category.
- Other charges for services, tuition and miscellaneous refund budgets were not realized. The Local category fell short of projections by \$2.1 million.

The District experienced cost savings of \$18.1 million in expenditures compared to the budget due to controlled spending. Key factors contributing to the expenditure variance include:

- Salaries and benefit savings of \$9.8 million were realized from lapse-time created by firm cost containment of district-wide vacant positions, hiring freeze and a reduction in student membership. The District continued to provide Post 65 retirees with a Medicare supplement plan in fiscal year 2014. The expenditures exceeded budget forecast by \$1.5 million.
- Benefit costs in the General Fund were 30.0% of salaries. Insurance costs account for approximately 43.4% of total benefits, consistent with the previous year. Salary and benefit costs were approximately 79.8% of total expenditures, relatively unchanged from a year ago. Due to the merger of MCS and SCS, salary expenditures increased by 192.14% and benefit expenditures increased by 245.05% compared to fiscal year 2013.
- The District restricted spending for non-essential items in April. As a result the District realized \$3.3 million savings in capital outlay and \$2.1 million in other charges.
- Information Technology reduced contracted services with consultants saving the District \$2.9 million.
- Approximately \$.9 million set aside for other potential uses in the Instructional function was not expended since the District did not receive additional revenues from unidentified sources.

- Plant Services utility savings of \$.8 million were realized due to the installation of energy efficient HVAC systems and a moderate winter.
- The school district budgeted for thirty-nine charter schools with an aggregate budget of \$67.4 million. In accordance with state law, \$67.0 million was transferred to the charter schools based on actual revenue proceeds distributed on a per pupil basis. Charter schools' actual enrollment was less than projected due in part to two charter schools closing during the fiscal year, resulting in a \$.4 million variance.
- Transportation costs exceeded budget estimates by \$.6 million. The District operated a hybrid transportation model in fiscal year 2013-14. Most urban routes were outsourced and the suburban area routes were handled by in-house transportation bus drivers.

Capital Asset and Debt Administration

Capital Assets

The school district's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$1,096.7 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, intangibles, machinery and equipment. Overall capital assets increased \$700.9 million from fiscal year 2013 to fiscal year 2014. Accumulated depreciation increased by \$619.1 million.

Condensed Statement of Capital Assets

	Governmental Activities		Percentage Change 2014 - 2013
	2014	Total 2013	
Land	\$ 45,600,887	\$ 23,325,374	95.50%
Buildings and improvements	996,899,673	351,477,307	183.63%
Machinery and Equipment	45,357,981	12,963,066	249.90%
Intangible Assets	5,104,237	-	
Construction in progress	3,747,250	8,034,361	(53.36%)
Total	\$ 1,096,710,028	\$ 395,800,108	177.09%

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

Long-term Debt

The Board incurred outstanding debt of \$1,858,951 for the former Memphis City Schools. The total debt decreased by \$547,383 during fiscal year 2014 resulting in an ending balance of \$1,311,568.

Condensed Statement of Outstanding Debt

	Governmental Activities		Percentage
	2014	2013	Change
	<u>2014</u>	<u>2013</u>	<u>2014 - 2013</u>
Due to State of Tennessee	\$ 1,311,568	\$ -	

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

Economic Factors and Next Year’s Budgets

Fiscal Year 2013-14 was historic, as Memphis City Schools and Shelby County Schools were combined in the largest mergers in the history of public education. Next year’s budget development was bittersweet in that we faced the formation of municipal schools in the six suburban areas of Shelby County. We have moved forward with resolve to provide the best educational experience possible to the estimated 117,000 students remaining with Shelby County Schools.

The Shelby County Board of Education adopted the fiscal year 2014-15 General Fund budget in the amount of \$953,926,872 including transfers to charter schools. The fiscal year 2014-15 budget is a reduction of approximately \$234.7 million from the fiscal year 2013-14 budget. This decrease is directly related to the formation of six new municipal school districts and the Achievement School District (ASD) full takeover of two schools and partial takeover of three. Two new charter schools will open, bringing the total number of charter schools to thirty-nine, with an aggregate budget of \$77.9 million. The fiscal year 2014-15 General Fund budget includes \$9.5M 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 \$953,926,872 which equates to \$28,617,806.

The Shelby County Board of Commissioners voted to approve the Shelby County Schools’ fiscal year 2014-15 budget provided that the revenues from all County sources shall not exceed \$381,288,000 to all school districts within the County. The District’s share of the appropriation is impacted by the weighted full-time equivalent average daily attendance (WFTEADA) figures that are calculated among Shelby County Schools and the six municipal school districts in the County. Education’s share of the property tax levy is expected to remain at \$2.14 of the \$4.37 per \$100 of assessed property value.

Student enrollment is the primary driver of instruction and school expenditure budgets. Shelby County Schools’ combined 40th day end-of-month enrollment is expected to decrease from 141,814 to 117,269 day students.

Requests for Information

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

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Basic Financial Statements



STATEMENT OF NET POSITION
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 242,730,055
Investments	16,558,979
Due from other governments	178,925,652
Other receivables	9,149,883
Inventories	13,967,559
Capital assets, not being depreciated	49,348,137
Capital assets, being depreciated, net	1,047,361,892
Total assets	<u>1,558,042,157</u>
Liabilities	
Accounts payable and other accrued liabilities	101,354,268
Insurance claims payable	12,905,549
Unearned revenue	2,809,042
Long-term liabilities:	
Due within one year	8,804,325
Due in more than one year	303,638,578
Total liabilities	<u>429,511,762</u>
Net Position	
Net investment in capital assets	1,095,398,461
Restricted for :	
Capital projects	11,998,630
Contracted grant programs	3,075,832
Food service	23,056,506
Education	28,469,654
Unrestricted	(33,468,688)
Total net position	<u>\$ 1,128,530,395</u>

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

STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 1,096,495,154	\$ 832,927
Instructional support	60,741,347	-
Student support	113,550,075	-
Office of principal	94,262,960	-
General administration	25,945,874	-
Fiscal services	8,428,601	-
Other support services	35,303,585	-
Student transportation	37,650,956	-
Plant services	110,525,399	-
Community service	23,778,501	-
Charter schools	66,987,992	-
Food service	96,956,709	18,810,070
Interest and fees on long-term debt	111,556	-
Total governmental activities	\$ 1,770,738,709	\$ 19,642,997

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

**SHELBY COUNTY
BOARD OF EDUCATION**

Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Contributions	Total
\$ 530,446,090	\$ -	\$ (565,216,137)
64,860,058	-	4,118,711
33,792,538	-	(79,757,537)
24,734,319	-	(69,528,641)
2,040,439	-	(23,905,435)
412,071	-	(8,016,530)
1,367,383	-	(33,936,202)
20,541,742	-	(17,109,214)
97,960,601	5,753,509	(6,811,289)
20,932,425	-	(2,846,076)
-	-	(66,987,992)
58,280,508	-	(19,866,131)
-	-	(111,556)
\$ 855,368,174	\$ 5,753,509	\$ (889,974,029)
General revenues:		
Shelby County		422,599,533
Local option and state sales taxes		159,752,215
Other local sources		5,410,727
Unrestricted investment earnings		230,122
Total general revenues		587,992,597
Changes in net position		(301,981,432)
Net position - beginning		1,430,511,827
Net position - ending		\$ 1,128,530,395

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue	Total Nonmajor Governmental Funds	Total Governmental Funds
		Categorically Aided Fund		
Assets				
Cash and cash equivalents	\$ 174,990,419	\$ -	\$ 30,424,160	\$ 205,414,579
Investments	16,258,979	-	-	16,258,979
Due from Shelby County	37,892,121	-	-	37,892,121
Due from other governments	55,299,088	38,382,467	1,789,752	95,471,307
Other receivables	2,352,450	4,666,278	161,727	7,180,455
Inventories	7,636,851	-	6,330,708	13,967,559
Due from other funds	30,401,847	-	-	30,401,847
Total assets	\$ 324,831,755	\$ 43,048,745	\$ 38,706,347	\$ 406,586,847
Liabilities and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	90,741,041	7,712,415	3,545,284	101,998,740
Due to other funds	-	29,557,383	-	29,557,383
Unearned revenue - other	-	2,703,115	105,927	2,809,042
Total liabilities	90,741,041	39,972,913	3,651,211	134,365,165
Deferred Inflows of Resources				
Unavailable revenue - taxes	55,067,302	-	-	55,067,302
Total deferred inflows of resources	55,067,302	-	-	55,067,302
Fund balances				
Nonspendable	7,636,851	-	6,330,708	13,967,559
Restricted	28,469,654	3,075,832	28,724,428	60,269,914
Assigned	34,547,426	-	-	34,547,426
Unassigned	108,369,481	-	-	108,369,481
Total fund balances	179,023,412	3,075,832	35,055,136	217,154,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 324,831,755	\$ 43,048,745	\$ 38,706,347	\$ 406,586,847

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, 2014**

**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 \$ 217,154,380

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Cost	\$ 1,895,492,620	
Less accumulated depreciation	<u>(798,782,591)</u>	1,096,710,029

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. 25,354,825

Short-term compensated absences (for active employees) not booked to governmental funds (342,631)

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	\$ 1,311,568	
Claims and judgements	6,870,022	
Post employment benefits	293,612,393	
Compensated absences (vacation)	<u>9,181,751</u>	(310,975,734)

Liabilities for earned revenues considered deferred inflows of resources in fund statements

City of Memphis	\$ 55,060,947	
County of Shelby	23,217,787	
Municipality agreements	<u>23,350,792</u>	100,629,526

Total net position - governmental activities \$ 1,128,530,395

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, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue Categorically Aided Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
City of Memphis	\$ -	\$ 193,746	\$ -	\$ 193,746
Shelby County	552,399,840	-	5,373,607	557,773,447
State of Tennessee	619,406,951	14,319,907	699,148	634,426,006
Federal Government	11,793,324	131,668,031	57,701,661	201,163,016
Other local sources	6,438,605	19,743,206	19,067,342	45,249,153
Total revenues	\$ 1,190,038,720	\$ 165,924,890	\$ 82,841,758	\$ 1,438,805,368
Expenditures				
Current:				
Instruction	687,267,422	81,392,282	-	768,659,704
Instructional support	49,654,538	2,470,272	-	52,124,810
Student support	58,064,228	48,723,603	-	106,787,831
Office of principal	82,887,768	-	-	82,887,768
General administration	15,450,357	11,038,112	-	26,488,469
Fiscal services	5,960,764	1,894,948	-	7,855,712
Other support services	32,614,286	1,007,107	-	33,621,393
Student transportation	33,941,399	982,673	-	34,924,072
Plant services	104,530,212	1,186,513	-	105,716,725
Community service	868,758	21,307,710	-	22,176,468
Charter school	66,987,992	-	-	66,987,992
Retiree benefits	30,164,526	-	-	30,164,526
Food service	-	48,120	76,501,371	76,549,491
Debt Service:				
Principal	547,383	-	-	547,383
Interest and fees	111,556	-	-	111,556
Capital outlay	-	-	11,195,512	11,195,512
Total expenditures	1,169,051,189	170,051,340	87,696,883	1,426,799,412
Excess (deficiency) of revenues over expenditures	20,987,531	(4,126,450)	(4,855,125)	12,005,956
Fund balance - July 1, 2013	158,035,881	7,202,282	39,910,261	205,148,424
Fund balance - June 30, 2014	\$ 179,023,412	\$ 3,075,832	\$ 35,055,136	\$ 217,154,380

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, 2014**

**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	\$	12,005,956
<p>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.</p>		
Capital outlay	\$ 8,740,802	
Depreciation expense	<u>(68,389,491)</u>	(59,648,689)
<p>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.</p>		
		(231,615,708)
<p>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:</p>		
		3,480,283
<p>The schedule of general long-term obligations was increased by a legal claim obligatic incurred by the Board. The balance of this obligation is not reported in the governmental funds as of use of funds. The statement of activities reports this item as a decrease in net assets.</p>		
		(6,870,022)
<p>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.</p>		
		(55,994,668)
<p>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:</p>		
		(2,020,384)
<p>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.</p>		
		8,729,891
<p>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.</p>		
		<u>29,951,909</u>
Change in net position of governmental activities	\$	<u>(301,981,432)</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, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Shelby County	\$ 532,908,604	\$ 532,959,924	\$ 552,399,840	\$ 19,439,916
State of Tennessee	627,101,450	622,206,766	619,406,951	(2,799,815)
Federal Government	13,347,550	13,347,550	11,793,324	(1,554,226)
Other local sources	<u>2,681,320</u>	<u>7,524,684</u>	<u>6,438,605</u>	<u>(1,086,079)</u>
Total revenues	<u>1,176,038,924</u>	<u>1,176,038,924</u>	<u>1,190,038,720</u>	<u>13,999,796</u>
Expenditures				
Current:				
Instruction	701,072,942	699,666,415	688,422,223	11,244,192
Instructional support	48,304,672	48,938,055	49,593,987	(655,932)
Student support	62,970,945	62,444,296	58,203,512	4,240,784
Office of principal	81,750,224	80,584,843	82,912,396	(2,327,553)
General administration	13,771,351	13,688,712	14,217,272	(528,560)
Fiscal services	6,780,108	6,851,037	5,843,281	1,007,756
Other support services	37,270,740	45,162,523	35,445,445	9,717,078
Student transportation	30,468,204	30,875,737	31,520,326	(644,589)
Plant services	107,777,218	102,545,214	105,636,605	(3,091,391)
Community service	1,846,162	1,255,734	971,087	284,647
Charter schools	67,406,809	67,406,809	66,987,992	418,817
Retiree benefits	28,636,084	28,636,084	30,164,526	(1,528,442)
Debt Service:				
Principal	547,384	547,384	547,383	1
Interest and fees	<u>45,495</u>	<u>45,495</u>	<u>111,556</u>	<u>(66,061)</u>
Total expenditures	<u>1,188,648,338</u>	<u>1,188,648,338</u>	<u>1,170,577,591</u>	<u>18,070,747</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (12,609,414)</u>	<u>\$ (12,609,414)</u>	19,461,129	<u>\$ 32,070,543</u>
Change in reserve for encumbrances			<u>1,526,402</u>	
Net change in fund balances (GAAP basis)			20,987,531	
Fund balance - July 1, 2013			<u>158,035,881</u>	
Fund balance - June 30, 2014			<u>\$ 179,023,412</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, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
City of Memphis	\$ -	\$ 200,000	\$ 193,746	\$ (6,254)
State of Tennessee	14,349,320	14,685,595	14,319,907	(365,688)
Federal Government	131,920,824	238,445,377	123,859,441	(114,585,936)
Other local sources	34,851,492	35,549,458	19,743,206	(15,806,252)
Total revenues	<u>181,121,636</u>	<u>288,880,430</u>	<u>158,116,300</u>	<u>(130,764,130)</u>
Expenditures				
Current:				
Instruction	77,552,593	140,479,983	83,073,788	57,406,195
Instructional support	191,890	27,220,888	2,470,272	24,750,616
Student support	52,784,406	70,078,197	39,205,979	30,872,218
General administration	26,384,208	26,404,168	13,261,932	13,142,236
Fiscal services	2,359,275	2,245,006	1,175,269	1,069,737
Other support services	89,157	39,032	1,007,107	(968,075)
Student transportation	2,212,390	2,734,779	975,752	1,759,027
Plant services	1,106,883	1,923,802	1,002,722	921,080
Community service	21,899,696	24,040,566	21,323,255	2,717,311
Food service	28,467	72,664	47,186	25,478
Total expenditures	<u>184,608,965</u>	<u>295,239,085</u>	<u>163,543,262</u>	<u>131,695,823</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (3,487,329)</u>	<u>\$ (6,358,655)</u>	(5,426,962)	<u>\$ 931,693</u>
Change in reserve for encumbrances			<u>1,300,512</u>	
Net change in fund balances (GAAP basis)			(4,126,450)	
Fund balance - July 1, 2013			<u>7,202,282</u>	
Fund balance - June 30, 2014			<u>\$ 3,075,832</u>	

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	<u>Governmental Activities - Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 37,315,476
Investments	300,000
Other receivables	1,802,988
Due from general fund	<u>99,824</u>
Total assets	<u>39,518,288</u>
Liabilities	
Current liabilities:	
Accounts payable	344,060
Insurance claims and premiums payable	12,905,549
Due to general fund	777,848
Accrued vacation	55,755
Noncurrent liabilities:	
Accrued vacation	<u>80,251</u>
Total liabilities	<u>14,163,463</u>
Net Position	
Unrestricted	<u><u>\$ 25,354,825</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, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 5,854,175
Employee contributions	71,623,555
Board contributions	115,927,781
Medicare	1,545,800
Total operating revenues	<u>194,951,311</u>
Operating expenses:	
Personnel services	3,441,095
Material & supplies	1,268,765
Claims incurred	144,446,083
Life insurance premiums	4,617,038
Health insurance premiums	9,963,699
Administrative expenses	22,527,749
Total operating expenses	<u>186,264,429</u>
Operating income	8,686,882
Nonoperating revenues (expenses):	
Interest income	<u>43,009</u>
Change in net position	8,729,891
Total net position - July 1, 2013	<u>16,624,934</u>
Total net position - June 30, 2014	<u>\$ 25,354,825</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, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts for interfund services provided	\$ 124,615,935
Receipts from employees	71,623,555
Payments to suppliers	(1,720,817)
Payments to employees for salaries and benefits	(3,358,468)
Payments to other division funds	(397,066)
Payments for life insurance premiums	(4,617,038)
Payments for health insurance premiums	(9,963,699)
Payments for insurance and unemployment claims	(176,087,443)
Net cash provided by operating activities	<u>94,959</u>
Cash Flows From Investing Activities	
Purchase of investments	(300,000)
Interest received	43,009
Net cash provided (used) by investing activities	<u>(256,991)</u>
Net decrease in cash and cash equivalents	(162,032)
Cash and cash equivalents at beginning of year	<u>37,477,508</u>
Cash and cash equivalents at end of year	<u>\$ 37,315,476</u>
Reconciliation of operating to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 8,686,882
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	1,288,179
Accrued liabilities	(9,880,102)
Net cash provided by operating activities	<u>\$ 94,959</u>

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund	Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ -	\$ 13,191,409
Other receivables	7,995	253,043
Investments, at fair value:		
Short-term securities	753,876	669,505
Common stocks	1,019,185	-
Corporate bonds	55,618	-
Total Investments	<u>1,828,679</u>	<u>669,505</u>
Inventories	-	145,777
Total assets	<u><u>1,836,674</u></u>	<u><u>14,259,734</u></u>
Liabilities		
Accounts payable	-	150,416
Due to general fund	166,440	-
Due to student general fund	-	8,560,312
Due to student groups	-	5,549,006
Total liabilities	<u>166,440</u>	<u>14,259,734</u>
Net Position		
Held in trust for pension benefits	<u><u>\$ 1,670,234</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, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	Pension Trust Fund
Additions	
Contributions:	
State reimbursements for benefit payments and insurance premiums	\$ 113,307
Investment Earnings:	
Interest income	67,904
Net appreciation (depreciation) in fair value of investments	<u>167,846</u>
Net investment earnings	<u>235,750</u>
Total additions	349,057
Deductions	
Benefit payments	424,456
Administrative expenses	<u>29,254</u>
Total deductions	<u>453,710</u>
Change in net position	(104,653)
Net Position	
July 1, 2013	<u>1,774,887</u>
June 30, 2014	<u><u>\$ 1,670,234</u></u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Determination of the Reporting Entity

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

Capital Projects Fund

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

Proprietary Funds

Internal Service Funds

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

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

Central Services—Central service operations include printing and supply chain management services to the district.

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

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

Fiduciary Funds (Not included in government-wide statements)

Trust and Agency Funds consist of the following:

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

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

Major and Nonmajor Funds

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

Measurement Focus

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

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

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

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

Budgeting and Budgetary Control

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

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

Basis of Accounting

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

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

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

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

nonoperating revenue. The agency fund utilizes the accrual basis of accounting for reporting of assets and liabilities only.

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

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

Receivables

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

Inventories

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.

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 June 30, 2014, cash and cash equivalents include amounts in the pool and demand deposits at various financial institutions. The Board considers all highly liquid investments with maturities of three-months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value. Fair value is based on quoted market prices, if available, or estimated using quoted market prices for similar securities. State statutes authorize the County Trustee to invest in obligations of the U.S. Treasury, obligations issued or guaranteed by any U.S.

