Tennessee State School Bond Authority

A Component Unit of the State of Tennessee

Comprehensive Annual Financial Report

For the Years Ended

June 30, 2015 and June 30, 2014

Tennessee State School Bond Authority
Comprehensive
Annual Financial Report
For the Years Ended
June 30, 2015 and June 30, 2014

Bill Haslam, Governor and Chairman

A Component Unit of the State of Tennessee

Prepared by the Comptroller of the Treasury,
Office of State and Local Finance

Sandra Thompson
Director, Office of State and Local Finance
and
Assistant Secretary, TSSBA

TENNESSEE STATE SCHOOL BOND AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014

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TENNESSEE STATE SCHOOL BOND AUTHORITY

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AGRICULTURE

COMMERCE

1965

Introductory Section

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1965

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Governor Bill Haslam, Chairman *Justin P. Wilson, Secretary*

December 23, 2015

The Honorable Bill Haslam, Governor and Chairman
and
Members of the Tennessee State School Bond Authority

I am pleased to submit the Comprehensive Annual Financial Report of the Tennessee State School Bond Authority (the "Authority"), a component unit of the State of Tennessee, for the fiscal years ended June 30, 2015 and June 30, 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The Authority's Management Discussion and Analysis can be found on pages 4 - 12 of this report.

BUSINESS ENVIRONMENT

Legal Authority

The Tennessee State School Bond Authority, created in 1965, is a corporate governmental agency and instrumentality of the State of Tennessee whose purpose is to finance capital projects for public institutions of higher education located in Tennessee and to finance projects approved pursuant to the Qualified Zone Academy Bond Program and Qualified School Construction Bond Program of the federal government for local education agencies. The Authority has no taxing power. Pursuant to Section 49-3-1204, *Tennessee Code Annotated* ("T.C.A.") (the "Act"), the Governor serves as Chairman and the Comptroller of the Treasury serves as Secretary to the Authority.

Higher Education Facilities Programs. Pursuant to the General Higher Educational Facilities Bond Resolution adopted in May 1967 ("1967 Resolution"), bonds were issued to provide funds to make loans to the institutions of higher education. In April 1998, the Authority adopted the Higher Educational Facilities Second Program General Bond Resolution ("1998 Resolution") with the same purpose and closed the 1967 Resolution. All higher education bonds are now issued pursuant to the 1998 Resolution. Projects financed by the Authority must generate revenue sufficient to pay the debt service on the bonds. The fee charged for financing a project includes both a debt service and an administrative component. The Authority has financed a variety of projects including dormitories, athletic facilities, parking facilities and major equipment purchases. These projects could be contrasted with capital projects for higher education needs such as classrooms and libraries that are funded from the proceeds of the State's general obligation bonds.

In 1997, the Authority approved a Commercial Paper Resolution that authorized the issuance of commercial paper. The Credit Agreement with State Street Bank and Trust Company for the commercial paper program expired on March 20, 2014. On March 20, 2014, the Authority terminated the commercial paper program and entered into a Revolving Credit Agreement

(RCA) with Wells Fargo Bank, National Association, and U.S. Bank, National Association (collectively the "Banks"). Through the RCA, the Banks have agreed to make loans to the Authority in an aggregate amount not to exceed $300 million. The loan proceeds are used to fund the construction phase of certain projects for the higher education facilities. When a project is completed or near completion, long-term, fixed-rate debt may be issued to finance the project over its useful life repayment period and the proceeds from the issuance of debt are used to repay the RCA. Certain equipment and property acquisitions are financed solely within the RCA program. Equipment financed solely within the RCA program is deemed to have a useful life of less than ten years.

Qualified Zone Academy Bond Program. In 1999, the General Assembly authorized the Authority to issue Qualified Zone Academy Bonds ("QZAB") pursuant to program requirements approved by the Congress of the United States in Section 226 of the Taxpayer's Relief Act of 1997. These bonds are a part of a federal government program in which a federal income tax credit is given to investors in lieu of interest payments on the bonds. These bonds are issued under the provisions of the Authority's Qualified Zone Academy Bonds First Program Resolution, and they are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities. The QZAB program provides loans to local education agencies to fund the renovation of classroom buildings and to purchase equipment to enhance learning opportunities in connection with the establishment of special academic programs from kindergarten through secondary school. Funding for this program is limited to the amount allocated by the federal government.