Government agency, certificates of deposits at Tennessee and federal chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as underlying securities, prime banker's acceptances and prime commercial paper. The maximum maturity is two years.

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item which arises under the accrual and modified accrual basis of accounting that qualify 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 property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amount becomes available.

Capital Assets

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

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

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

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

- | | |
|------------------------------|-------------|
| - Buildings and Improvements | 10-50 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, capital leases, and accrued compensated absences.

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

Compensated Absences

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

Equity Classifications

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

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

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

- Nonspendable fund balance includes amounts that are not in a spendable form such as inventory, prepaid amounts and the long-term amounts of loans and notes receivable, or are legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislations. Restrictions may be changed or lifted only with the consent of the resource providers.

- Committed fund balance includes amounts that can be used only for the specific purposes determined by formal action by the Shelby County Schools Board members, the Board's highest level of decision making authority. Commitments may be changed or lifted only by the Shelby County Schools Board members taking the same formal action that imposed the constraint.
- Assigned fund balance includes amounts that the Board intends to use for a specific purpose, but are not restricted or committed. The intent shall be expressed by resolution of the Shelby County Board of Education or official to which the Board has delegated the authority, such as the Superintendent or his designee (e.g. legal contingencies).
- Unassigned fund balance is the residual classification for the General Fund and General Purpose School Fund. It includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose. Any deficit balances in the other governmental fund types are reported as unassigned.

Minimum Fund Balance Policy

Shelby County Board of Education believes sound financial management principles require sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain a general fund balance sufficient to fund all cash flows of the District, to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature, and to provide funds for all existing encumbrances.

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

Order of Expenditure of Funds

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

Post Employment Benefits

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

NOTE 2 – GOVERNMENT COMBINATIONS

On December 20, 2010, the Memphis City Schools Board of Commissioners voted to surrender Memphis City Schools' Charter. Tennessee Code Annotated requires a referendum be held. Memphis voters ratified the Board's decision to transfer the administration of Memphis City Schools to County Schools on March 8, 2011. Shelby County Schools filed a complaint for declaratory judgment on February 11, 2011, and United States District Judge Samuel Mays ruled on August 8, 2011, that Memphis City Schools would cease to exist at the conclusion of the 2012-13 school year. As a result, the operations of Memphis City Schools, a legally separate entity, ceased to exist as of June 30, 2013. On July 1, 2013, the services formerly provided by Memphis City Schools were taken over by Shelby County Schools.

The following carrying values of the former Memphis City Schools were recognized and included in the Board's Statement of Net Position as of July 1, 2013, the effective transfer date:

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 177,413,870
Investments	30,165,682
Due from other governments	131,129,547
Other receivables	9,868,563
Inventories	12,478,785
Prepays	2,151,672
Capital assets, not being depreciated	38,564,159
Capital assets, being depreciated, net	953,610,159
Total assets	1,355,382,437
Liabilities	
Accounts payable and other accrued liabilities	85,048,890
Insurance claims payable	13,226,954
Unearned revenue	2,126,279
Long-term liabilities:	
Due within one year	3,664,210
Due in more than one year	8,326,464
Total liabilities	112,392,797
Net Position	
Net investment in capital assets	990,315,367
Restricted for :	
Capital projects	17,317,959
Contracted grant programs	7,202,282
Food service	17,908,847
Education	24,762,823
Unrestricted	185,482,362
Total net position	\$ 1,242,989,640

In anticipation of the merger, Shelby County Schools and Memphis City Schools synchronized accounting policies in fiscal year 2013 (the previous fiscal year). Therefore, there was no need to adjust for different accounting principles. There were no adjustments to the carrying values of capital assets because there were no impairments as a result of the merger.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents (excluding fiduciary funds) at June 30, 2014, consist of the following:

Deposit accounts	\$ 221,109,379
Investments in state's local government investment pool	21,620,676
	<u>\$ 242,730,055</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.

Deposits and investments are classified into three categories of credit risk based upon the following:

<u>Category</u>	<u>Description</u>
1	Insured or registered, or securities held by the Board or its agent in the Board’s name.
2	Uninsured or unregistered, with securities held by the counterparty’s trust department or agent in the Board’s name.
3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Board’s name.

NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

At June 30, 2014, the deposits held were \$ 250,024,659 . Deposit accounts are considered category 1 and other investments are not required to be classified. The cash of the Fiduciary fund is not included here.

	Shelby County Trustee	Shelby County Board of Education	Total Cash and Cash Equivalents
LGIP	\$ 21,615,626	\$ 5,050	\$ 21,620,676
PFIC-BOA	20,730,739	-	20,730,739
PFDs-Regions	138,328,839	-	138,328,839
Liquid CDARs-Metropolitan	35,472,595	-	35,472,595
Liquid CDARs-Magna	6,910,246	-	6,910,246
MUNI NOW- SunTrust	17,643,365	-	17,643,365
Cash-Regions	7,695,256	-	7,695,256
Cash-BOA	1,620,918	-	1,620,918
Cash-First Tennessee	-	2,025	2,025
	\$ 250,017,584	\$ 7,075	\$ 250,024,659

NOTE 4 – INVESTMENTS

Investments as of June 30, 2014, 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>Student Activity Fund</u>	<u>Total</u>	<u>Weighted Average Maturity in Years</u>
CDARS	\$ 1,381,822	-	-	-	\$ 1,381,822	-
CDs	12,574,120	-	300,000	-	12,874,120	-
Agencies	2,303,037	-	-	-	2,303,037	-
Common stocks	-	1,019,185	-	-	1,019,185	-
Corporate bonds	-	55,618	-	-	55,618	0.93
Short term investments	-	753,876	-	669,505	1,423,381	-
	\$16,258,979	\$ 1,828,679	\$ 300,000	\$ 669,505	\$ 19,057,163	

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

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

Custodial credit risk Bank deposits and certificates of deposit of the County, consistent with State statutes, are covered by federal depository insurance (FDIC) or are collateralized by a multiple financial institution collateral pool administered by the Treasurer of the State of Tennessee. On limited occasions

the County may have deposits with financial institutions that do not participate in the State collateral pool; in these instances separate collateral equal to at least 105% of the uninsured deposit is collateralized and held in the County's name by a third party.

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

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

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

Investments are considered category 1 of the three categories of credit risk. 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, 2014:

Aa2	2.90%	52,980
Baa1	2.83%	51,740
Baa2	3.04%	55,568

The Board limits its exposure to interest rate risk by diversifying its investments by security type and institution.

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

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

NOTE 5 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

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

	General Fund	Categorically Aided Fund	Nonmajor Funds	Total Governmental Funds
Accounts payable	\$ 16,490,645	\$ 1,943,547	\$ 3,037,177	\$ 21,471,369
Accrued payroll and payroll deductions	73,368,423	5,714,594	455,818	79,538,835
Accrued vacation	881,973	54,274	52,289	988,536
Total	<u>\$ 90,741,041</u>	<u>\$ 7,712,415</u>	<u>\$ 3,545,284</u>	<u>\$ 101,998,740</u>

NOTE 6 – GENERAL LONG-TERM OBLIGATIONS

In 2013, Shelby County Board of Education had no long-term debt as the Board of Education is fiscally dependent on County of Shelby for the issuance of debt for its capital projects. Due to the merger with Memphis City Board of Education, Shelby County Board of Education became responsible for debt under the former specific agreements with the State of Tennessee, as well as additional compensated absences.

Former Agreement for General Long-Term Obligations

Due to the merger with Memphis City Schools, Shelby County Schools now has bond indebtedness as of June 30, 2014, with interest rates of 0%. The Shelby County Board of Education also pays administrative fees (required by County of Shelby) related to debt acquired by the county government on the Board’s behalf. Debt service requirements for principal and interest are paid from the General Fund and there are no designations of fund balance for debt service because each year’s debt service requirements are expected to be paid from that year’s revenue. Other long-term liabilities, compensated absences, and pension liabilities are also paid from the General Fund.

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

Year Ending June 30,	ENA Claims Obligation	Due to State of Tennessee	Total
Principal:			
2015	\$ 6,870,022	\$ 547,384	\$ 7,417,406
2016	-	547,384	547,384
2017	-	72,267	72,267
2018	-	72,267	72,267
2019	-	72,266	72,266
Total	<u>\$ 6,870,022</u>	<u>\$ 1,311,568</u>	<u>\$ 8,181,590</u>

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

Education Networks of America (ENA) is a settlement agreement related to e-rate, which is a federal program in which the government offers discounted telecommunication services. The claim obligation exists due to the Districts' discounted payments to ENA and the pending approval of e-rate funding for fiscal year 2014.

The following is a summary of changes in general long-term obligations for the year June 30, 2014:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Payments and</u> <u>Retirements</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
Due to State of Tennessee	\$ 1,858,951	\$ -	\$ 547,383	\$ 1,311,568	\$ 547,384
ENA Obligations	-	14,870,022	8,000,000	6,870,022	6,870,022
Legal Claims Payable	2,932,900	-	2,932,900	-	-
SubTotal	<u>4,791,851</u>	<u>14,870,022</u>	<u>11,480,283</u>	<u>8,181,590</u>	<u>7,417,406</u>
Post Employment Benefits	237,617,725	133,958,866	77,964,198	293,612,393	-
Compensated Absences	10,131,723	3,634,023	3,116,826	10,648,920	1,386,918
	<u>\$ 252,541,299</u>	<u>\$ 152,462,911</u>	<u>\$ 92,561,307</u>	<u>\$ 312,442,903</u>	<u>\$ 8,804,324</u>

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

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

NOTE 7 – RETIREMENT PLANS

A. Local Plan

Plan Description

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

Plan membership. At June 30, 2014, local pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	<u>23</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 \$311,149 (\$424,456 net of \$113,307 reimbursements from the state) for employees covered by the Local Plan for the year ended June 30, 2014. 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 \$113,307 during the year ended June 30, 2014. The on-behalf payments by the state of fringe benefits and salaries for the local retirees were recognized as revenues and expenses.

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

Contributions. Employees were required to contribute 5% of their individual compensation for the first thirty-five years of service. The Board's annual contribution could not be less than the aggregate employee contributions.

Investments

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

Concentrations. As of June 30, 2014, 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	8.61%
Ishares Russell Midcap ETF	5.38%

Rate of return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.47 percent. 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, 2014 were as follows:

Total pension liability	\$ 1,902,191
Plan fiduciary net position	(1,670,234)
Board's net pension liability	<u>\$ 231,957</u>
Plan fiduciary net position as a percentage of the total pension liability	87.81%

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

Inflation	3.0 percent
Investment rate of return	5.0 percent, net of pension plan investment expense
Municipal bond index rate	4.35 percent
Single equivalent interest rate	4.72 percent

Mortality rates were based on the RP-2000 Combined Mortality Table set forward three years for males and set forward one year for females based on Scale AA projection to 2025. The table is used for the period after retirement and for dependent beneficiaries. Representative values of the assumed rates of death after service retirements are as follows:

Age	Male	Female
65	1.2562%	0.9664%
70	2.0825	1.6391
75	3.6640	2.5332
80	6.9785	4.2601
85	12.6336	7.4311
90	21.1384	13.4140
95	29.9904	19.5353
100	37.3578	23.8786

Discount rate. The discount rate used to measure the total pension liability was 4.72 percent. The pension plan’s fiduciary net position was projected to be available to make projected future benefit payments of current plan members until 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2032 and a municipal bond index rate of 4.35 percent was applied to all periods of projected benefit payments after 2032. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used 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 4.72 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.72 percent) or 1-percentage-point higher (5.72 percent) than the current rate:

	1% Decrease (3.72%)	Current Discount Rate (4.72%)	1% Increase (5.72%)
Shelby County Schools' net pension liability	\$ 392,461	\$ 231,957	\$ 98,520

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

1. Plan Description

Employees of Shelby County Schools are members of the Political Subdivision Pension Plan (PSPP), an agent multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Shelby County Schools participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

2. Funding Policy

Shelby County Schools requires employees to contribute five percent of earnable compensation. Shelby County Schools is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2014, was 8.99% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Shelby County Schools is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ending June 30, 2014, Shelby County Schools' annual pension cost of \$15,158,220 to TCRS was equal to Shelby County Schools' required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected 3.0 percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Shelby County Schools' unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011 was 2 years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

4. Trend Information

<u>Fiscal</u> <u>Year</u> <u>Ending</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/14	\$15,158,220	100.00%	\$ -
6/30/13	\$18,911,522	100.00%	\$ -
6/30/12	\$19,995,440	100.00%	\$ -

5. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 95.44 percent funded. The actuarial accrued liability for benefits was \$689.40 million, and the actuarial value of assets was \$657.93 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$31.47 million. The covered payroll (annual payroll of active employees covered by the plan) \$192.13 million, and the ratio of the UAAL to the covered payroll was 16.38 percent. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

C. Tennessee Consolidated Retirement System (TCRS)-Teachers

1. Plan Description

The Shelby County Schools contributes to the State Employees, Teachers, and Higher Education Employees' Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 15th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

2. Funding Policy

Most teachers are required by state statute to contribute 5.0% of salary to the plan. The employer contribution rate for Shelby County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2014, was 8.88% of annual covered payroll. The employer contribution requirement for Shelby County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2014, 2013, and 2012 were \$60,405,897, \$62,167,415, \$62,473,387, respectively, and equal to the required contributions for each year.

D. 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, 2014, a retiring employee hired before January 1, 2007, may continue health insurance coverage provided the employee has been covered for five consecutive years prior to retirement. A retiring employee hired after January 1, 2007, may continue health insurance coverage provided the employee has been covered for ten consecutive years prior to retirement. Retirement is defined as those who have reached age 60 and vested or 30 years of service, or age 55 with 25 years of service. The health care benefits were provided through a self-funded plan administered by an insurance company. The life insurance benefits were provided through an insurance company. Premiums for both are based on the benefits expected to be paid during the year. The cost of health care and life insurance benefits are classified as retiree benefits expenditure in the General Fund. For the years ended June 30, 2014, costs were \$ 30,164,526 for 9,136 retirees, respectively. See Note 14 for information on Other Postemployment Benefits (OPEB).

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance 7/1/2013	Reclassifications	Additions	Disposals and Adjustments	Transfers to Municipal Schools	Balance 6/30/2014
Capital assets not being depreciated:						
Land	\$ 58,383,328	\$ -	\$ -	\$ (112,490)	\$ (12,669,951)	\$ 45,600,887
Construction in Progress	11,540,566	(14,372,779)	6,579,463	-	-	3,747,250
Total capital assets, not being depreciated	69,923,894	(14,372,779)	6,579,463	(112,490)	(12,669,951)	49,348,137
Capital assets being depreciated:						
Buildings and Improvements	1,922,452,221	8,701,403	69,850	(4,133,267)	(306,124,529)	1,620,965,678
Machinery and Equipment	244,835,284	-	2,091,489	(21,972,080)	(5,447,264)	219,507,429
Intangible Assets	-	5,671,376	-	-	-	5,671,376
Total capital assets, being depreciated	2,167,287,505	14,372,779	2,161,339	(26,105,347)	(311,571,793)	1,846,144,483
Less accumulated depreciation:						
Buildings and improvements	(675,210,007)	-	(50,223,760)	3,433,150	97,934,612	(624,066,005)
Machinery and Equipment	(174,026,966)	-	(17,598,593)	14,371,581	3,104,530	(174,149,448)
Intangible Assets	-	-	(567,138)	-	-	(567,138)
Total accumulated depreciation	(849,236,973)	-	(68,389,492)	17,804,731	101,039,142	(798,782,591)
Capital assets being depreciated, net	1,318,050,532	14,372,779	(66,228,153)	(8,300,616)	(210,532,651)	1,047,361,892
Total capital assets, net	\$ 1,387,974,426	\$ -	\$ (59,648,690)	\$ (8,413,106)	\$ (223,202,602)	\$ 1,096,710,029

Depreciation expense was charged to governmental functions as follow:

Instruction	\$ 53,887,542
Instructional Support	2,916,471
Student Support	400,631
Office of Principal	1,620,185
General Administration	1,932,983
Fiscal Services	84,769
Other Support Services	289,364
Student Transportation	1,643,784
Plant Services	1,536,754
Community Service	286,617
Food Service	3,790,391
	<u>\$ 68,389,491</u>

The estimated cost to complete construction in progress at June 30, 2014 is \$2,342,095.

Settlement Agreement and Capital Asset Transfers

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, thirty-three Shelby County schools became part of the municipal school districts for the 2014-2015 school year. The Board reached agreements with each of the municipal school districts whereby payments over a twelve year period are to be submitted to the Board to reduce OPEB obligations incurred as of May 31, 2014. The \$22,350,792 discounted value of the payments, utilizing a 2% discount rate, is included in due from other governments in the government-wide statements.

In addition to the payments, the agreements provided for the transfer of assets on or after May 31, 2014. Assets were transferred on June 2, 2014 in accordance with the bill of sales. The transfers were comprised of land, building and improvements, and machinery and equipment with carrying values of \$12,669,951, \$208,189,197, \$2,342,734, respectively.

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 to be higher than the carrying values. Assets with a carrying value of approximately \$5.9 million are considered to be idle assets at year-end.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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

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

The Board entered into the following multi-year contracts:

- Three year contract with Education Network of America (ENA) Services, LLC for internet services with an annual cost of \$3,060,000.
- Two year contract with ENA Services, LLC for voice services with an annual cost of \$3,828,000.
- Three year contract with Lenovo Financial Services for learning devices at a yearly cost of \$3,558,024.
- Two year contract with Educations Solutions Development (ESD) with an annual cost of \$480,000.

Subsequent to June 30, 2014, the Board has entered into school building improvement contracts totaling approximately \$3,146,546.

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2014, 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, 2014, is as follows;

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Categorically Aided	\$ 29,557,383
	Internal Service	777,848
	Pension Trust	166,440
		<u>\$ 30,501,671</u>
Internal Service	General	<u>\$ 99,824</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.

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidiaries or matching funds for various grant programs. In the year ended June 30, 2014, the Board made no transfers.

NOTE 11 – RISK MANAGEMENT

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

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

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

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

	<u>2014</u>	<u>2013</u>
Unpaid claims, beginning of fiscal year	\$ 15,189,022	\$ 3,614,072
Incurred claims (including IBNRs)	147,984,308	35,105,015
Claim payments	<u>(151,643,356)</u>	<u>(35,477,595)</u>
Unpaid claims, end of fiscal year	<u>\$ 11,529,974</u>	<u>\$ 3,241,492</u>

*Beginning balances include former Memphis City Schools' unpaid claims in the amount of \$11,947,530.

Includes claims incurred but not reported (IBNR)

A Medicare supplement insurance contract has been purchased 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.

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, 2014 total funds remitted to the charter schools totaled \$66,987,992.

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

NOTE 13 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	<u>General Fund</u>	<u>Categorically Aided Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 7,636,851	\$ -	\$ 6,330,708	\$ 13,967,559
Restricted for:				
Capital projects	-	-	7,789,282	7,789,282
Education	28,617,807	(3,003,841)	-	25,613,966
Encumbrances from current year	-	4,834,256	4,209,348	9,043,604
Instruction - career ladder	(228,539)	-	-	(228,539)
Instruction - extended contract	80,386	-	-	80,386
Inventory encumbrances	-	-	-	-
Operation of non-instructional services	-	1,245,417	16,725,798	17,971,215
Assigned to:				
Encumbrances from current year	10,655,323	-	-	10,655,323
Inventory encumbrances	375,287	-	-	375,287
Legal liability	2,000,000	-	-	2,000,000
Other post employment benefits	12,000,000	-	-	12,000,000
Other purposes - planned use (1)	9,516,816	-	-	9,516,816
Unassigned:				
General purpose	108,369,481	-	-	108,369,481
Total fund balances	<u>\$ 179,023,412</u>	<u>\$ 3,075,832</u>	<u>\$ 35,055,136</u>	<u>\$ 217,154,380</u>

(1) Assigned to “Other purposes – planned use” indicates that 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 \$20.8 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, 2014, and the preceding two years:

Annual OPEB Cost	Fiscal Year Ending June 30		
	2014	2013	2012
Normal Cost at beginning of the year	\$ 38,983,017	\$ 12,691,075	\$ 16,935,545
Amortization of UAAL	85,471,140	18,200,385	20,558,783
Interest	-	1,235,658	649,574
ARC	124,454,157	32,127,118	38,143,902
Interest on net OPEB Obligation	9,504,709	8,377,788	9,031,390
Adjustment to ARC	(13,991,670)	(12,331,883)	(11,190,570)
OPEB Expense	119,967,196	28,173,023	35,984,722
NET OPEB contributions made during the fiscal year	(63,972,528)	-	(7,167,827)
Increase in Net OPEB Obligation	55,994,668	28,173,023	28,816,895
Net OPEB Obligation, beginning of year	237,617,725	209,444,702	180,627,807
Net OPEB Obligation, end of year	<u>\$ 293,612,393</u>	<u>\$ 237,617,725</u>	<u>\$ 209,444,702</u>
Percentage of expense contributed	53.3%	0.0%	19.9%
Unfunded actuarial accrued liability	\$1,451,539,250	\$338,573,222	\$331,840,841
Covered Payroll	\$451,582,719	\$266,155,425	\$237,564,653
Ratio	321.43%	127.21%	139.68%

E. FUNDED STATUS AND FUNDING PROGRESS

As of June 30, 2014, the actuarial accrued liability for benefits was \$1,472,361,305 of which \$1,451,539,250 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$451,582,719, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 321%.

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 valuation's demographic assumptions (e.g., rates of termination, mortality, disability, and retirement) have been revised to match the demographic assumptions used in the valuation of the Tennessee Consolidated Retirement System (TCRS). The methodology used to develop per capita costs of health care (including a change to the methodology used to relate health care costs between ages), the rates of health care inflation used to project the per capita costs, and the rates of the plan election of health care benefit options for future retirees have been revised since the previous valuation. Also, the payroll growth rate assumption of 3.50% has been replaced by the age-based salary increase assumption used the valuation of the TCRS. The following assumptions were made:

Valuation date	June 30, 2014	
Actuarial cost method	Projected Unit Credit	
Amortization method	Level Dollar, Closed	
Remaining amortization period	27 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%
Year of Ultimate trend rate	2019	2017

i. Actuarial Method

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

ii. Health Care Cost Trend Rates

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

Year Beginning July 1	Medical and Prescription Cost Trend	
	CIGNA Plans	Medicare Supplement Plan
2014	7.75%	5.75%
2015	6.75%	5.50%
2016	6.25%	5.25%
2017	5.75%	5.00%
2018	5.25%	5.00%
2019 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	\$10,167	\$10,456	\$9,393	\$10,653	\$9,393
Medicare	\$3,394	\$3,394	\$3,394	\$3,394	\$9,393

iv. Age Related Morbidity

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

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

v. Spouse Coverage in Health Care Plans

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

vi. Anticipated Plan Participation

Since we were not provided census data to examine the retiree participation assumption, we have used assumptions consistent with the prior actuary’s report. This assumption should be examined for the next valuation. The assumed annual rates of future retiree participation and election of spouse coverage are as follows:

Benefit	Retirees	Spouses
Health Care	93%	25% of Participating Retirees
Life Insurance	97%	N/A

vii. Anticipated Plan Elections

The assumed rates of coverage elections for current retirees under age 65 and future retirees are as follows:

Plan	Applicability	Election Rate
HRA	Pre-Medicare	2%
OAP Basic	Pre-Medicare	60%
OAP Plus	Pre-Medicare	38%
Medicare Supplement	Medicare	100%

viii. Salary Increases

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

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

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

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

x. Retirement

Members are assumed to retire at the representative annual rates shown in the table below. An additional increment of 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	6.5%	6.5%
51	7.0%	7.0%
52	7.0%	8.0%
53	8.5%	9.0%
54	9.0%	10.0%
55	10.0%	10.0%
56	12.0%	12.0%
57	12.0%	14.0%
58	13.0%	14.0%
59	14.0%	15.0%
60	15.0%	17.0%
61	16.0%	20.0%
62	22.0%	26.0%
63	16.0%	19.5%
64	18.0%	24.0%
65	35.0%	37.5%
66 - 69	16.0%	24.0%
70	16.0%	34.0%
71 - 74	17.0%	40.0%
75	100.0%	100.0%

xi. Separations from Service

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

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

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

xii. Deaths After Retirement

The mortality rates for non-disabled beneficiaries are the same as those used by TCRS, but with an additional 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	0.1%	0.1%	1.8%	1.4%
50	0.2	0.1	2.6	1.8
55	0.3	0.2	3.2	2.1
60	0.4	0.4	4.0	2.5
65	0.7	0.6	4.9	3.0
70	1.3	0.9	6.3	3.6
75	2.3	1.4	8.5	4.9
80	4.4	2.9	10.9	6.6
85	8.5	6.0	14.2	9.2
90	15.3	11.9	18.9	13.5
95	24.4	19.4	25.7	20.3

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

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

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

Pension plan specific eligibility and benefits are as follows:

Tennessee Consolidated Retirement System

Retirement: Employees who retire at age 55 with 5 years of credited service or at any age with 25 years of service will receive health care and life insurance benefits for life. Spouses of retirees may be covered at the retirees' option, provided the election is made on the date the employee leaves active service.

Termination: Current employees who terminate employment and are not eligible for a retirement or disability benefit are not eligible for health care or life insurance benefits at retirement. Some

current deferred vested retirees were grandfathered and are receiving health care and life insurance benefits.

Disability: Employees who become disabled at any age with at least 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 2018 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

xv. Cost of Coverage

Monthly Health Care Premiums

The following chart details the monthly health care premiums for retirees, spouses, and dependents as of January 1, 2014. Shelby County Schools subsidizes a portion of the full premium rates shown below. Retirees receive a subsidy in the amount of 75% of the HRA Plan premium rate for single coverage in the Cigna plans, and a total subsidy of 67% of the HRA Plan premium rate for Single + 1 and Family coverage. Legacy retirees of Shelby County Schools and their dependents receive a combined subsidy in the amount of 90% of the Medicare Supplement Plan rate. All other retirees and dependents receive a subsidy in the amount of 70% of the Medicare Supplement Plan rate. All surviving spouses are required to pay the full, applicable premium rate.

Medical Coverage Tier	Pre-Medicare Healthcare Plans		
	OAP Plus	OAP Basic	Choice HRA
Single	\$542.35	\$514.08	\$ 467.87
Single + One	1,084.69	1,028.15	935.74
Family	1,513.15	1,434.27	1,305.36

Medical Coverage Tier	Medicare Eligible Healthcare Plan
Single	\$ 342.00
Single + One	684.00
Family	1,026.00

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 267 grandfathered Shelby County Schools legacy retirees paying a reduced premium amount based on certificated status and service at retirement. The census data also included 121 grandfathered Memphis City Schools legacy retirees who are Medicare eligible but covered under a “Member not enrolled in Medicare” Plan. We have assumed that these retirees are not enrolled in neither Medicare Part A nor Medicare Part B. We have assumed that there are no other grandfathered retirees in the census data besides the ones identified for this valuation.

Monthly Life Insurance Premiums

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

NOTE 15 – RELATED PARTY DISCLOSURE

Shelby County Board of Education owns investments with Tennessee School Boards Association (TSBA) GASB 45 Trust. An associate within a Board member’s firm serves as an Investment Advisor. The Board member is President and CEO of the Investment Firm and serves as a Broker and Board member for TSBA.

The investments for fiscal years 2013 and 2014 are detailed below. The former Memphis City Schools’ investments (\$13,705,386) are included in the amount for fiscal year 2014. Transactions with TSBA and the Investment Adviser are considered to be in the normal course of operations.

	<u>2014</u>	<u>2013</u>
TSBA GASB 45 Trust	\$ 20,822,055	\$ 3,828,139

NOTE 16 – DEFERRED 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 has withheld enforcement of the judgment pending resolution of a claim that the former Memphis City Schools owes the City approximately \$160 million dollars. The Board believes the counterclaim has no merit. Since the Board has not received any money from the judgment against the City, the Board recorded \$55.1 million dollars as deferred inflows at the fund level.

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Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress and Employer Contributions
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

Schedules of Funding Progress

Tennessee Consolidated Retirement System (TCRS)
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ 657,933	\$ 689,405	\$ 31,471	95.44%	\$ 192,134	16.38%
7/1/2011	135,868	139,437	3,569	97.44%	49,536	7.20%
7/1/2009	110,442	115,444	5,001	95.67%	47,330	10.57%

Post Retirement Benefits
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2014	\$ 20,822	\$ 1,472,361	1,451,539	1.41%	\$ 755,841	192.04%
6/30/2013	3,828	342,401	338,573	1.12%	266,155	127.21%
6/30/2012	3,000	334,841	331,841	0.89%	237,565	139.68%

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

Schedule of Employer Contributions

Post Retirement Benefits
(Dollar amounts in thousands)

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contributed
6/30/2014	\$ 124,454	\$ -	0.00%
6/30/2013	32,127	-	0.00%
6/30/2012	38,144	-	0.00%

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Investment Returns
Last 10 Fiscal Years
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	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
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2014</u>
Total pension liability	
Service cost	\$ -
Interest	92,830
Benefit changes	-
Difference between expected and actual experience	-
Changes if assumptions	-
Benefit payments	(311,149)
Refunds of contributions	-
Net change in total pension liability	<u>(218,319)</u>
Total pension liability-beginning	<u>2,120,510</u>
Total pension liability-ending	<u><u>\$ 1,902,191</u></u>
Plan fiduciary net position	
Contributions - employer	\$ -
Contributions - member	-
Net investment income	235,750
Benefit payments	(311,149)
Administrative expense	(29,254)
Refunds of contributions	-
Other	-
Net change in plan fiduciary net position	<u>(104,653)</u>
Plan fiduciary net position - beginning	<u>1,774,887</u>
Plan fiduciary net position - ending	<u><u>\$ 1,670,234</u></u>
Net pension liability- ending	<u><u>\$ 231,957</u></u>
Plan fiduciary net position as a percentage of the total pension liability	87.81%
Covered-employee payroll	-
Net pension liability as a percentage of covered-employee payroll	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, 2014

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	4.35%
Single Equivalent Interest Rate	4.72%

Mortality

The RP-2000 Combined Mortality Table set forward three years for males and set forward one year for females and using a Scale AA projection to 2025 is used for the period after retirement and for dependent beneficiaries.

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**COMBINING INFORMATION
NONMAJOR FUNDS**



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 12,416,304	\$ 18,007,856	\$ 30,424,160
Due from other governments	-	1,789,752	1,789,752
Other receivables	-	161,727	161,727
Inventories	-	6,330,708	6,330,708
Total assets	\$ 12,416,304	\$ 26,290,043	\$ 38,706,347
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	417,674	3,127,610	3,545,284
Unearned revenue - other	-	105,927	105,927
Total liabilities	417,674	3,233,537	3,651,211
Fund balances			
Nonspendable	-	6,330,708	6,330,708
Restricted	11,998,630	16,725,798	28,724,428
Total fund balances	11,998,630	23,056,506	35,055,136
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,416,304	\$ 26,290,043	\$ 38,706,347

See independent auditor's report

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Revenues			
Shelby County	\$ 5,373,607	\$ -	\$ 5,373,607
State of Tennessee	-	699,148	699,148
Federal Government	-	57,701,661	57,701,661
Other local sources	396,853	18,670,489	19,067,342
	-		-
Total revenues	<u>\$ 5,770,460</u>	<u>\$ 77,071,298</u>	<u>\$ 82,841,758</u>
Expenditures			
Current:			
Food service	-	76,501,371	76,501,371
Capital outlay	11,195,512	-	11,195,512
	-		-
Total expenditures	<u>11,195,512</u>	<u>76,501,371</u>	<u>87,696,883</u>
Excess (deficiency) of revenues over expenditures	<u>(5,425,052)</u>	<u>569,927</u>	<u>(4,855,125)</u>
Fund balance - July 1, 2013	<u>17,423,682</u>	<u>22,486,579</u>	<u>39,910,261</u>
Fund balance - June 30, 2014	<u>\$ 11,998,630</u>	<u>\$ 23,056,506</u>	<u>\$ 35,055,136</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, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Shelby County	\$ 21,597,267	\$ 6,479,787	\$ 5,373,607	\$ (1,106,180)
Other local sources	<u>346,000</u>	<u>346,000</u>	<u>396,853</u>	<u>50,853</u>
Total revenues	<u>21,943,267</u>	<u>6,825,787</u>	<u>5,770,460</u>	<u>(1,055,327)</u>
Expenditures				
Capital Outlay	<u>21,943,267</u>	<u>70,208,948</u>	<u>10,550,000</u>	<u>59,658,948</u>
Total expenditures	<u>21,943,267</u>	<u>70,208,948</u>	<u>10,550,000</u>	<u>59,658,948</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ (63,383,161)</u>	(4,779,540)	<u>\$ 58,603,621</u>
Change in reserve for encumbrances			<u>(645,512)</u>	
Net change in fund balances (GAAP basis)			(5,425,052)	
Fund balance - July 1, 2013			<u>17,423,682</u>	
Fund balance - June 30, 2014			<u>\$ 11,998,630</u>	

See independent auditor's report

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the year ended June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 3,305,913	\$ 3,305,913	\$ 699,148	\$ (2,606,765)
Federal Government	58,322,209	58,322,209	57,701,661	(620,548)
Other local sources	21,905,871	21,905,871	18,670,489	(3,235,382)
Total revenues	<u>83,533,993</u>	<u>83,533,993</u>	<u>77,071,298</u>	<u>(6,462,695)</u>
Expenditures				
Current				
Labor	37,324,075	37,316,389	32,545,074	4,771,315
Food	32,254,180	32,333,710	32,390,288	(56,578)
Supplies	-	1,533,728	780,839	752,889
Equipment	2,959,186	2,959,186	2,308,357	650,829
Other	15,043,970	13,438,398	8,202,823	5,235,575
Total expenditures	<u>87,581,411</u>	<u>87,581,411</u>	<u>76,227,381</u>	<u>11,354,030</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (4,047,418)</u>	<u>\$ (4,047,418)</u>	843,917	<u>\$ 4,891,335</u>
Change in reserve for encumbrances			<u>(273,990)</u>	
Net change in fund balances (GAAP basis)			569,927	
Fund balance - July 1, 2013			<u>22,486,579</u>	
Fund balance - June 30, 2014			<u>\$ 23,056,506</u>	

See independent auditor's report

**COMBINING INFORMATION
INTERNAL SERVICE FUNDS**



**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014**

**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	\$ 32,849,262	\$ 3,955,734	\$ -	\$ 322,839	\$ 187,641	\$ -	\$ 37,315,476
Investments	300,000	-	-	-	-	-	300,000
Due from general fund	-	-	-	-	-	-	-
Due to group insurance fund	-	-	-	-	-	-	-
Receivable from state	-	-	-	-	-	-	-
Receivable from other	1,006,864	-	-	-	-	796,124	1,802,988
Due from general fund	-	-	-	-	99,824	-	99,824
Prepaid Items	-	-	-	-	-	-	-
Total assets	34,156,126	3,955,734	-	322,839	287,465	796,124	39,518,288
Liabilities							
Current liabilities:							
Accounts payable and other accrued liabilities	112,634	165,969	-	19,804	45,653	-	344,060
Insurance claims and premiums payable	12,905,549	-	-	-	-	-	12,905,549
Due to general fund	-	-	-	-	-	777,848	777,848
Accrued vacation	3,926	268	-	11,415	40,146	-	55,755
Noncurrent liabilities:							
Accrued vacation	9,613	4,447	-	26,045	40,146	-	80,251
Total liabilities	13,031,722	170,684	-	57,264	125,945	777,848	14,163,463
Net Position							
Unrestricted	<u>\$ 21,124,404</u>	<u>\$ 3,785,050</u>	<u>\$ -</u>	<u>\$ 265,575</u>	<u>\$ 161,520</u>	<u>\$ 18,276</u>	<u>\$ 25,354,825</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, 2014**

	Group Insurance Fund	Unemployment Fund	OPEB Fund
Operating revenues			
Charges for services	\$ 424,113	\$ -	\$ -
Employee contributions	60,142,818	-	11,480,737
Board contributions	67,064,862	4,821,779	44,041,140
Medicare	1,545,800	-	-
Total operating revenues	<u>129,177,593</u>	<u>4,821,779</u>	<u>55,521,877</u>
Operating expenses			
Personnel services	694,339	93,867	-
Material and supplies	-	-	-
Claims incurred	110,733,264	5,660,262	28,052,557
Life insurance premiums	3,176,064	-	1,440,974
Health insurance premiums	-	-	9,963,699
Administrative expenses	4,844,893	-	16,064,647
Total operating expenses	<u>119,448,560</u>	<u>5,754,129</u>	<u>55,521,877</u>
Operating income (loss)	9,729,033	(932,350)	-
Nonoperating revenues (expenses)			
Interest income	<u>37,134</u>	<u>5,304</u>	-
Change in net position	9,766,167	(927,046)	-
Net position			
July 1, 2013	<u>11,358,237</u>	<u>4,712,096</u>	-
June 30, 2014	<u>\$ 21,124,404</u>	<u>\$ 3,785,050</u>	<u>\$ -</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 576,615	\$ 2,389,877	\$ 2,463,570	\$ 5,854,175
-	-	-	71,623,555
-	-	-	115,927,781
-	-	-	1,545,800
<u>576,615</u>	<u>2,389,877</u>	<u>2,463,570</u>	<u>194,951,311</u>
541,252	1,310,848	800,789	3,441,095
147,190	651,984	469,591	1,268,765
-	-	-	144,446,083
-	-	-	4,617,038
-	-	-	9,963,699
16,545	426,750	1,174,914	22,527,749
<u>704,987</u>	<u>2,389,582</u>	<u>2,445,294</u>	<u>186,264,429</u>
(128,372)	295	18,276	8,686,882
386	185	-	43,009
(127,986)	480	18,276	8,729,891
<u>393,561</u>	<u>161,040</u>	<u>-</u>	<u>16,624,934</u>
<u>\$ 265,575</u>	<u>\$ 161,520</u>	<u>\$ 18,276</u>	<u>\$ 25,354,825</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2014**

	Group Insurance Fund	Unemployment Fund
Cash Flows From Operating Activities		
Receipts for interfund services provided	\$ 71,218,902	\$ 4,821,779
Receipts from employees	60,142,818	-
Payments to suppliers	-	-
Payments to employees for salaries and benefits	(690,438)	(98,582)
Payments to other division funds	-	-
Payments for life insurance premiums	(3,176,064)	-
Payments for health insurance premiums	-	-
Payments for insurance and unemployment claims	<u>(126,457,786)</u>	<u>(5,512,453)</u>
Net cash provided (used) by operating activities	<u>1,037,432</u>	<u>(789,256)</u>
Cash Flows From Investing Activities		
Purchase of investments	(300,000)	-
Interest received	<u>37,134</u>	<u>5,304</u>
Net cash provided (used) by investing activities	<u>(262,866)</u>	<u>5,304</u>
Net Increase (Decrease) in cash and cash equivalents	774,566	(783,952)
Cash and cash equivalents at beginning of year	<u>32,074,696</u>	<u>4,739,686</u>
Cash and cash equivalents at end of year	<u>\$ 32,849,262</u>	<u>\$ 3,955,734</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ 9,729,033	\$ (932,350)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Receivables	2,184,127	-
Accrued liabilities	<u>(10,875,728)</u>	<u>143,094</u>
Net cash provided (used) by operating activities	<u>\$ 1,037,432</u>	<u>\$ (789,256)</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

OPEB Fund	Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 44,041,140	\$ 576,615	\$ 2,290,053	\$ 1,667,446	\$ 124,615,935
11,480,737	-	-	-	71,623,555
-	(172,492)	(1,078,734)	(469,591)	(1,720,817)
-	(540,509)	(1,228,150)	(800,789)	(3,358,468)
-	-	-	(397,066)	(397,066)
(1,440,974)	-	-	-	(4,617,038)
(9,963,699)	-	-	-	(9,963,699)
<u>(44,117,204)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,087,443)</u>
-	(136,386)	(16,831)	-	94,959
-	-	-	-	(300,000)
-	386	185	-	43,009
-	386	185	-	(256,991)
-	(136,000)	(16,646)	-	(162,032)
-	458,839	204,287	-	37,477,508
<u>\$ -</u>	<u>\$ 322,839</u>	<u>\$ 187,641</u>	<u>\$ -</u>	<u>\$ 37,315,476</u>
\$ -	\$ (128,372)	\$ 295	\$ 18,276	\$ 8,686,882
-	-	(99,824)	(796,124)	1,288,179
-	(8,014)	82,698	777,848	(9,880,102)
<u>\$ -</u>	<u>\$ (136,386)</u>	<u>\$ (16,831)</u>	<u>\$ -</u>	<u>\$ 94,959</u>

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Other Supplementary Statements and Schedules



STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the year ended June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Assets				
Cash and cash equivalents	\$ 12,082,178	\$ 28,855,302	\$ 27,746,071	\$ 13,191,409
Investments	671,257	669,505	671,257	669,505
Other receivables	192,492	253,043	192,492	253,043
Inventories	171,606	145,777	171,606	145,777
Total assets	<u>\$ 13,117,533</u>	<u>\$ 29,923,627</u>	<u>\$ 28,781,426</u>	<u>\$ 14,259,734</u>
Liabilities				
Accounts payable	\$ 107,684	\$ 150,416	\$ 107,684	\$ 150,416
Due to student general fund	8,027,991	7,387,853	6,855,532	8,560,312
Due to student groups	4,981,858	21,629,535	21,062,387	5,549,006
Total liabilities	<u>\$ 13,117,533</u>	<u>\$ 29,167,804</u>	<u>\$ 28,025,603</u>	<u>\$ 14,259,734</u>

See independent auditor's report

**SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
June 30, 2014**

**SHELBY COUNTY
BOARD OF EDUCATION**

	<u>Land</u>	<u>Construction in Progress</u>	<u>Intangibles</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Totals</u>
Cost:						
Unallocated	\$ 336,895	\$ 3,747,250	\$ -	\$ -	\$ -	\$ 4,084,145
Instruction	41,857,073	-	-	1,435,328,303	121,062,962	1,598,248,338
Instructional support	-	-	-	17,925,867	11,087,606	29,013,473
Student support	1,782	-	-	4,637,125	1,403,930	6,042,837
Office of principal	23,367	-	-	21,141,579	4,818,906	25,983,852
General administration	3,262,220	-	5,671,376	50,098,150	31,481,013	90,512,759
Fiscal services	-	-	-	-	413,188	413,188
Other support services	-	-	-	-	1,613,793	1,613,793
Student transportation	-	-	-	164,142	20,355,557	20,519,699
Plant services	63,112	-	-	4,722,088	11,874,690	16,659,890
Community service	-	-	-	-	1,529,573	1,529,573
Food service	56,438	-	-	86,948,424	13,866,211	100,871,073
Totals	\$ 45,600,887	\$ 3,747,250	\$ 5,671,376	\$ 1,620,965,678	\$ 219,507,429	\$ 1,895,492,620
Accumulated depreciation:						
Unallocated	-	-	-	-	-	-
Instruction	-	-	-	546,384,422	98,376,326	644,760,748
Instructional support	-	-	-	10,752,705	5,619,757	16,372,462
Student support	-	-	-	1,755,620	742,080	2,497,700
Office of principal	-	-	-	8,144,415	2,984,618	11,129,033
General administration	-	-	567,138	20,457,269	29,776,193	50,800,600
Fiscal services	-	-	-	-	330,535	330,535
Other support services	-	-	-	-	781,509	781,509
Student transportation	-	-	-	164,142	16,436,943	16,601,085
Plant services	-	-	-	3,481,456	10,007,313	13,488,769
Community service	-	-	-	-	931,575	931,575
Food service	-	-	-	32,925,976	8,162,599	41,088,575
Totals	\$ -	\$ -	\$ 567,138	\$ 624,066,005	\$ 174,149,448	\$ 798,782,591
Net book value:						
Unallocated	336,895	3,747,250	-	-	-	4,084,145
Instruction	41,857,073	-	-	888,943,881	22,686,636	953,487,590
Instructional support	-	-	-	7,173,162	5,467,849	12,641,011
Student support	1,782	-	-	2,881,505	661,850	3,545,137
Office of principal	23,367	-	-	12,997,164	1,834,288	14,854,819
General administration	3,262,220	-	5,104,238	29,640,881	1,704,820	39,712,159
Fiscal services	-	-	-	-	82,653	82,653
Other support services	-	-	-	-	832,284	832,284
Student transportation	-	-	-	-	3,918,614	3,918,614
Plant services	63,112	-	-	1,240,632	1,867,377	3,171,121
Community service	-	-	-	-	597,998	597,998
Food service	56,438	-	-	54,022,448	5,703,612	59,782,498
Totals	\$ 45,600,887	\$ 3,747,250	\$ 5,104,238	\$ 996,899,673	\$ 45,357,981	\$ 1,096,710,029

See independent auditor's report

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**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2014**

Function	Balance July 1, 2013	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2014
Unallocated					
Land	\$ 449,385	\$ -	\$ -	\$ (112,490)	\$ 336,895
Construction in Progress	11,540,566	(14,372,779)	6,579,463	-	3,747,250
Totals	11,989,951	(14,372,779)	6,579,463	(112,490)	4,084,145
Instruction					
Land	53,669,576	-	-	(11,812,501)	41,857,075
Buildings and Improvements	1,714,127,130	7,907,974	-	(286,712,594)	1,435,322,510
Machinery and Equipment	134,145,633	-	1,089,884	(14,172,554)	121,062,963
Totals	1,901,942,339	7,907,974	1,089,884	(312,697,649)	1,598,242,548
Instructional support					
Buildings and Improvements	17,925,867	-	-	-	17,925,867
Machinery and Equipment	12,427,486	-	-	(1,339,880)	11,087,606
Totals	30,353,353	-	-	(1,339,880)	29,013,473
Student support					
Land	29,776	-	-	(27,994)	1,782
Buildings and Improvements	5,821,747	27,078	-	(1,211,699)	4,637,126
Machinery and Equipment	3,009,760	-	-	(1,605,831)	1,403,929
Totals	8,861,283	27,078	-	(2,845,524)	6,042,837
Office of principal					
Land	220,778	-	-	(197,411)	23,367
Buildings and Improvements	25,312,811	115,747	-	(4,286,979)	21,141,579
Machinery and Equipment	5,938,963	-	-	(1,120,057)	4,818,906
Totals	31,472,552	115,747	-	(5,604,447)	25,983,852
General administration					
Land	3,262,220	-	-	-	3,262,220
Buildings and Improvements	50,149,834	-	69,850	(115,742)	50,103,942
Machinery and Equipment	33,005,173	-	10,754	(1,534,914)	31,481,013
Intangible Assets	-	5,671,376	-	-	5,671,376
Totals	86,417,227	5,671,376	80,604	(1,650,656)	90,518,551
Fiscal services					
Machinery and Equipment	498,545	-	-	(85,357)	413,188
Totals	498,545	-	-	(85,357)	413,188
Other support services					
Machinery and Equipment	1,988,725	-	-	(374,932)	1,613,793
Totals	1,988,725	-	-	(374,932)	1,613,793
Student transportation					
Buildings and Improvements	164,142	-	-	-	164,142
Machinery and Equipment	22,101,242	-	-	(1,745,685)	20,355,557
Totals	22,265,384	-	-	(1,745,685)	20,519,699
Plant services					
Land	63,112	-	-	-	63,112
Buildings and Improvements	4,722,088	-	-	-	4,722,088
Machinery and Equipment	13,256,598	-	390,490	(1,772,399)	11,874,689
Totals	18,041,798	-	390,490	(1,772,399)	16,659,889
Community service					
Machinery and Equipment	1,743,565	-	-	(213,992)	1,529,573
Totals	1,743,565	-	-	(213,992)	1,529,573
Food service					
Land	688,482	-	-	(632,045)	56,437
Buildings and Improvements	104,228,602	650,604	-	(17,930,782)	86,948,424
Machinery and Equipment	16,719,593	-	600,361	(3,453,743)	13,866,211
Totals	121,636,677	650,604	600,361	(22,016,570)	100,871,072
Grand Totals					
Land	\$ 58,383,329	\$ -	\$ -	\$ (12,782,441)	\$ 45,600,888
Construction in progress	11,540,566	(14,372,779)	6,579,463	-	3,747,250
Buildings and Improvements	1,922,452,221	8,701,403	69,850	(310,257,796)	1,620,965,678
Machinery and Equipment	244,835,283	-	2,091,489	(27,419,344)	219,507,428
Intangible Assets	-	5,671,376	-	-	5,671,376
Totals	\$ 2,237,211,399	\$ -	\$ 8,740,802	\$ (350,459,581)	\$ 1,895,492,620

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Balance July 1, 2013	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2014	Net book value June 30, 2014
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,895
-	-	-	-	-	3,747,250
-	-	-	-	-	4,084,145
-	-	-	-	-	41,857,075
595,750,313	-	44,333,966	(93,699,857)	546,384,422	888,938,088
98,377,894	-	8,957,054	(8,958,623)	98,376,325	22,686,638
694,128,207	-	53,291,020	(102,658,480)	644,760,747	953,481,801
9,853,300	-	899,405	-	10,752,705	7,173,162
4,262,661	-	2,017,067	(659,971)	5,619,757	5,467,849
14,115,961	-	2,916,472	(659,971)	16,372,462	12,641,011
-	-	-	-	-	1,782
1,969,384	-	157,988	(371,752)	1,755,620	2,881,506
1,271,862	-	242,482	(772,264)	742,080	661,849
3,241,246	-	400,470	(1,144,016)	2,497,700	3,545,137
-	-	-	-	-	23,367
8,880,354	-	660,102	(1,396,041)	8,144,415	12,997,164
2,525,554	-	959,760	(500,696)	2,984,618	1,834,288
11,405,908	-	1,619,862	(1,896,737)	11,129,033	14,854,819
-	-	-	-	-	3,262,220
19,144,090	-	1,353,568	(40,389)	20,457,269	29,646,673
30,640,295	-	611,705	(1,475,807)	29,776,193	1,704,820
-	-	567,138	-	567,138	5,104,238
49,784,385	-	2,532,411	(1,516,196)	50,800,600	39,717,951
299,831	-	84,769	(54,065)	330,535	82,653
299,831	-	84,769	(54,065)	330,535	82,653
719,069	-	289,364	(226,924)	781,509	832,284
719,069	-	289,364	(226,924)	781,509	832,284
164,142	-	-	-	164,142	-
16,196,061	-	1,643,784	(1,402,902)	16,436,943	3,918,614
16,360,203	-	1,643,784	(1,402,902)	16,601,085	3,918,614
-	-	-	-	-	63,112
3,364,527	-	116,929	-	3,481,456	1,240,632
9,884,353	-	1,419,824	(1,296,864)	10,007,313	1,867,376
13,248,880	-	1,536,753	(1,296,864)	13,488,769	3,171,120
736,377	-	286,617	(91,419)	931,575	597,998
736,377	-	286,617	(91,419)	931,575	597,998
-	-	-	-	-	56,437
36,083,897	-	2,701,802	(5,859,723)	32,925,976	54,022,448
9,113,008	-	1,086,167	(2,036,576)	8,162,599	5,703,612
45,196,905	-	3,787,969	(7,896,299)	41,088,575	59,782,497
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,600,888
-	-	-	-	-	3,747,250
675,210,007	-	50,223,760	(101,367,762)	624,066,005	996,899,673
174,026,966	-	17,598,593	(17,476,111)	174,149,448	45,357,980
-	-	567,138	-	567,138	5,104,238
\$ 849,236,973	\$ -	\$ 68,389,491	\$ (118,843,873)	\$ 798,782,591	\$ 1,096,710,029

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
For the year ended June 30, 2014

Description/ Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2013
Due to State of Tennessee			
December 2002 to December 2015	0.00	\$ 6,651,638	\$ 1,425,353
December 2004 to December 2018	0.00	1,084,000	433,598
ENA Claim Obligations	0.00	14,870,022	-
Legal Claims Payable		4,251,400	2,932,900
Total		<u>26,857,060</u>	<u>4,791,851</u>
Accrued Vacation			10,131,723
Post Employment Benefits			<u>237,617,725</u>
Total Long-term Obligations		<u>\$ 26,857,060</u>	<u>\$ 252,541,299</u>

See Independent Auditor's Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Issued</u>	<u>Payments and Retirements</u>	<u>Outstanding June 30, 2014</u>	<u>Current Portion</u>
-	\$ (475,116)	\$ 950,237	\$ 475,117
-	(72,267)	361,331	72,267
14,870,022	(8,000,000)	6,870,022	6,870,022
-	(2,932,900)	-	-
<u>14,870,022</u>	<u>(11,480,283)</u>	<u>8,181,590</u>	<u>7,417,406</u>
3,634,023	(3,116,826)	10,648,920	1,386,918
<u>133,958,866</u>	<u>(77,964,198)</u>	<u>293,612,393</u>	<u>-</u>
<u>\$ 152,462,911</u>	<u>\$ (92,561,307)</u>	<u>\$ 312,442,903</u>	<u>\$ 8,804,324</u>

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
PRINCIPAL AND INTEREST REQUIREMENTS
June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

<u>Year Ending June 30,</u>	<u>ENA Claims Obligation</u>	<u>Due to State of Tennessee</u>	<u>Total</u>
Principal:			
2015	\$ 6,870,022	\$ 547,384	\$7,417,406
2016	-	547,384	547,384
2017	-	72,267	72,267
2018	-	72,267	72,267
2019	-	72,266	72,266
Total	<u>\$ 6,870,022</u>	<u>\$ 1,311,568</u>	<u>\$8,181,590</u>

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

See independent auditor's report.

Statistical Section (unaudited)



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

As stated in the Board's 2013 subsequent events note, 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 2013, there is a disparity in year over year comparisons.

Revenue Capacity

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

Debt Capacity

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

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

Demographic and Economic Information

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

Operating Information

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

Sources

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

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Financial Trends

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

Net Position	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net investment in capital assets	\$ 1,095,398,461	\$ 395,800,108	\$ 401,963,845	\$ 391,964,327
Restricted for:				
Capital projects	11,998,630	105,723	710,469	2,987,803
Insurance Claims	-	2,254,559	3,976,350	9,886,051
Student Activities	-	-	6,344,750	5,954,246
Contracted grant programs	3,075,832	-	-	-
Food service	23,056,506	3,888,773	3,710,791	3,117,887
Education	28,469,654	11,072,259	10,793,684	11,018,457
Unrestricted	<u>(33,468,688)</u>	<u>(225,599,235)</u>	<u>(187,003,125)</u>	<u>(145,756,475)</u>
	<u>\$ 1,128,530,395</u>	<u>\$ 187,522,187</u>	<u>\$ 240,496,764</u>	<u>\$ 279,172,296</u>

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 375,685,630	\$ 376,442,501	\$ 364,559,286	\$ 348,090,522	\$ 310,633,617	\$ 301,560,738
-	-	-	-	-	-
12,296,837	15,050,314	12,495,771	11,448,076	7,891,438	4,127,287
5,505,780	5,109,906	5,244,728	4,366,513	4,576,055	4,152,875
-	-	-	-	-	-
-	-	-	-	-	-
<u>(72,619,489)</u>	<u>(36,674,608)</u>	<u>51,601,141</u>	<u>96,191,834</u>	<u>92,059,649</u>	<u>57,749,829</u>
<u>\$ 320,868,758</u>	<u>\$ 359,928,113</u>	<u>\$ 433,900,926</u>	<u>\$ 460,096,945</u>	<u>\$ 415,160,759</u>	<u>\$ 367,590,729</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses				
Governmental activities:				
Instruction	\$ 1,096,495,154	\$ 278,662,284	\$ 285,400,355	\$ 285,666,544
Instructional support	60,741,347	-	-	-
Student support	113,550,075	793,703	14,703,893	14,418,064
Office of principal	94,262,960	-	-	-
General administration	25,945,874	49,521,741	44,088,193	40,652,337
Fiscal Services	8,428,601	-	-	-
Other support services	35,303,585	58,631,337	66,474,643	61,614,184
Student transportation	37,650,956	17,406,176	18,492,591	17,436,714
Plant services	110,525,399	29,540,909	29,503,650	29,702,578
Community service	23,778,501	-	-	-
Charter schools	66,987,992	-	-	-
Food service	96,956,709	20,414,717	19,788,229	20,417,615
Interest on long-term debt	111,556	-	-	-
Total government expenses	<u>1,770,738,709</u>	<u>454,970,867</u>	<u>478,451,554</u>	<u>469,908,036</u>
Revenues				
Governmental activities:				
Charges for services				
Instruction	832,927	19,386,822	56,876,008	28,378,425
Food service	18,810,070	10,349,814	8,710,711	8,837,432
Total charges for services	<u>19,642,997</u>	<u>29,736,636</u>	<u>65,586,719</u>	<u>37,215,857</u>
Operating grants and contributions:				
Instruction	530,446,090	211,372,876	191,168,644	211,130,943
Instructional support	64,860,058	-	-	-
Student support	33,792,538	-	-	-
Office of principal	24,734,319	-	-	-
General administration	2,040,439	-	-	-
Fiscal Services	412,071	-	-	-
Other support services	1,367,383	-	-	-
Student transportation	20,541,742	-	-	-
Plant services	97,960,601	-	-	-
Community service	20,932,425	-	-	-
Food service	58,280,508	-	-	-
Total operating grants and contributions	<u>855,368,174</u>	<u>211,372,876</u>	<u>191,168,644</u>	<u>211,130,943</u>
Capital grants and contributions				
Food Services	5,753,509	8,728,662	7,992,816	8,815,568
Total capital grants and contributions	<u>5,753,509</u>	<u>8,728,662</u>	<u>7,992,816</u>	<u>8,815,568</u>
General Revenues and Special Items				
Shelby County	422,599,533	120,421,197	113,303,620	123,693,489
Local option and state sales taxes	159,752,215	36,228,227	42,445,709	41,681,158
Other local sources	5,410,727	1,977,774	19,278,514	5,674,559
Unrestricted investment earnings	230,122	-	-	-
Total general revenues and special items	<u>587,992,597</u>	<u>158,627,198</u>	<u>175,027,843</u>	<u>171,049,206</u>
Total government revenues	<u>1,468,757,277</u>	<u>408,465,372</u>	<u>439,776,022</u>	<u>428,211,574</u>
Change in Net Position	<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</u>	<u>\$ (38,675,532)</u>	<u>\$ (41,696,462)</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>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 281,573,590	\$ 297,446,055	\$ 258,245,547	\$ 198,812,517	\$ 194,215,582	\$ 207,130,912
-	-	-	-	-	-
13,167,287	12,730,436	12,817,333	12,907,839	11,916,422	10,704,142
-	-	-	-	-	-
37,749,659	38,336,298	65,180,856	33,412,849	31,139,434	28,564,889
-	-	-	-	-	-
57,387,741	63,771,411	38,091,575	34,997,141	26,634,366	11,279,011
14,511,725	17,763,536	14,855,058	13,226,899	11,039,191	8,752,461
28,574,903	37,440,159	37,577,451	23,986,248	27,903,767	34,684,741
-	-	-	-	-	-
-	-	-	-	-	-
18,655,802	22,641,606	16,948,161	13,733,335	13,816,592	14,787,683
-	-	-	-	-	-
<u>451,620,707</u>	<u>490,129,501</u>	<u>443,715,981</u>	<u>331,076,828</u>	<u>316,665,354</u>	<u>315,903,839</u>
24,044,448	23,779,653	10,682,099	-	-	-
9,360,007	9,965,659	8,798,034	8,387,232	9,505,142	-
<u>33,404,455</u>	<u>33,745,312</u>	<u>19,480,133</u>	<u>8,387,232</u>	<u>9,505,142</u>	<u>-</u>
204,441,495	192,229,762	196,740,189	160,055,426	170,388,933	158,696,996
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>204,441,495</u>	<u>192,229,762</u>	<u>196,740,189</u>	<u>160,055,426</u>	<u>170,388,933</u>	<u>158,696,996</u>
7,725,811	6,856,395	6,028,044	5,139,767	4,693,463	9,799,372
<u>7,725,811</u>	<u>6,856,395</u>	<u>6,028,044</u>	<u>5,139,767</u>	<u>4,693,463</u>	<u>9,799,372</u>
115,749,031	130,350,062	144,980,432	151,672,646	129,656,278	110,573,651
40,354,509	41,371,984	41,552,519	42,089,107	42,134,312	38,775,666
6,686,244	11,603,173	8,738,645	8,668,836	4,363,255	5,593,329
-	-	-	-	-	-
<u>162,789,784</u>	<u>183,325,219</u>	<u>195,271,596</u>	<u>202,430,589</u>	<u>176,153,845</u>	<u>154,942,646</u>
<u>408,361,545</u>	<u>416,156,688</u>	<u>417,519,962</u>	<u>376,013,014</u>	<u>360,741,383</u>	<u>323,439,014</u>
<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>	<u>\$ 44,936,186</u>	<u>\$ 44,076,029</u>	<u>\$ 7,535,175</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net (expense)/revenue:			
Total primary government net expense	\$ (889,974,029)	\$ (205,132,693)	\$ (213,703,375)
General revenues and other changes in net position:			
Governmental activities:			
Shelby County	422,599,533	120,421,197	113,303,620
Local option and state sales taxes	159,752,215	36,228,227	42,445,709
Other local sources	5,410,727	1,977,774	19,278,514
Unrestricted investment earnings	230,122	-	-
Total primary government	<u>587,992,597</u>	<u>158,627,198</u>	<u>175,027,843</u>
Changes in net position:			
Total primary government	<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</u>	<u>\$ (38,675,532)</u>

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ (212,745,668)	\$ (206,048,946)	\$ (257,298,032)	\$ (221,467,615)	\$ (157,494,403)	\$ (132,077,816)	\$ (147,407,471)
123,693,489	115,749,031	130,350,062	144,980,432	151,672,646	129,656,278	110,573,651
41,681,158	40,354,509	41,371,984	41,552,519	42,089,107	42,134,312	38,775,666
5,674,559	6,686,244	11,603,173	8,738,645	8,668,836	4,363,255	5,593,329
-	-	-	-	-	-	-
<u>171,049,206</u>	<u>162,789,784</u>	<u>183,325,219</u>	<u>195,271,596</u>	<u>202,430,589</u>	<u>176,153,845</u>	<u>154,942,646</u>
<u>\$ (41,696,462)</u>	<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>	<u>\$ 44,936,186</u>	<u>\$ 44,076,029</u>	<u>\$ 7,535,175</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	7,636,851	2,811,900	4,792,583	3,405,416
Restricted	28,469,654	11,072,259	10,793,684	11,018,457
Assigned	34,547,426	-	6,491,029	5,000,000
Unassigned	108,369,481	4,359,928	6,581,657	20,839,274
Total general fund	<u>179,023,412</u>	<u>18,244,087</u>	<u>28,658,953</u>	<u>40,263,147</u>
All other governmental funds:				
Reserved	-	-	-	-
Nonspendable	6,330,708	688,959	676,195	787,743
Restricted	31,800,260	3,994,496	10,766,010	12,059,936
Total all other governmental funds	38,130,968	4,683,455	11,442,205	12,847,679
Total fund balance	<u>\$ 217,154,380</u>	<u>\$ 22,927,542</u>	<u>\$ 40,101,158</u>	<u>\$ 53,110,826</u>

Note:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2010 (1)</u>	<u>2009 (1)</u>	<u>2008 (1)</u>	<u>2007 (1)</u>	<u>2006 (1)</u>	<u>2005 (1)</u>
\$ 18,597,932	\$ 33,347,378	\$ 32,696,069	\$ 23,084,183	\$ 16,991,232	\$ 16,990,090
40,578,285	37,785,903	46,354,662	54,976,638	50,546,726	29,911,235
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,176,217</u>	<u>71,133,281</u>	<u>79,050,731</u>	<u>78,060,821</u>	<u>67,537,958</u>	<u>46,901,325</u>
17,927,077	23,952,700	30,009,892	22,471,705	23,421,171	9,471,698
-	-	-	-	-	-
-	-	-	-	-	-
17,927,077	23,952,700	30,009,892	22,471,705	23,421,171	9,471,698
<u>\$ 77,103,294</u>	<u>\$ 95,085,981</u>	<u>\$ 109,060,623</u>	<u>\$ 100,532,526</u>	<u>\$ 90,959,129</u>	<u>\$ 56,373,023</u>

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
FINANCIAL TRENDS

Governmental Funds Revenues and Expenditures
Last ten fiscal years ending June 30

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues				
City of Memphis	\$ 193,746	\$ -	\$ -	\$ -
Shelby County	557,773,447	121,482,108	128,191,254	124,721,112
State of Tennessee	634,426,006	188,985,681	185,490,183	181,536,876
Federal Government	201,163,016	31,115,853	40,212,975	36,918,593
Other local sources	45,249,153	49,953,953	68,922,213	71,111,264
Total revenues and other financing sources	<u>1,438,805,368</u>	<u>391,537,595</u>	<u>422,816,625</u>	<u>414,287,845</u>
Expenditures				
Current:				
Instruction	768,659,704	241,436,952	245,510,326	241,646,844
Instructional support	52,124,810	-	-	-
Student support	106,787,831	-	13,298,824	13,737,572
Office of principal	82,887,768	26,072,011	25,531,111	25,622,652
General administration	26,488,469	9,907,762	9,411,529	10,551,602
Fiscal services	7,855,712	5,471,541	4,810,908	4,506,823
Other support services	33,621,393	51,488,014	55,757,634	53,469,473
Student transportation	34,924,072	13,599,321	13,821,831	16,473,843
Plant services	105,716,725	26,523,343	27,587,135	27,345,262
Community service	22,176,468	1,156,041	1,232,331	1,191,489
Charter school	66,987,992	-	-	-
Retiree benefits	30,164,526	-	-	-
Food service	76,549,491	17,668,835	16,145,023	17,174,955
Debt Service:				
Principal	547,383	-	-	-
Interest	111,556	-	-	-
Capital outlay	11,195,512	9,038,510	23,510,909	27,234,560
Total expenditures and other financing uses	<u>1,426,799,412</u>	<u>402,362,330</u>	<u>436,617,561</u>	<u>438,955,075</u>
Net change in fund balances	<u>\$ 12,005,956</u>	<u>\$ (10,824,735)</u>	<u>\$ (13,800,936)</u>	<u>\$ (24,667,230)</u>
Debt service as a percentage of noncapital expenditures	0.05%	0.00%	0.00%	0.00%

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
114,999,020	126,992,203	141,072,601	140,155,200	129,509,384	110,244,733
177,946,262	172,343,479	166,457,012	158,700,415	138,073,945	141,949,288
33,548,078	26,260,572	23,069,928	17,462,208	18,880,132	5,612,407
68,756,853	75,284,517	72,265,054	68,354,645	74,131,028	65,303,668
<u>395,250,213</u>	<u>400,880,771</u>	<u>402,864,595</u>	<u>384,672,468</u>	<u>360,594,489</u>	<u>323,110,096</u>
242,803,311	229,570,364	219,055,449	201,636,473	191,215,315	200,501,670
-	-	-	-	-	-
12,609,467	12,730,436	12,817,333	7,942,190	11,525,969	10,704,142
24,870,680	24,457,874	22,206,918	20,290,446	18,726,376	-
11,001,290	9,989,857	15,802,139	10,691,567	11,147,657	28,399,526
4,181,690	3,916,373	3,478,641	2,430,836	1,093,944	-
51,626,205	49,100,493	33,919,912	29,479,923	26,634,366	11,279,011
13,547,018	12,861,583	15,261,734	13,226,899	9,528,710	7,512,242
26,383,747	26,548,983	25,531,497	23,986,248	23,378,375	24,588,848
-	-	-	617,841	390,453	-
-	-	-	-	-	-
-	-	-	-	-	-
15,796,977	15,888,590	14,885,498	13,733,335	13,664,821	14,622,321
-	-	-	-	-	-
-	-	-	-	-	-
14,426,192	30,294,003	31,323,342	51,380,492	18,198,632	47,397,845
<u>417,246,577</u>	<u>415,358,556</u>	<u>394,282,463</u>	<u>375,416,250</u>	<u>325,504,618</u>	<u>345,005,605</u>
<u>\$ (21,996,364)</u>	<u>\$ (14,477,785)</u>	<u>\$ 8,582,132</u>	<u>\$ 9,256,218</u>	<u>\$ 35,089,871</u>	<u>\$ (21,895,509)</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>
2005	\$ 29,911,235	\$ -	\$ 274,002,726	10.92%	
2006	50,546,726	-	269,220,440	18.78%	
2007	54,976,638	-	294,787,648	18.65%	
2008	46,354,662	-	322,811,112	14.36%	
2009	37,785,903	-	345,030,016	10.95%	
2010	40,578,285	-	356,569,488	11.38%	
2011	-	20,839,274	361,832,220		5.76%
2012	-	6,581,657	357,903,038		1.84%
2013	-	4,359,928	353,614,591		1.23%
2014	-	108,369,481	1,169,051,189		9.27%

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
2005	2004	8,212,018,085	4,830,896,025	1,232,343,955
2006	(c) 2005	9,425,210,140	5,471,742,335	1,289,881,700
2007	2006	9,695,032,075	5,441,266,015	1,326,178,545
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685
2009	2008	10,259,997,845	5,530,133,410	1,402,492,320
2010	(c) 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	(c) 2013	9,588,110,655	5,919,308,700	1,533,153,805

Percentage of Total

2005	54.08%	31.81%	8.12%
2006	54.73%	31.78%	7.49%
2007	55.39%	31.09%	7.58%
2008	56.54%	30.70%	7.26%
2009	56.72%	30.57%	7.75%
2010	55.73%	31.98%	7.47%
2011	55.89%	31.67%	7.19%
2012	56.43%	30.68%	7.26%
2013	56.50%	30.03%	7.63%
2014	52.78%	32.58%	8.44%

(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 effect of property reappraisals are reflected in FY 2006, 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			
910,598,020	15,185,856,085	50,841,730,464		29.87%	4.04
1,033,424,138	17,220,258,313	57,726,276,478		29.83%	4.04
1,040,281,497	17,502,758,132	58,862,669,304		29.73%	4.04
975,529,145	17,720,591,975	59,900,899,755		29.58%	4.04
896,680,554	18,089,304,129	61,383,315,080		29.47%	4.04
948,762,385	19,657,378,625	66,374,654,928		29.62%	4.02
1,012,006,455	19,312,088,190	65,216,500,736		29.61%	4.02
1,069,425,931	18,999,484,095	64,287,973,983		29.55%	4.02
1,098,465,902	18,847,860,547	63,834,911,731		29.53%	4.02
1,125,314,171	18,165,887,331	60,586,935,365		29.98%	4.38
5.99%	100.00%	100.00%			
6.00%	100.00%	100.00%			
5.94%	100.00%	100.00%			
5.50%	100.00%	100.00%			
4.96%	100.00%	100.00%			
4.82%	100.00%	100.00%			
5.25%	100.00%	100.00%			
5.63%	100.00%	100.00%			
5.84%	100.00%	100.00%			
6.20%	100.00%	100.00%			

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

SHELBY COUNTY
BOARD OF EDUCATION

Tax Rates Per \$100 Assessed Value						
Fiscal Year	Tax Year	County	County Allocation to Schools	Shelby County Schools Percent of County Allocation	County	Total
2005	2004	4.04	2.03	27.91%	306,872,759	631,213,269
2006	2005	4.04	2.03	28.49%	677,268,537	1,058,215,881
2007	2006	4.04	2.02	29.18%	700,035,777	1,084,913,166
2008	2007	4.04	2.02	30.43%	712,198,714	1,104,675,925
2009	2008	4.04	2.02	30.78%	727,370,529	1,103,174,280
2010	2009	4.02	1.98	31.34%	756,953,165	1,146,300,203
2011	2010	4.02	1.90	30.94%	748,242,682	1,128,415,483
2012	2011	4.02	1.91	30.76%	748,024,787	1,124,747,905
2013	2012	4.02	1.91	31.06%	747,755,679	1,117,753,491
2014	2013	4.38	2.14	100.00%	775,676,738	775,676,738

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

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

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

Name of Taxpayer	2014		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	
Federal Express Corporation	\$ 622,911,806	1	3.43%
Bell South Telecommunications, Inc.	112,025,698	2	0.62%
AT & T Mobility LLC	66,859,445	3	0.37%
Belz Investco Group	64,356,640	4	0.35%
AMISUB (St. Francis Hospital)	64,234,085	5	0.35%
G& I VII Retail Carriage LLC	59,254,960	6	0.33%
Galleria at Wolfchase, LLC	58,318,190	7	0.32%
Kroger Companies	56,429,080	8	0.31%
Lightman Michael A (and affiliated LPs)	54,608,625	9	0.30%
Boyle Investment Co	47,973,495	10	0.26%
Total Assessed Valuation of Top 10 Taxpayers	1,206,972,024		6.64%
Balance of Assessed Valuation	16,958,915,307		93.36%
Total Assessed Valuation	<u>\$18,165,887,331</u>		<u>100.00%</u>

**SHELBY COUNTY
BOARD OF EDUCATION**

Name of Taxpayer	2005		Rank	Percentage of Total
	Taxable Assessed			Taxable Assessed
	Value			Value
Federal Express Corporation	\$ 366,735,073	1		2.42%
Bell South Telecommunications, Inc.	182,464,170	2		1.20%
Belz Investco Group	83,166,650	3		0.55%
Galleria at Wolfchase, LLC	53,899,240	4		0.36%
Union Planters National Bank	35,762,770	5		0.24%
AMISUB (St. Francis Hospital)	32,889,680	6		0.22%
Northwest Airlines	32,099,591	7		0.21%
Mid-America Apartments	30,535,785	8		0.20%
First Tennessee Bank	28,294,175	9		0.19%
The Premcor Refining Company	24,646,770	10		0.16%
	870,493,904			5.75%
	14,285,714,125			94.25%
	<u>\$ 15,156,208,029</u>			<u>100.00%</u>

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Debt Capacity



STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEBT CAPACITY
Outstanding Debt by Type
Last ten fiscal years ending June 30

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal year	Governmental activities			Total primary government	Percentage of personal income	Per capita
	ENA Claims	State of Tennessee QZAB	Capital leases			
2014	\$ 6,870,022	\$ 1,311,568	-	\$ 8,181,590	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
2005	-	15,185,856,085	—	50,841,730,464	—	913,201	—
2006	-	17,220,258,313	—	57,726,276,478	—	920,106	—
2007	-	17,502,758,132	—	58,862,669,304	—	921,119	—
2008	-	17,720,591,975	—	59,900,899,755	—	920,685	—
2009	-	18,089,304,129	—	61,383,315,080	—	922,541	—
2010	-	19,657,378,625	—	66,374,654,928	—	928,930	—
2011	-	19,312,088,190	—	65,216,500,736	—	935,088	—
2012	-	18,999,484,095	—	64,287,973,983	—	940,764	—
2013	-	18,847,860,547	—	63,834,911,731	—	939,465	—
2014	1,311,588	18,165,887,331	0.01	60,586,935,365	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>
2005	\$ -	\$ 307,482,006	0.00%
2006	-	311,101,794	0.00%
2007	-	280,716,492	0.00%
2008	-	360,009,011	0.00%
2009	-	324,388,914	0.00%
2010	-	368,898,224	0.00%
2011	-	405,372,539	0.00%
2012	-	388,062,941	0.00%
2013	-	370,786,207	0.00%
2014	658,939	1,418,058,610	0.05%

Source: Shelby County Schools Financial Statements

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Demographic and Economic Information



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

SHELBY COUNTY
BOARD OF EDUCATION

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2004	909,643	33,095,510	36,383	6.1%
2005	913,201	34,129,205	37,373	6.2%
2006	920,106	36,103,204	39,238	5.7%
2007	921,119	37,635,149	40,858	5.3%
2008	920,685	37,507,530	40,739	7.0%
2009	922,541	35,742,501	38,744	10.1%
2010	928,930	37,057,190	39,892	10.0%
2011	935,088	38,116,646	40,763	9.9%
2012	940,764	39,896,975	42,409	9.1%
2013	939,465	N/A	N/A	9.7%
2014	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	2014		
	Employees	Rank	Percentage of Total City Employment
Federal Express Corporation	32,000	1	5.82%
Shelby County Schools (a)	16,000	2	2.91%
Tennessee State Government	14,400	3	2.62%
United States Government	13,900	4	2.53%
Methodist Le Bonheur Healthcare	10,175	5	1.85%
Baptist Memorial Health Care Corp.	8,587	6	1.56%
City of Memphis	6,848	7	1.25%
Wal-Mart Stores, Inc.	6,000	8	1.09%
Shelby County Government	5,662	9	1.03%
Naval Support Activity Mid-South	4,600	10	0.84%
Total	118,172		21.50%

Notes:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2005			
Name of Employer	Employees	Rank	Percentage of Total City Employment
Federal Express Corporation	30,000	1	3.83%
Memphis City Schools (a)	15,240	2	1.95%
United States Government	14,800	3	1.89%
Methodist Le Bonheur Healthcare	7,271	4	0.93%
Baptist Memorial Health Care Corp.	6,951	5	0.89%
City of Memphis	6,698	6	0.86%
Wal-Mart Stores, Inc.	6,600	7	0.84%
Shelby County Government	6,513	8	0.83%
Naval Support Activity Mid-South	6,372	9	0.81%
Shelby County Schools (a)	5,200	10	0.66%
Total	105,645		13.49%

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Operating Information

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

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

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

Cost Per Pupil	Percentage Change	Teaching Staff	Pupil-Teacher Ratio
\$ 5,912	11.39	2,608	20.49
5,764	(2.51)	2,689	20.43
5,939	3.05	2,825	19.74
7,812	31.54	2,944	19.29
8,674	11.04	2,998	18.85
7,936	(8.51)	3,066	18.56
8,367	5.43	3,036	18.50
8,727	4.30	3,040	18.03
8,289	(5.02)	2,930	18.73
9,064	9.35	5,002	39.06

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

Fiscal Year	Shelby County Schools		Memphis City Schools	
	Weighted Full-time Equivalent Average Daily Attendance	Percent of Total	Weighted Full-time Average Daily Attendance	Percent of Total
2004	56,039	29.31%	135,183	70.69%
2005	53,435	27.91%	138,043	72.09%
2006	54,943	28.49%	137,932	71.51%
2007	55,745	29.18%	135,268	70.82%
2008	56,799	30.43%	129,872	69.57%
2009	56,503	30.78%	127,073	69.22%
2010	56,905	31.34%	124,691	68.66%
2011	56,162	30.94%	125,369	69.06%
2012	54,823	30.76%	123,400	69.24%
2013	54,887	31.06%	121,806	68.94%
2014	195,359	100.00%	N/A	N/A

Notes:

- (a) In 2013, Memphis City Schools and Shelby County Schools merged, and Memphis City Schools ceased.
- (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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Full Time Staff					
Officials/Administration/Management	154	29	28	23	161
Principals	179	51	51	51	52
Assistant Principals, Non-Teachers	193	119	121	120	123
Elementary Classroom Teachers	2,542	2,063	2,145	2,141	2,199
Secondary Classroom Teachers	2,056	836	868	867	835
Other Classroom Teachers	2,210	31	28	28	32
Guidance	250	125	123	122	122
Psychological	72	9	9	9	9
Librarian/Audiovisual	176	55	58	59	60
Consultants/Supervisors	83	35	36	30	27
Other Professional	375	186	186	152	153
Teachers Aides	1,566	574	606	614	624
Technicians	120	-	-	-	-
Clerical/Secretarial	689	320	384	354	360
Service Workers	1,088	759	679	594	659
Skilled Crafts	141	156	158	147	151
Laborers Unskilled	268	-	-	-	-
Totals	<u>12,162</u>	<u>5,348</u>	<u>5,480</u>	<u>5,311</u>	<u>5,567</u>
Part-Time Staff					
Totals	1,772	57	56	65	92
New Hires					
Totals	1,281	488	N/A	N/A	N/A

N/A - Not available

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
27	26	23	17	19
51	51	48	48	46
124	117	107	109	106
2,153	2,144	2,073	1,957	1,890
813	774	729	710	692
31	27	23	22	27
118	105	92	92	87
8	8	7	7	8
58	56	52	53	48
23	13	13	9	15
145	133	128	120	142
607	553	518	462	435
-	-	-	-	-
361	338	337	238	233
740	684	652	600	581
151	155	155	145	150
-	-	-	-	274
<u>5,410</u>	<u>5,184</u>	<u>4,957</u>	<u>4,589</u>	<u>4,753</u>
94	84	56	56	57
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	2014	2013	2012	2011
A. B. Hill ES (2002)				
Square Feet	79,293			
Classrooms	43			
Design Capacity	860			
Enrollment	243			
A. Maceo Walker MS (2002)				
Square Feet	136,253			
Classrooms	47			
Design Capacity	1116			
Enrollment	419			
Administration Building (1962)				
Square Feet	172,942			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Airways MS (1968)				
Square Feet	139,338			
Classrooms	33			
Design Capacity	823			
Enrollment	260			
Alcy ES (1965)				
Square Feet	60,313			
Classrooms	30			
Design Capacity	600			
Enrollment	293			
Alton ES (1969)				
Square Feet	55,934			
Classrooms	30			
Design Capacity	600			
Enrollment	301			
Alturia ES (1976)				
Square Feet	88,321	88,321	88,321	88,321
Classrooms	55	55	55	55
Design Capacity	1,100	1,100	1,100	1,100
Enrollment	799	787	750	759
American Way MS (2003)				
Square Feet	140,970			
Classrooms	46			
Design Capacity	1093			
Enrollment	672			
Appling MS (1995)				
Square Feet	96,000	96,000	96,000	96,000
Classrooms	50	50	50	50
Design Capacity	1,250	1,250	1,250	1,250
Enrollment	590	652	706	744
Arlington ES (1972)				
Square Feet	87,949	87,949	87,949	87,949
Classrooms	58	58	58	58
Design Capacity	1,160	1,160	1,160	1,160
Enrollment	936	920	935	920
Arlington HS (2004)				
Square Feet	327,069	327,069	327,069	327,069
Classrooms	116	116	116	116
Design Capacity	2,320	2,320	2,320	2,320
Enrollment	2,168	2,314	2,356	2,408

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
753	772	812	795	800	712
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
745	706	885	856	879	892
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
890	1,200	1,133	946	771	621
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
2,200	2,016	1,880	1,346	795	383

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Arlington MS (2000)				
Square Feet	91,097	91,097	91,097	91,097
Classrooms	56	56	56	56
Design Capacity	1,400	1,400	1,400	1,400
Enrollment	1,247	1,201	1,139	1,115
Avon-Lennox ES (1956)				
Square Feet	33,242			
Classrooms	23			
Design Capacity	Not Available			
Enrollment	0			
B.T. Washington HS (1949)				
Square Feet	202,918			
Classrooms	37			
Design Capacity	964			
Enrollment	385			
Bailey Station ES (2005)				
Square Feet	113,691	113,691	113,691	113,691
Classrooms	64	64	64	64
Design Capacity	1,280	1,280	1,280	1,280
Enrollment	847	909	907	955
Barret's ES (1960)				
Square Feet	81,021	81,021	81,021	81,021
Classrooms	33	33	33	33
Design Capacity	740	660	660	660
Enrollment	304	302	293	274
Bartlett ES (1990)				
Square Feet	104,630	104,630	104,630	104,630
Classrooms	65	65	65	65
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	872	877	841	776
Bartlett HS (1962)				
Square Feet	220,160	220,160	220,160	220,160
Classrooms	109	109	109	109
Design Capacity	2,180	2,180	2,180	2,180
Enrollment	2,009	1,840	1,660	1,538
Bellevue MS (1928)				
Square Feet	93,972			
Classrooms	29			
Design Capacity	724			
Enrollment	481			
Belle Forest Community School (2013)				
Square Feet	106,000	106,000		
Classrooms	56	56		
Design Capacity	1,142	1,142		
Enrollment	866	884		
Berclair ES (1952)				
Square Feet	46,139			
Classrooms	27			
Design Capacity	540			
Enrollment	596			
Bethel Grove ES (1932)				
Square Feet	54,324			
Classrooms	31			
Design Capacity	620			
Enrollment	265			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,098	1,094	1,359	1,278	1,134	958
113,691	113,691	113,691	113,691	113,691	
64	64	64	64	64	
1,280	1,280	1,280	1,280	1,280	
901	860	871	835	653	
81,021	81,021	81,021	81,021	81,021	81,021
33	33	33	33	33	33
660	660	660	660	660	660
264	266	269	287	301	333
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
811	889	908	976	973	1,023
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
1,478	1,434	1,560	1,565	1,750	1,888

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Bolton HS (1960)				
Square Feet	293,200	293,200	293,200	293,200
Classrooms	106	103	103	103
Design Capacity	2,597	2,060	2,060	2,060
Enrollment	1,943	1,942	1,940	1,956
Bond Building (1984)				
Square Feet	57,600			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Bon Lin ES (2005)				
Square Feet	110,658	110,658	110,658	110,658
Classrooms	63	63	63	63
Design Capacity	1,260	1,260	1,260	1,260
Enrollment	837	830	808	874
Bon Lin MS (2008)				
Square Feet	111,442	111,442	111,442	111,442
Classrooms	52	52	52	52
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	614	613	654	673
Brookmeade ES (1960)				
Square Feet	52,991			
Classrooms	27			
Design Capacity	540			
Enrollment	281			
Brownsville Rd ES (1964)				
Square Feet	66,545			
Classrooms	44			
Design Capacity	880			
Enrollment	607			
Bruce ES (1999)				
Square Feet	68,491			
Classrooms	37			
Design Capacity	740			
Enrollment	337			
Caldwell ES (1956)				
Square Feet	Closed Leased to Charter School			
Classrooms	104,656			
Design Capacity	66			
Enrollment	Closed Leased to Charter School			
	Closed Leased to Charter School			
Caldwell-Guthrie ES (2000)				
Square Feet	Caldwell ES combined with Caldwell ES combined with Guthrie ES in 2011.			
Classrooms	78,829			
Design Capacity	42			
Enrollment	840			
	287			
Carnes ES (1951)				
Square Feet	74,000			
Classrooms	38			
Design Capacity	760			
Enrollment	250			
Carver HS (1958)				
Square Feet	167,088			
Classrooms	43			
Design Capacity	1,120			
Enrollment	326			
Central HS (1911)				
Square Feet	283,230			
Classrooms	71			
Design Capacity	1,740			
Enrollment	1,595			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,847	1,877	1,975	2,129	2,267	2,371
110,658	110,658	110,658	110,658	110,658	
63	63	63	63	63	
1,260	1,260	1,260	1,260	1,260	
833	766	762	741	694	
111,442	111,442				
52	52				
1,300	1,300				
669	549				

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
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	
Classrooms	N/A	N/A	N/A	
Design Capacity	Not Available	Not Available	Not Available	
Enrollment	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			
Classrooms	24			
Design Capacity	480			
Enrollment	415			
Cherokee ES (1951)				
Square Feet	61,286			
Classrooms	43			
Design Capacity	860			
Enrollment	431			
Chickasaw MS (1971)				
Square Feet	138,044			
Classrooms	32			
Design Capacity	798			
Enrollment	472			
Chimneyrock ES				
Square Feet	90,611			
Classrooms	50			
Design Capacity	1,000			
Enrollment	809			
Coleman ES (1910)				
Square Feet	118,617			
Classrooms	32			
Design Capacity	653			
Enrollment	449			
Collierville ES (1968)				
Square Feet	114,081	114,081	114,081	114,081
Classrooms	66	66	66	66
Design Capacity	1,320	1,320	1,320	1,320
Enrollment	759	754	762	775
Collierville HS (1975)				
Square Feet	281,172	281,172	281,172	281,172
Classrooms	107	107	107	107
Design Capacity	2,140	2,140	2,140	2,140
Enrollment	1,922	1,973	1,939	1,884
Collierville MS (2011)	New building constructed in 2011.			
Square Feet	114,865	114,865	114,865	114,865
Classrooms	54	54	54	54
Design Capacity	1,350	1,350	1,350	1,350
Enrollment	843	890	878	901
Colonial MS (2009)				
Square Feet	153,438			
Classrooms	52			
Design Capacity	1,235			
Enrollment	1,043			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

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

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Cordova ES (2002)	Includes Middle School enrollment in early years			
Square Feet	88,164			
Classrooms	46			
Design Capacity	920			
Enrollment	628			
Cordova HS	Annexed by the City of Memphis in 2005.			
Square Feet	278,000			
Classrooms	107			
Design Capacity	2,622			
Enrollment	1,694			
Cordova MS (1993)	Was K-8 until elementary school built in 2002-03			
Square Feet	147,873			
Classrooms	62			
Design Capacity	1,473			
Enrollment	784			
Corning ES (1968)	ASD School			
Square Feet	47,149			
Classrooms	22			
Design Capacity	ASD School			
Enrollment	ASD School			
Corry MS (1959)				
Square Feet	101,247			
Classrooms	34			
Design Capacity	813			
Enrollment	268			
Craigmont HS (1973)				
Square Feet	324,517			
Classrooms	63			
Design Capacity	1,641			
Enrollment	984			
Craigmont MS (2001)				
Square Feet	148,352			
Classrooms	48			
Design Capacity	1,140			
Enrollment	663			
Cromwell ES (1963)				
Square Feet	45,580			
Classrooms	39			
Design Capacity	780			
Enrollment	589			
Crosswind ES (1993)				
Square Feet	90,629	90,629	90,629	90,629
Classrooms	52	52	52	52
Design Capacity	1,040	1,040	1,040	1,040
Enrollment	722	711	733	770
Crump ES (1978)				
Square Feet	60,483			
Classrooms	49			
Design Capacity	980			
Enrollment	818			
Cummings ES (1961)				
Square Feet	120,729			
Classrooms	38			
Design Capacity	760			
Enrollment	556			
Cypress MS (1966)				
Square Feet	216,171			
Classrooms	56			
Design Capacity	1,338			
Enrollment	232			

Continued from Prior Page

SHELBY COUNTY
BOARD OF EDUCATION

2010

2009

2008

2007

2006

2005

90,629
52
1,040
770

90,629
52
1,040
764

90,629
52
1,040
760

90,629
52
1,040
741

90,629
52
1,040
746

90,629
52
1,040
1,032

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Delano ES (1957)				
Square Feet	34,000			
Classrooms	16			
Design Capacity	320			
Enrollment	215			
Denver ES (1957)				
Square Feet	47,093			
Classrooms	46			
Design Capacity	920			
Enrollment	567			
Dexter ES (2002)				
Square Feet	119,082	119,082	119,082	119,082
Classrooms	65	65	65	65
Design Capacity	1,240	1,300	1,300	1,300
Enrollment	574	568	552	594
Dexter MS (2002)				
Square Feet	112,072	112,072	112,072	112,072
Classrooms	50	53	53	53
Design Capacity	1,248	1,325	1,325	1,325
Enrollment	386	411	452	618
Dogwood ES (1976)				
Square Feet	88,000	88,000	88,000	88,000
Classrooms	50	50	50	50
Design Capacity	1,000	1,000	1,000	1,000
Enrollment	623	597	586	620
Donelson ES (2009)				
Square Feet	113,202	113,202	113,202	113,202
Classrooms	65	65	65	65
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	601	613	592	591
Double Tree ES (1977)				
Square Feet	51,144			
Classrooms	Open Classroom			
Design Capacity	640			
Enrollment	413			
Douglass ES (1965)				
Square Feet	93,447			
Classrooms	44			
Design Capacity	929			
Enrollment	353			
Douglass HS (2008)				
Square Feet	146,568			
Classrooms	35			
Design Capacity	912			
Enrollment	560			
Downtown ES (2003)				
Square Feet	84,070			
Classrooms	45			
Design Capacity	900			
Enrollment	567			
Driver Ed Building (2006)				
Square Feet	3,200			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Dunbar ES (1956)				
Square Feet	55,155			
Classrooms	30			
Design Capacity	600			
Enrollment	329			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
936	960	962	975	879	846
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
668	698	681	645	623	598
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
634	654	709	710	740	729
113,202					
65					
1,300					
533					

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Dunn ES (1952)				
Square Feet	41,233			
Classrooms	22			
Design Capacity	Not Available			
Enrollment	Vacant			
East HS (1948)				
Square Feet	189,493			
Classrooms	61			
Design Capacity	1,589			
Enrollment	763			
East Career & Technology				
Square Feet	53,200			
Classrooms	22			
Design Capacity	Not Available			
Enrollment	Not Available			
Egypt ES (1964)				
Square Feet	57,636			
Classrooms	41			
Design Capacity	820			
Enrollment	623			
Ellendale ES (1976)				
Square Feet	84,693	84,693	84,693	84,693
Classrooms	53	53	53	53
Design Capacity	1,060	1,060	1,060	1,060
Enrollment	554	539	555	558
Elmore Park MS (1957)				
Square Feet	109,746	69,943	69,943	69,943
Classrooms	52	52	52	52
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	714	645	639	657
Evans ES (1966)				
Square Feet	67,246			
Classrooms	36			
Design Capacity	720			
Enrollment	591			
Fairley ES (1960)				
Square Feet	69,501			
Classrooms	39			
Design Capacity	780			
Enrollment	349			
Fairley HS (1968)				
Square Feet	189,299			
Classrooms	52			
Design Capacity	1,253			
Enrollment	684			
Fairview MS (1930)				
Square Feet	95,345			
Classrooms	35			
Design Capacity	837			
Enrollment	280			
Farmington ES (1973)				
Square Feet	73,908	73,908	73,908	73,908
Classrooms	48	48	48	48
Design Capacity	960	960	960	960
Enrollment	753	752	740	736
Florida ES (1924)				
Square Feet	Facility Demolished			
Classrooms	Facility Demolished			
Design Capacity	Facility Demolished			
Enrollment	Facility Demolished			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
567	564	580	634	642	765
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
663	661	640	689	722	750
73,908	73,908	73,908	73,908	73,908	73,908
48	48	48	48	48	48
960	960	960	960	960	960
708	672	676	694	678	885

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Florida-Kansas ES (1999)				
Square Feet	80,610			
Classrooms	47			
Design Capacity	940			
Enrollment	303			
Ford Road ES (1952)				
Square Feet	78,213			
Classrooms	45			
Design Capacity	900			
Enrollment	476			
Fox Meadows ES (1965)				
Square Feet	93,872			
Classrooms	46			
Design Capacity	920			
Enrollment	650			
Frayser ES (1954)	ASD School			
Square Feet	42,797			
Classrooms	26			
Design Capacity	ASD School			
Enrollment	ASD School			
Frayser HS (1938)				
Square Feet	189,648			
Classrooms	59			
Design Capacity	1,421			
Enrollment	548			
Gardenview ES (1967)				
Square Feet	55,570			
Classrooms	35			
Design Capacity	714			
Enrollment	306			
Geeter MS (1961)				
Square Feet	105,957			
Classrooms	36			
Design Capacity	898			
Enrollment	376			
Georgia Avenue ES (1960)				
Square Feet	143,577			
Classrooms	72			
Design Capacity	Not Available			
Enrollment	Closed School			
Georgian Hills ES (1951)	ASD School			
Square Feet	44,786			
Classrooms	24			
Design Capacity	ASD School			
Enrollment	ASD School			
Georgian Hills MS (1959)				
Square Feet	87,069			
Classrooms	26			
Design Capacity	649			
Enrollment	323			
Germanshire ES (2001)				
Square Feet	89,228			
Classrooms	46			
Design Capacity	920			
Enrollment	694			
Germantown ES (1975)				
Square Feet	84,584	84,584	84,584	84,584
Classrooms	42	42	42	42
Design Capacity	920	840	840	840
Enrollment	755	759	749	791

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SHELBY COUNTY
BOARD OF EDUCATION

2010

2009

2008

2007

2006

2005

84,584
42
840
709

84,584
42
840
740

84,584
42
840
755

84,584
42
840
729

84,584
42
840
634

84,584
42
840
652

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Germantown HS (1964)				
Square Feet	231,717	231,717	231,717	231,717
Classrooms	104	101	101	101
Design Capacity	2,548	2,020	2,020	2,020
Enrollment	2,009	2,029	2,046	2,000
Germantown MS (1979)				
Square Feet	81,834	81,834	81,834	81,834
Classrooms	41	44	44	44
Design Capacity	974	1,100	1,100	1,100
Enrollment	654	672	708	697
Getwell ES (2001)				
Square Feet	87,025			
Classrooms	46			
Design Capacity	920			
Enrollment	379			
Goodlett ES (1964)				
Square Feet	51,813			
Classrooms	25			
Design Capacity	500			
Enrollment	423			
Gordon ES (1992)				
Square Feet	86,387			
Classrooms	45			
Design Capacity	918			
Enrollment	255			
Graceland ES (1958)				
Square Feet	Demolished			
Classrooms	Demolished			
Design Capacity	Demolished			
Enrollment	Demolished			
Gragg/North Area Office				
Square Feet	85,642			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Grahamwood ES (1953)				
Square Feet	87,612			
Classrooms	55			
Design Capacity	1,100			
Enrollment	984			
Grandview Hts. ES (1953)				
Square Feet	85,810			
Classrooms	39			
Design Capacity	879			
Enrollment	533			
Graves ES (1953)				
Square Feet	52,321			
Classrooms	29			
Design Capacity	592			
Enrollment	237			
E. A. Harrold ES (1961)				
Square Feet	50,200	50,200	50,200	50,200
Classrooms	22	22	22	22
Design Capacity	440	440	440	440
Enrollment	360	399	391	392
Hamilton ES (1964)				
Square Feet	81,740			
Classrooms	43			
Design Capacity	860			
Enrollment	525			

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,731	1,687	1,664	1,911	2,061	2,148
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
621	776	779	773	598	571

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

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Hamilton HS (1972)				
Square Feet	336,151			
Classrooms	74			
Design Capacity	1,928			
Enrollment	808			
Hamilton MS (1942)				
Square Feet	136,797			
Classrooms	64			
Design Capacity	413			
Enrollment	252			
Hanley ES (1960)	ASD School			
Square Feet	104,224			
Classrooms	57			
Design Capacity	ASD School			
Enrollment	ASD School			
Havenview MS (1960)				
Square Feet	104,745			
Classrooms	44			
Design Capacity	1,045			
Enrollment	792			
Hawkins Mill ES (1965)				
Square Feet	67,350			
Classrooms	36			
Design Capacity	720			
Enrollment	326			
Hickory Ridge ES (2001)				
Square Feet	83,060			
Classrooms	46			
Design Capacity	920			
Enrollment	799			
Hickory Ridge MS (2001)				
Square Feet	139,685			
Classrooms	47			
Design Capacity	1,116			
Enrollment	814			
Highland Oaks ES (1993)				
Square Feet	107,971	107,971	107,971	107,971
Classrooms	66	66	66	66
Design Capacity	1,260	1,320	1,320	1,320
Enrollment	941	984	960	1,046
Highland Oaks MS (2009)				
Square Feet	118,130	118,130	118,130	118,130
Classrooms	55	57	57	57
Design Capacity	1,306	1,425	1,425	1,425
Enrollment	835	895	947	952
Hillcrest HS (1962)				
Square Feet	169,973			
Classrooms	59			
Design Capacity	1,537			
Enrollment	561			
Hollywood ES (1933)				
Square Feet	67,804			
Classrooms	34			
Design Capacity	Not Available			
Enrollment	Charter School			
Holmes Road ES (2001)				
Square Feet	84,633			
Classrooms	46			
Design Capacity	920			
Enrollment	521			

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SHELBY COUNTY
BOARD OF EDUCATION

2010

2009

2008

2007

2006

2005

107,971
66
1,320
1,034

107,971
66
1,320
855

107,971
66
1,320
875

107,971
66
1,320
860

107,971
66
1,320
1,307

107,971
66
1,320
1,184

118,130
57
1,425
953

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Houston HS (1989)				
Square Feet	263,689	263,689	263,689	263,689
Classrooms	111	111	111	111
Design Capacity	2,220	2,220	2,220	2,220
Enrollment	1,865	1,787	1,678	1,681
Houston MS (1992)				
Square Feet	92,750	92,750	92,750	92,750
Classrooms	50	50	50	50
Design Capacity	1,250	1,250	1,250	1,250
Enrollment	848	859	890	858
Humes MS (1925)	ASD School			
Square Feet	131,301			
Classrooms	61			
Design Capacity	ASD School			
Enrollment	ASD School			
Ida B. Wells (1963)				
Square Feet	71,059			
Classrooms	17			
Design Capacity	Not Available			
Enrollment	Not Available			
Idlewild ES (1903)				
Square Feet	65,025			
Classrooms	33			
Design Capacity	660			
Enrollment	456			
E.E. Jeter ES (1949)				
Square Feet	70,058	70,058	70,058	70,058
Classrooms	27	28	28	28
Design Capacity	540	560	560	560
Enrollment	186	180	175	188
Jackson ES (1957)				
Square Feet	44,568			
Classrooms	24			
Design Capacity	480			
Enrollment	348			
John P. Freeman MS (1973)				
Square Feet	98,000			
Classrooms	38			
Design Capacity	760			
Enrollment	592			
Kansas Career & Technology (1976)				
Square Feet	49,000			
Classrooms	18			
Design Capacity	Not Available			
Enrollment	Not Available			
Kate Bond ES (1993)				
Square Feet	107,748			
Classrooms	58			
Design Capacity	1,160			
Enrollment	1,091			
Kate Bond MS (2011)				
Square Feet	165,749			
Classrooms	64			
Design Capacity	1,520			
Enrollment	1,213			
Keystone ES (1991)				
Square Feet	84,641			
Classrooms	39			
Design Capacity	780			
Enrollment	362			

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,761	1,953	2,146	2,428	2,340	2,161
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
848	803	789	858	927	934
70,058	70,058	70,058	70,058	70,058	70,058
28	28	28	28	28	28
560	560	560	560	560	560
212	213	226	238	230	223

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
King Cultural Center (1953)				
Square Feet	102,207			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Not Available			
Kingsbury ES (1959)				
Square Feet	65,250			
Classrooms	36			
Design Capacity	720			
Enrollment	552			
Kingsbury MS				
Square Feet	See Kingsbury HS			
Classrooms	29			
Design Capacity	689			
Enrollment	623			
Kingsbury HS (1950)				
Square Feet	219,201			
Classrooms	63			
Design Capacity	1,641			
Enrollment	1,129			
Kingsbury Career Technology Center (1976)	Students counted in HS.			
Square Feet	51,000			
Classrooms	21			
Design Capacity	Not Available			
Enrollment	Not Available			
Kirby HS (1980)				
Square Feet	206,224			
Classrooms	70			
Design Capacity	1,824			
Enrollment	1,284			
Kirby MS (1987)				
Square Feet	85,050			
Classrooms	51			
Design Capacity	1,272			
Enrollment	604			
Klondike ES (1939)				
Square Feet	90,835			
Classrooms	46			
Design Capacity	938			
Enrollment	94			
Knight Road ES (1959)				
Square Feet	53,093			
Classrooms	35			
Design Capacity	700			
Enrollment	469			
Lakeland ES (2001)				
Square Feet	115,780	115,780	115,780	115,780
Classrooms	65	65	65	65
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	836	805	832	845
Lakeview ES (1959)				
Square Feet	38,793			
Classrooms	21			
Design Capacity	420			
Enrollment	Charter School			
Lanier MS (1970)				
Square Feet	135,959			
Classrooms	29			
Design Capacity	693			
Enrollment	389			

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SHELBY COUNTY
BOARD OF EDUCATION

2010

2009

2008

2007

2006

2005

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

115,780
65
1,300
926

115,780
65
1,300
1,002

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Larose ES (1963)				
Square Feet	94,426			
Classrooms	34			
Design Capacity	680			
Enrollment	392			
Lester ES (1955)				
Square Feet	107,896			
Classrooms	45			
Design Capacity	1130			
Enrollment	257			
Levi ES (1992)				
Square Feet	71,179			
Classrooms	31			
Design Capacity	620			
Enrollment	340			
Lincoln ES (1923)				
Square Feet	80,080			
Classrooms	39			
Design Capacity	620			
Enrollment	255			
Lincoln MS (1922)				
Square Feet	Demolished			
Classrooms	Demolished			
Design Capacity	Demolished			
Enrollment	Demolished			
Locke Elementary (1953)				
Square Feet	Demolished			
Classrooms	Demolished			
Design Capacity	Demolished			
Enrollment	Demolished			
Longview MS (1954)				
Square Feet	76,211			
Classrooms	33			
Design Capacity	Not Available			
Enrollment	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	65	65	65
Design Capacity	1,240	1,300	1,300	1,300
Enrollment	912	897	896	896
Lucie E. Campbell ES (2003)				
Square Feet	84,740			
Classrooms	46			
Design Capacity	920			
Enrollment	352			
Lucy ES (1921)				
Square Feet	102,446	102,446	102,446	102,446
Classrooms	49	48	48	48
Design Capacity	980	960	960	960
Enrollment	686	687	630	558
Macon ES (1955)				
Square Feet	33,051			
Classrooms	17			
Design Capacity	Not Available			
Enrollment	Closed			
Macon Hall ES (1997)				
Square Feet	10,481	93,481	93,481	93,481
Classrooms	63	66	66	66
Design Capacity	1,260	1,320	1,320	1,320
Enrollment	1,208	1,151	1,148	1,188

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**SHELBY COUNTY
BOARD OF EDUCATION**

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

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Magnolia ES (1950)				
Square Feet	76,804			
Classrooms	43			
Design Capacity	860			
Enrollment	298			
Maintenance (1945)				
Square Feet	389,988			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Mallory Warehouse (1945)				
Square Feet	See Maintenance			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Manassas HS-Old (1936)				
Square Feet	Not Available			
Classrooms	Not Available			
Design Capacity	Not Available			
Enrollment	Not Available			
Manassas HS-New (2008)				
Square Feet	151,754			
Classrooms	38			
Design Capacity	1042			
Enrollment	492			
Manor Lake ES (1971)				
Square Feet	65,640			
Classrooms	35			
Design Capacity	700			
Enrollment	354			
Melrose MS (1938)				
Square Feet	135,660			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Closed			
Melrose HS (1970)				
Square Feet	280,000			
Classrooms	53			
Design Capacity	1,537			
Enrollment	859			
Messick Career & Technology (1930)				
Square Feet	104,118			
Classrooms	44			
Design Capacity	Not Available			
Enrollment	Not Available			
Millington ES (1997)				
Square Feet	115,104	115,104	115,104	115,104
Classrooms	63	63	63	63
Design Capacity	1,260	1,260	1,260	1,260
Enrollment	565	581	598	577
Millington HS (1971)				
Square Feet	309,026	309,026	309,026	309,026
Classrooms	103	103	103	103
Design Capacity	2,060	2,060	2,060	2,060
Enrollment	1,270	1,347	1,324	1,386
Millington MS (1971)				
Square Feet	80,784	80,784	80,784	80,784
Classrooms	30	30	30	30
Design Capacity	750	750	750	750
Enrollment	486	480	469	440

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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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
625	617	638	679	782	769
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
1,456	1,522	1,625	1,580	1,688	1,560
80,784	80,784	80,784	80,784	80,784	80,784
30	30	30	30	30	30
750	750	750	750	750	750
510	505	556	566	635	607

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Mitchell HS (1957,2002)				
Square Feet	117,630			
Classrooms	45			
Design Capacity	1,172			
Enrollment	524			
Mt. Pisgah MS (2007)	New building constructed in 2007.			
Square Feet	125,900	125,900	125,900	125,900
Classrooms	59	65	65	65
Design Capacity	1,472	1,625	1,625	1,625
Enrollment	533	541	600	1,146
Newberry ES (1970)				
Square Feet	45,170			
Classrooms	24			
Design Capacity	480			
Enrollment	416			
Norris ES (1960)				
Square Feet	52,000			
Classrooms	25			
Design Capacity	Closed			
Enrollment	Closed			
North Area Office (1958)				
Square Feet	85,642			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Northhaven ES (1978)				
Square Feet	84,468	84,468	84,468	84,468
Classrooms	44	44	44	44
Design Capacity	860	880	880	880
Enrollment	371	368	326	409
North Side HS (1967)				
Square Feet	293,868			
Classrooms	77			
Design Capacity	2,006			
Enrollment	289			
Nutrition Services (2003)				
Square Feet	300,000			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Oak ES (1986)				
Square Feet	106,420			
Classrooms	69			
Design Capacity	1,380			
Enrollment	585			
Oak Forest ES (1993)				
Square Feet	87,550			
Classrooms	43			
Design Capacity	860			
Enrollment	499			
Oakhaven ES (1956)				
Square Feet	74,500			
Classrooms	41			
Design Capacity	820			
Enrollment	489			
Oakhaven HS (1956)				
Square Feet	152,940			
Classrooms	28			
Design Capacity	729			
Enrollment	436			

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,288	1,232	1,242	1,262	1,250	1,125
84,468	84,468	84,468	84,468	84,468	84,468
44	44	44	44	44	44
880	880	880	880	880	880
424	450	455	495	550	586

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Oakhaven MS				
Square Feet	See Oakhaven HS			
Classrooms	18			
Design Capacity	449			
Enrollment	263			
Oakshire ES (1966)				
Square Feet	51,892			
Classrooms	31			
Design Capacity	620			
Enrollment	447			
Oakville Mental Health Ctr (1922)				
Square Feet	Demolished			
Classrooms	Demolished			
Design Capacity	Demolished			
Enrollment	Demolished			
Orleans ES (1966)				
Square Feet	63,888			
Classrooms	29			
Design Capacity	Closed			
Enrollment	Closed			
Overton HS (1959)				
Square Feet	177,940			
Classrooms	65			
Design Capacity	1,593			
Enrollment	1,292			
Peabody ES (1909)				
Square Feet	53,997			
Classrooms	24			
Design Capacity	480			
Enrollment	389			
Pyramid Academy (1928)				
Square Feet	165,486			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Closed			
Raineshaven ES (1959)				
Square Feet	66,892			
Classrooms	35			
Design Capacity	700			
Enrollment	258			
Raleigh-Bartlett ES (1971)				
Square Feet	51,891			
Classrooms	Open Classroom			
Design Capacity	600			
Enrollment	449			
Raleigh-Egypt HS (1969)				
Square Feet	145,850			
Classrooms	62			
Design Capacity	1,615			
Enrollment	742			
Raleigh-Egypt MS (1979)				
Square Feet	133,750			
Classrooms	40			
Design Capacity	998			
Enrollment	580			
Residential Training Center (1965)				
Square Feet	40,270			
Classrooms	Open Classroom			
Design Capacity	Not Available			
Enrollment	N/A			

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Richland ES (1957)				
Square Feet	59,833			
Classrooms	36			
Design Capacity	720			
Enrollment	783			
Ridgeway/Balmoral ES (1970)				
Square Feet	38,940			
Classrooms	20			
Design Capacity	400			
Enrollment	319			
Ridgeway ES (1969)				
Square Feet	Merged with Balmoral			
Classrooms	Merged with Balmoral			
Design Capacity	Merged with Balmoral			
Enrollment	Merged with Balmoral			
Ridgeway HS (1970)				
Square Feet	247,000			
Classrooms	60			
Design Capacity	1,563			
Enrollment	1,072			
Ridgeway MS (2001)				
Square Feet	143,000			
Classrooms	47			
Design Capacity	1,116			
Enrollment	700			
River City High				
Square Feet	Closed			
Classrooms	Closed			
Design Capacity	Closed			
Enrollment	Closed			
Rivercrest ES (1998)				
Square Feet	109,536	109,536	109,536	109,536
Classrooms	64	64	64	64
Design Capacity	1,280	1,280	1,280	1,280
Enrollment	615	654	695	912
Riverdale ES (1968)				
Square Feet	88,199	88,199	88,199	88,199
Classrooms	45	45	45	45
Design Capacity	900	900	900	900
Enrollment	1,178	1,185	1,174	1,147
Riverview ES (1952)				
Square Feet	69,422			
Classrooms	45			
Design Capacity	900			
Enrollment	291			
Riverview MS (1967)				
Square Feet	150,850			
Classrooms	35			
Design Capacity	780			
Enrollment	159			
Riverwood ES (2010)				
Square Feet	107,565			
Classrooms	56			
Design Capacity	1,120			
Enrollment	1,022			
Robert R. Church ES (2001)				
Square Feet	81,500			
Classrooms	45			
Design Capacity	900			
Enrollment	688			

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
978	1,025	1,035	965	941	1,102
88,199	88,199	88,199	88,199	88,199	88,199
45	45	45	45	45	45
900	900	900	900	900	900
1,085	1,076	1,034	1,039	1,009	1,009

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Ross ES (1976)				
Square Feet	126,662			
Classrooms	71			
Design Capacity	1,420			
Enrollment	961			
Rozelle ES (1914)				
Square Feet	58,750			
Classrooms	27			
Design Capacity	540			
Enrollment	263			
Sea Isle ES (1955)				
Square Feet	79,703			
Classrooms	42			
Design Capacity	840			
Enrollment	444			
Scenic Hills ES (1957)				
Square Feet	48,338			
Classrooms	27			
Design Capacity	540			
Enrollment	382			
Schilling Farms MS (1999)				
Square Feet	97,250	97,250	97,250	97,250
Classrooms	48	48	48	48
Design Capacity	1,200	1,200	1,200	1,200
Enrollment	990	1,004	1,044	1,077
Shadowlawn MS (1967)				
Square Feet	119,881	108,936	108,936	108,936
Classrooms	57	57	57	57
Design Capacity	1,425	1,425	1,425	1,425
Enrollment	Not Available	855	904	909
Shady Grove ES (1963)				
Square Feet	48,401			
Classrooms	25			
Design Capacity	500			
Enrollment	448			
Shannon ES (1959)				
Square Feet	54,522			
Classrooms	34			
Design Capacity	694			
Enrollment	179			
Sharpe ES (1955)				
Square Feet	47,130			
Classrooms	26			
Design Capacity	520			
Enrollment	496			
Sheffield ES (1970)				
Square Feet	46,320			
Classrooms	31			
Design Capacity	620			
Enrollment	555			
Sheffield HS (1966)				
Square Feet	193,236			
Classrooms	55			
Design Capacity	1,407			
Enrollment	828			
Sheffield Career & Technology (1976)				
Square Feet	47,000			
Classrooms	21			
Design Capacity	Not Available			
Enrollment	Not Available			

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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
1,034	991	950	972	938	934
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
880	861	970	962	1,073	1,118

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Shelby Oaks ES (1996)				
Square Feet	74,069			
Classrooms	44			
Design Capacity	880			
Enrollment	826			
Sherwood ES (1950)				
Square Feet	94,516			
Classrooms	42			
Design Capacity	840			
Enrollment	678			
Sherwood MS (1957)				
Square Feet	141,952			
Classrooms	52			
Design Capacity	1,235			
Enrollment	509			
Shrine School (1976)				
Square Feet	74,512			
Classrooms	Open Classroom			
Design Capacity	Not Available			
Enrollment				
Snowden ES (1909)				
Square Feet	199,849			
Classrooms	65			
Design Capacity	1,300			
Enrollment	1,480			
South Area Office (1959)				
Square Feet	38,663			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
South Park ES (2000)				
Square Feet	77,075			
Classrooms	40			
Design Capacity	800			
Enrollment	532			
South Side MS (1962)				
Square Feet	254,967			
Classrooms	71			
Design Capacity	1,771			
Enrollment	276			
Southwest Career & Technology(1976)				
Square Feet	64,201			
Classrooms	23			
Design Capacity	Not Available			
Enrollment	Not Available			
Southwind ES (1990)				
Square Feet	108,303	108,303	108,303	108,303
Classrooms	65	68	68	68
Design Capacity	1,300	1,360	1,360	1,360
Enrollment	873	861	842	842
Southwind MS				
Square Feet	School name changed to Lowrance ES in 2010.			
Classrooms				
Design Capacity				
Enrollment				

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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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
819	1,127	1,126	1,055	1,161	1,136
	112,374	112,374	112,374	112,374	112,374
	65	65	65	65	65
	1,300	1,300	1,300	1,300	1,300
	1,082	1,197	1,139	1,239	1,102

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Southwind HS (2007)				
Square Feet	326,926	326,926	326,926	326,926
Classrooms	104	116	116	116
Design Capacity	2,548	2,320	2,320	2,320
Enrollment	1,777	1,698	1,690	1,931
Spring Hill ES (1956)				
Square Feet	65,698			
Classrooms	35			
Design Capacity	700			
Enrollment	370			
Springdale ES (1940)				
Square Feet	58,986			
Classrooms	24			
Design Capacity	480			
Enrollment	284			
Sycamore ES (2000)				
Square Feet	127,627	127,627	127,627	127,627
Classrooms	64	64	64	64
Design Capacity	1,280	1,280	1,280	1,280
Enrollment	796	823	794	791
Stafford ES (1965)				
Square Feet	56,216			
Classrooms	30			
Design Capacity	Not Available			
Enrollment	Not Available			
Tara Oaks ES (1995)				
Square Feet	109,405	109,405	109,405	109,405
Classrooms	69	69	69	69
Design Capacity	1,380	1,380	1,380	1,380
Enrollment	659	682	729	745
Teaching & Learning Academy (1958)				
Square Feet	57,803			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Treadwell ES (1985)				
Square Feet	55,512			
Classrooms	45			
Design Capacity	900			
Enrollment	677			
Treadwell MS (HS Prior to 2010) (1948)				
Square Feet	145,870			
Classrooms	40			
Design Capacity	998			
Enrollment	372			
Trezevant HS (1960)				
Square Feet	296,765			
Classrooms	67			
Design Capacity	1,745			
Enrollment	615			
Trezevant Career & Technology (1976)				
Square Feet	62,546			
Classrooms	27			
Design Capacity	Not Available			
Enrollment	Not Available			
Vance MS (1971)				
Square Feet	150,300			
Classrooms	36			
Design Capacity	860			
Enrollment	159			

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
326,926	326,926	326,926			
116	116	116			
2,320	2,320	2,320			
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
834	788	704	691	630	784
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
780	770	834	893	935	973

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Vollentine ES (1930)				
Square Feet	75,100			
Classrooms	37			
Design Capacity	740			
Enrollment	270			
Walker Elementary (1963)				
Square Feet	43,558			
Classrooms	N/A			
Design Capacity	Not Available			
Enrollment	Administration			
Wells Station ES (1954)				
Square Feet	69,001			
Classrooms	35			
Design Capacity	700			
Enrollment	683			
Westhaven ES (1956)				
Square Feet	67,082			
Classrooms	44			
Design Capacity	898			
Enrollment	410			
Westside ES (1952)				
Square Feet	67,028			
Classrooms	29			
Design Capacity	580			
Enrollment	342			
Westside MS (1960)				
Square Feet	133,852	Westside MS became an Achievement School District school in 2013.		
Classrooms	35			
Design Capacity	875			
Enrollment	ASD School			
Westwood ES (1962)				
Square Feet	77,428			
Classrooms	47			
Design Capacity	940			
Enrollment	332			
Westwood HS (1958)				
Square Feet	181,342			
Classrooms	51			
Design Capacity	1,329			
Enrollment	462			
White Station ES (1933)				
Square Feet	76,420			
Classrooms	42			
Design Capacity	840			
Enrollment	627			
White Station HS (1952)				
Square Feet	247,624			
Classrooms	98			
Design Capacity	2,401			
Enrollment	2,293			
White Station MS (1960,2007)				
Square Feet	144,411			
Classrooms	53			
Design Capacity	1,259			
Enrollment	1,247			

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
Whitehaven ES (1949)				
Square Feet	49,885			
Classrooms	30			
Design Capacity	600			
Enrollment	459			
Whitehaven HS (1931)				
Square Feet	232,776			
Classrooms	68			
Design Capacity	1,666			
Enrollment	1,906			
White's Chapel ES (1951)				
Square Feet	Closed			
Classrooms	Closed			
Design Capacity	Closed			
Enrollment	Closed			
Whitney ES (1962)				
Square Feet	63,979			
Classrooms	30			
Design Capacity	640			
Enrollment	ASD School			
William H. Brewster (2006)				
Square Feet	95,220			
Classrooms	41			
Design Capacity	820			
Enrollment	438			
Willow Oaks ES (1951)				
Square Feet	71,759			
Classrooms	42			
Design Capacity	840			
Enrollment	685			
Winchester ES (1960)				
Square Feet	82,664			
Classrooms	40			
Design Capacity	800			
Enrollment	365			
Windridge ES (2001)				
Square Feet	84,214			
Classrooms	46			
Design Capacity	920			
Enrollment	621			
Wooddale HS (1967)				
Square Feet	263,513			
Classrooms	80			
Design Capacity	1,960			
Enrollment	1,311			
Wooddale MS (1970)				
Square Feet	184,760			
Classrooms	62			
Design Capacity	1,473			
Enrollment	762			
Woodstock MS (1956)				
Square Feet	84,850	84,850	84,850	84,850
Classrooms	62	43	43	43
Design Capacity	973	1,075	1,075	1,075
Enrollment	434	468	485	516
Total SCS Buildings				
Square Feet	27,092,077	6,760,805	6,654,805	6,429,219
Classrooms	10,616	3,189	3,133	3,133
Design Capacity	217,154	67,357	66,215	66,215
Enrollment	131,782	46,175	45,141	46,616

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**SHELBY COUNTY
BOARD OF EDUCATION**

2010	2009	2008	2007	2006	2005
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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
520	553	562	637	692	695
6,429,219	6,197,887	6,086,445	5,759,519	5,759,519	5,535,170
3,133	3,011	2,959	2,843	2,843	2,716
66,215	63,490	62,190	59,870	59,870	57,330
46,420	45,298	45,410	44,571	44,760	43,028

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2014	2013	2012	2011
SCS schools on non-SCS property (enrollment)				
Campus Elementary	329			
Hollis F. Price Middle College				
MCS Prep School - Southeast	197			
Memphis Virtual School	93			
Memphis Health Careers Academy	105			
Middle College High (Relocated to Fairview in 2011)	198			
Martin Luther King Transition Center	316			
Alternative MS				
Alternative MS				
Highland Oaks Primary				
	Students transferred to Highland Oaks ES in 2010.			
Total non-SCS property (enrollment)	1,237	0	0	0
Charter Schools (enrollment)				
Arrow Academy of Excellence	29			
Aurora Collegiate Academy	113			
Circles of success	244			
City University	314			
City University Boys Prep	115			
City University Girls Prep	37			
DuBois Elementary School of Arts Technology	203			
DuBois Elementary School of Entrepreneurship	179			
DuBois High School of Arts Technology	74			
DuBois Middle of Leadership Public Policy	104			
DuBois Middle School of Arts Technology	140			
Freedom Prep	367			
KIPP Diamond (Became a charter school 2009)	846			
KIPP Academy at Cypress	199			
Memphis Academy of Health Sciences	311			
Memphis Academy of Health Science High	389			
Memphis Academy of Science & Engineering	360			
Memphis Business Academy	428			
Memphis Business Academy High	323			
Memphis College Prep	212			
Memphis Grizzlies Prep	157			
Memphis School of Excellence	389			
Memphis School Prep				
New Consortium of Law and Business	163	90		
Omni Prep - North Pointe Lower	193			
Omni Prep - North Pointe Middle	125			
Power Center	605			
Promise Academy	460			
Soulsville Academy	588			
Southern Avenue	364			
Southern Avenue Middle	265			
Star Academy	236			
Thurgood Marshall High School	59			
Thurgood Marshall Middle School	12			
Veritas College Preparatory	192			
Yo! Academy				
Total Charter School Enrollments	8,795	90	0	0
District Total Enrollment	141,814	46,265	45,141	46,616

Note: Enrollment is based on the 40th Day.

Sources: Enrollment - District School Choice and Student Accounting Office

**SHELBY COUNTY
BOARD OF EDUCATION**

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

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

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

SHELBY COUNTY
BOARD OF EDUCATION

Type	Policy Term	Company	Policy Number	Costs
Student Athletic Accident	7/1/13 - 6/30/14	Monumental Life Insurance	TN01	\$276,900
Property Insurance	7/1/13 - 7/1/14	Travelers Indemnity	KTKCMB1C6033913	\$1,025,771
Flood Insurance - A. Maceo Walker	9/10/13 - 9/10/14	Homesite Insurance	3000015564	\$2,878
Flood Insurance - American Way Middle	8/20/13 - 8/20/14	Homesite Insurance	3000017942	\$1,439
Flood Insurance - North Area Office	10/30/13 - 10/30/14	Homesite Insurance	3000015542	\$2,880
Flood Insurance - IT Bldg & Training Ctr.	10/30/13 - 10/30/14	Homesite Insurance	3000015539	\$2,880
Vehicle Insurance Out of State	7/1/13 - 7/1/14	National Continental Insurance	CTN 000-7325-412-4	\$11,813
Bus Insurance	6/30/13 - 6/30/14	Indiana Insurance Co.	BA 8957424	\$624,293
Boiler and Machinery	7/1/13 - 7/1/14	Travelers Property & Casualty	BME13D621191T1L13	\$71,779
ROTC	7/1/13 - 7/1/14	Self Insured	NA	NA
Voluntary Student Insurance Participation voluntary	7/1/13 - 6/30/14	K&K Insurance		Individual Student Coverage
Surety Bond General Employees	7/1/13 - 7/1/14	Ohio Casualty Insurance	5105811	\$20,000
Treasurer Bond- Pamela Anstey	7/1/13 - 6/30/14	Ohio Casualty Insurance	601061636	\$22,159
Surety Bond Commissioners	Teresa Jones 8/2/12 - 8/2/16	Fidelity and Deposit of Maryland	9038807	\$100
	Kevin Woods 8/2/12 - 8/2/16	Fidelity and Deposit of Maryland	9038809	\$100
	Shante Avant 9/1/13 - Indefinite	Fidelity and Deposit of Maryland	9038865	\$100
	William Orgel 8/2/12 - 8/2/14	Fidelity and Deposit of Maryland	9038806	\$100
	Christopher Caldwell 8/2/12 - 8/2/14	Fidelity and Deposit of Maryland	9038805	\$100
	David Reaves 9/1/10 - 9/1/14	Hartford Fire Insurance Co.	20BSBFV4067	\$170
	David Pickler 9/1/10 - 9/1/14	Hartford Fire Insurance Co.	20BSBED7466	\$100
Student Field Trip	3/18/14 - 3/18/15	Hartford Insurance	20-SR-145507	Paid by Schools
Medicare Section 111 Reporting	9/9/13 - 9/9/14	Gould & Lamb	None	\$850 per month
Law Enforcement Liability Insurance	5/7/14 - 5/7/15	First Mercury Insurance	SE-CGL-0000043224-01	\$77,950

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Charge per lunch to students:					
Paid Elementary	\$2.25	\$2.25	\$2.00	\$2.00	\$1.75
Paid Secondary	\$2.25	\$2.25	\$2.00	\$2.00	\$2.00
Paid High School	\$2.25	\$2.25	\$2.00	\$2.00	\$2.00
Reduced	\$0.30	\$0.40	\$0.40	\$0.40	\$0.40
Charge per lunch to adults	\$3.50	\$3.25	\$3.00	\$3.00	\$3.00
Number of days served	175	178	177	176	175
Number of free lunches served	12,502,586	1,878,650	1,849,565	1,918,868	1,765,495
Percent of total lunches served	85.68%	52.62%	46.28%	45.02%	40.34%
Average number of free lunches served daily	71,443	10,554	10,450	10,903	10,089
Number of paid lunches served at reduced price	620,289	266,969	10,450	10,903	10,089
Percent of total lunches served	4.25%	7.48%	0.26%	0.26%	0.23%
Number of paid lunches served at regular price	1,468,796	1,424,529	1,858,175	2,066,310	2,299,477
Percent of total lunches served	10.07%	39.90%	46.49%	48.48%	52.54%
Average number of paid lunches served daily:					
At reduced price	3,545	1,500	59	62	58
At regular price	8,393	8,003	10,498	11,740	13,140
Total number of lunches served	14,591,671	3,570,148	3,996,777	4,262,168	4,376,275
Average number of lunches served daily	83,381	20,057	22,581	24,217	25,007
Total number of students	195,359	43,454	43,578	45,146	46,067

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2009	2008	2007	2006	2005
\$1.75	\$1.75	\$1.50	N/A	N/A
\$2.00	\$2.00	\$1.75	N/A	N/A
\$2.00	\$2.00	\$1.75	N/A	N/A
\$0.40	\$0.40	\$0.40	N/A	N/A
\$3.00	\$3.00	\$2.50	N/A	N/A
180	180	179	N/A	N/A
1,581,974	1,461,637	1,305,209	N/A	N/A
35.56%	32.40%	29.22%	N/A	N/A
8,789	8,120	7,292	N/A	N/A
8,789	8,120	7,292	N/A	N/A
0.20%	0.18%	0.16%	N/A	N/A
2,526,128	2,724,235	2,868,644	N/A	N/A
56.78%	60.39%	64.23%	N/A	N/A
49	45	41	N/A	N/A
14,034	15,135	16,026	N/A	N/A
4,448,631	4,510,970	4,466,504	N/A	N/A
24,715	25,061	24,953	N/A	N/A
45,017	45,270	44,333	N/A	N/A

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

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

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

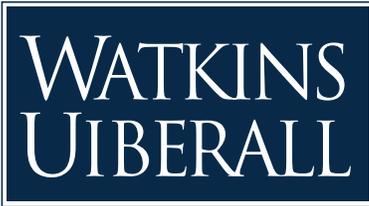
**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
316	309	298	294	294	291	310
-	-	-	-	-	-	-
<u>316</u>	<u>309</u>	<u>298</u>	<u>294</u>	<u>294</u>	<u>291</u>	<u>310</u>
1,879	1,960	1,906	1,896	1,887	1,846	1,806
8,691	8,719	8,602	8,697	8,336	8,427	8,018
<u>10,570</u>	<u>10,679</u>	<u>10,508</u>	<u>10,593</u>	<u>10,223</u>	<u>10,273</u>	<u>9,824</u>
22,777	26,236	24,174	24,407	24,164	24,276	22,916
370	337	352	394	450	574	512
22,188	23,833	23,673	23,897	24,164	24,276	22,336
343	307	345	381	450	574	415
3	-	19	5	82	25	2
52	66	59	63	57	59	63
2	7	11	6	6	14	3

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Statutory Reporting Section





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



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

To the 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 comparison of the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2014, 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 15, 2014.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Memphis, Tennessee
December 15, 2014

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Certified Public Accountants & Financial Advisors
Independent Member of BKR International



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

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

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the Shelby County Schools' (the Board) (a component unit of Shelby County, Tennessee) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2014. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of our testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Memphis, Tennessee
December 15, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
Federal Awards			
U.S. Department of Labor			
Passed Through City of Memphis			
WIN GRASSY 14.01	17.259	30999	109,749
WIN GRASSY 12.01	17.259	27540	-
WIN GRASSY 13.01	17.259	29996	9,765
Workforce Investment Act - Employment and Training Activities for Out of School Youth 13.01	17.259	29944	30,545
Workforce Investment Act - Employment and Training Activities for Out of School Youth 14.01	17.259	31001	166,816
Workforce Investment Act - Employment and Training Activities for In School Youth 13.01	17.259	26782	-
Workforce Investment Act - Employment and Training Activities for In School Youth 13.01			19,479
Workforce Investment Act - Employment and Training Activities for In School Youth 12.01	17.259	27542	-
Workforce Investment Act - Employment and Training Activities for In School Youth 14.01	17.259	31002	144,535
Workforce Investment Act - Employment and Training Activities for In School Youth 11.01	17.259	27542	-
Total 17.259			<u>480,889</u>
National Science Foundation			
Memphis Virtual STEM Academy	47.076	DRL-1311876	54,087
Total 47.078			<u>54,087</u>
Federal Highway Administration			
Garrett A. Morgan Technology and Transportation Education Program	20.215	DTFH61-12-G-00019	27,685
Total 20.215			<u>27,685</u>
U.S. Department of Agriculture			
Passed Through State of Tennessee			
National School Breakfast Program	10.553	N/A	17,814,462
Total 10.553			<u>17,814,462</u>
National School Lunch Program	10.555	N/A	39,779,722
National School Lunch Program-Non Cash Assistance	10.555	N/A	4,235,388
Total 10.555			<u>44,015,110</u>
National School Lunch Program-Non Cash Assistance	10.558	N/A	21,733
Total 10.558			<u>21,733</u>
Fresh Fruit and Vegetable Program	10.582	N/A	1,486,609
Total 10.582			<u>1,486,609</u>
Total U.S. Department of Agriculture			<u>63,337,914</u>
U.S. Department of Education Direct Funding			
Foreign Language Assistance 11.01	84.293B	T293B100184-11	3,055
Total 84.293B			<u>3,055</u>
Gear-Up 2014	84.334	34952	220,437
Total 84.334A			<u>220,437</u>
School Leadership Initiative 13.01	84.363A	U363A100101-12	85,230
School Leadership Initiative 14.01	84.363A	U363A130164	147,921
Total 84.363A			<u>233,151</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Education Direct Funding-Continued			
Teacher Incentive Fund TIF3, "In The Zone" 13.01	84.374A	S374A100045	91,725
Teacher Incentive Fund TIF3, "In The Zone" 12.01	84.374A	S374A100027	686,685
Teacher Incentive Fund TIF3, "In The Zone" 11.01	84.374A	S374A100027	71,267
Total 84.374A			<u>849,677</u>
Subtotal U.S. Department of Education Direct Funding			1,306,320
U.S. Department of Education Passed Through State Department of Education			
Adult Basic Education	84.002	22951	2,804
English Literacy and Civics Education 13.01	84.002	23109	13,143
Total 84.002			<u>15,947</u>
Improving Basic Programs Operated by LEAs 14.01	84.010	14.01	45,436,199
Improving Basic Programs Operated by LEAs	84.010		14,077,659
Improving Basic Programs Operated by LEAs	84.010		539,890
Title I, School Improvement 1003(a)	84.010		2,083,665
NCLB Consolidated Administration	N/A	N/A	2,840,308
Total 84.010			<u>64,977,721</u>
Title I, D 13.01	84.013	13.01	
Title I, D 14.01	84.013	12.01	52,250
Total 84.013			<u>52,250</u>
Exceptional Children AYP 12.01	84.027A	N/A	
IDEA Part B-High Cost	84.027A	2013	836,648
IDEA Part B-High Cost	84.027A	2013	224,521
Comprehensive Plan for Providing Special Education Services - IDEA Part B 14.01	84.027A	14.01	24,368,429
IDEA Discretionary- Suspension Reduction for HS SWD - Exceptional Children 13.01	84.027A		48,146
Total 84.027A			<u>25,477,744</u>
Comprehensive Plan for Providing Special Education Services - Preschool Incentive 14.01	84.173	14.01	190,345
Total 84.173			<u>190,345</u>
Race To The Top 11.01	84.395	S395A100032	30,400
Race To The Top 12.01	84.395	S395A100032	7,032
Race To The Top	84.395	S395A100032	3,721,603
Race To The Top 14.01	84.395	S395A100032	7,656,460
Race To The Top	84.395	S395A100032	3,603,316
Race To The Top	84.395	S395A100032	227,000
Tennessee First To The Top - TCASN-Hamilton-ARRA	84.395	N/A	32,252
Tennessee First To The Top - TCASN-Hamilton-ARRA	84.395	N/A	863
Tennessee First To The Top - Teacher Residency 14.01	84.395	TPCGP-TIT-1	970,247
Tennessee First To The Top - Teacher Residency 13.01	84.395	TPCGP-TIT-1	58,382
Tennessee First To The Top - Principal Residency 13.01	84.395	TPCGP-TIIP-4	40,496
Tennessee First To The Top - Rewards 14.01-ARRA	84.395	S395A100033	272,008
Tennessee First To The Top - Renewal Schools 13.01-ARRA	84.395	S395A100032	160,785
Tennessee First To The Top - Renewal Schools 14.01-ARRA	84.395	S395A100032	211,343
S.T.E.M. GRANT	84.395	352657	509,325
Total 84.395			<u>17,501,512</u>
Vocational Program Improvement-Project Lead the Way	84.048A	N/A	
Vocational Program Improvement 14.01	84.048A	14.01	1,954,622
Vocational Program Improvement	84.048A		11,112
Vocational Program Improvement 13.01	84.048A	13.01	231,339
Total 84.048A			<u>2,197,073</u>
Homeless Children and Youth 13.01	84.196A	S196A110044	29,038
Homeless Children and Youth 14.01	84.196A	S196A110044/S196130044	233,301
Total 84.196A			<u>262,339</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Education Passed Through-Continued			
Charter Schools	84.282A	N/A	200,000
Total 84.282A			<u>200,000</u>
Twenty First Cent. Community Learning 2013	84.287C	192-10-4-021	8,645
Twenty First Cent. Community Learning 12.01	84.287C		692,124
Twenty First Cent. Community Learning 12.01	84.287C		150,094
Twenty First Cent. Community Learning 12.01	84.287C	192-10-3-021	349,609
Total 84.287C			<u>1,200,472</u>
School Improvement	84.377	S77A110043	1,508,028
School Improvement-ARRA	84.388A	S388A090043A	713,260
School Improvement-ARRA	84.388A	S388A090043A	2,625,308
School Improvement 2013-ARRA	84.388A/84.377A	S388A090043A/S377A090043A	338,536
School Improvement 2012-ARRA	84.388A/84.377A	S388A090043A/S377A090043A	5,039,884
School Improvement 2010-ARRA	84.388A	N/A	290,045
Total 84.388A			<u>10,515,061</u>
Title III-English Language Acquisition 14.01	84.365A		813
Title III-English Language Acquisition 13.01	84.365A	14.01	959,861
Title III-English Language Acquisition 13.01	84.365A	13.01	66,928
Total 84.365A			<u>1,027,602</u>
Title II-Math and Science Partnership	84.366B	N/A	10,562
Total 84.368B			<u>10,562</u>
Title II-A Teacher and Principal Training & Recruiting	84.367A	N/A	822,966
Title II-A Teacher and Principal Training & Recruiting 13.01	84.367A	S374A100045	871,206
Title II-A Teacher and Principal Training & Recruiting 14.01	84.367A	S374A100045	6,854,691
Total 84.367A			<u>8,548,863</u>
Subtotal U.S. Department of Education Passed Through			132,177,491
Total U.S. Department of Education			<u>133,483,811</u>
U.S. Department of Health and Human Services			
Passed Through State Department of Human Services			
Teen Pregnancy and Parenting Success	93.500	CA-1213951	46,799
HRSA School Clinic Equipment	93.501	C12CS21931	52,503
Total 93.500 and 93.501			<u>99,302</u>
U.S. Department of Health and Human Services			
Passed Through Center For Disease Control			
Improving The Health, Education and Well-being of Young People	93.079	1U87PS004197-01	215,354
Total 93.079			<u>215,354</u>
Total U.S. Department of Health and Human Services			<u>314,656</u>
Total Federal Awards			<u>197,699,042</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2014

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
State Awards			
State Department of Education			
Family Resource Center	N/A		
Family Resource Center	N/A	2014	78,227
Safe Schools Act of 1998	N/A	2013	39,936
Safe Schools Act of 1998	N/A	2013	319,136
Safe Schools Act of 1998	N/A	2013	567,890
Coordinated School Health - 2013	N/A	2013	516,361
Early Childhood Education- Pilot/State	N/A		10,803,042
Lottery for Education: AfterSchool Programs	119-12-02-039	2013	404,962
Lottery for Education: AfterSchool Programs	119-11-01-039	2014	1,140,970
			13,870,524
State Department of Health			
Total State Awards			13,870,524
Total Federal and State Awards			\$ 211,569,566

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

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NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal and State Awards (the schedule) are based on actual program expenditures for fiscal year 2014. The purpose of the schedule is to present a summary of those activities represented by Shelby County Board of Education for the year ended June 30, 2014, which have been financed by the U.S. Government (federal awards). For the purpose of the schedule, federal awards include all of federal assistance and procurement relationships entered into directly and indirectly with the Shelby County Board of Education. It is not intended to and does not present either the financial position or the changes in net assets of Shelby County Board of Education. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

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.

REVENUE AND EXPENDITURE RECOGNITION

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

FOOD DONATION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2014, the Shelby County Board of Education had food commodities totaling \$332,774 in inventory.

NOTE 2 – 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 grant fund, per the District’s financial statements.

Totals per schedule of expenditures	\$ 211,569,566
Add: Expenditures not shown on the schedule	25,491,717
Subtract: Food service expenditures not reported in categorially aided fund	(63,337,914)
Other expenditures not reported in categorially aided fund	(2,782,719)
Modified accrual adjustments	(889,310)
Total categorially aided fund expenditures	<u>\$ 170,051,340</u>

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Shelby County Board of Education.
2. No significant deficiencies relating to the audit of the Board's financial statements are reported.
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 relating to the audit of the major federal award programs are reported.
5. The auditor's 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. The audit did not disclose any audit findings related to major programs that are required to be reported under OMB Circular A-133.
7. The programs tested as major programs included:
 - U.S. Department of Agriculture, School Breakfast Program, CFDA No. 10.553
 - U.S. Department of Agriculture, National School Lunch Program, CFDA No. 10.555
 - U.S. Department of Education, Title I Grants to Local Education Agencies, CFDA No. 84.010
 - U.S. Department of Education, Special Education Grants to States, CFDA No. 84.027
 - U.S. Department of Education, Special Education Preschool Grants, CFDA No. 84.173
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, 2014

**SHELBY COUNTY
BOARD OF EDUCATION**

NONE



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