Qualified School Construction Bond Program. In 2009, the General Assembly authorized the Authority to issue Qualified School Construction Bonds ("QSCB") pursuant to program requirements approved by the Congress of the United States in Section 1521 of the American Recovery and Reinvestment Act of 2009. The QSCB program is a part of a federal government program designed to allow schools to borrow funds at minimal interest cost to the borrower. The bonds were issued under the provision of the Authority's Qualified School Construction Bonds General Bond Resolution. The bonds are not supported by either the 1967 Resolution or the 1998 Resolution for Higher Education Facilities. The QSCB program provides loans to local governments to fund new construction, renovation and rehabilitation of schools, as well as the purchase of land and equipment for use in a qualified project. The Series 2009 QSCBs were issued as tax credit bonds under which an eligible holder of a QSCB is generally allowed quarterly federal income tax credits in addition to quarterly supplemental interest payments from the issuer during the time the bond is outstanding. These credits compensate the bondholder for lending money to the borrower and function as partial payments of interest on the bonds. The Series 2010 QSCBs were issued as direct subsidy payment bonds under which the Authority has elected to receive direct interest subsidy payments from the United States Treasury rather than to provide a tax credit to the bondholder. The interest subsidy payments received by the Authority are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. Funding for the QSCB program is limited to the amount allocated by the federal government, and the program expired on December 31, 2010.

Responsibility of Management

Management assumes responsibility for the fair presentation of the financial statements found in this report in conformity with accounting principles generally accepted in the United States of America; for compliance with applicable laws, regulations, and the provisions of contracts (including bond resolutions); and for establishing and maintaining effective internal control over financial reporting, operations, and compliance.

Internal Control. In developing the Authority's accounting system, much consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute assurance regarding (1) preventing, deterring, and detecting fraudulent activity, and (2) the reliability of financial records used in preparing financial statements. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Independent Audit Committee. T.C.A. § 4-35-101 requires that a state governing board, council, commission, or equivalent body that (a) has the authority to hire and terminate its employees or (b) is responsible for the preparation of financial statements, whether included in the financial statements of other entities or free standing, shall create an audit committee. The Authority appointed an independent audit committee on August 12, 2004.

The Authority approved an Audit Charter created by the Audit Committee on September 14, 2006. The Audit Charter defines the responsibilities of the Audit Committee as follows:

- Overseeing the Authority's financial reporting and related disclosures, especially when financial statements are issued;
- Reviewing the adequacy of the management's process for assessment of risk, including fraud risk;

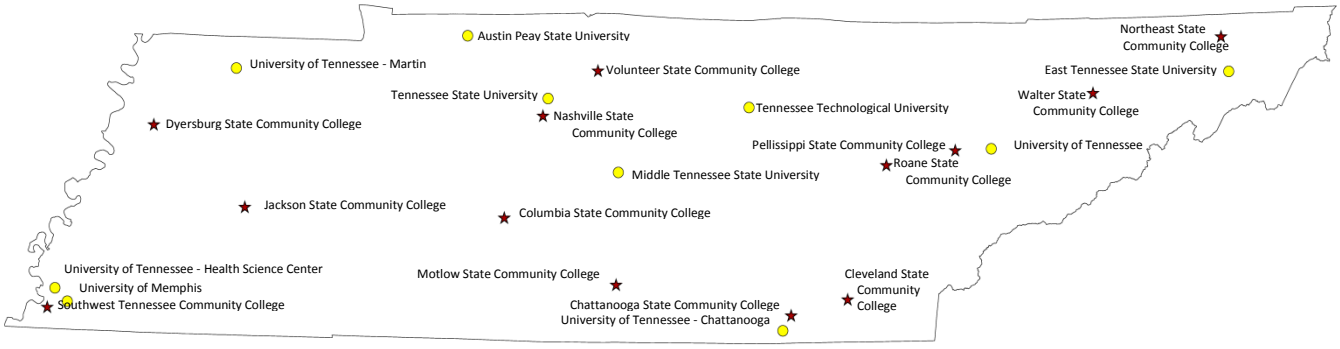
- Reviewing documentation of assessment results to determine that internal controls are sufficient to mitigate the assessed risks in the agency;
- Formally reiterating, on a regular basis, to the Authority or its management and staff, the responsibility of the Authority or its management and staff to prevent, detect and report fraud, waste and abuse;
- Serving as a facilitator of any audits or investigations of the Authority, including advising auditors and investigators of any information the Committee may receive pertinent to audit or investigative matters;
- Promptly notifying the Comptroller of the Treasury of any indications of fraud; and
- Establishing a process by which employees, taxpayers, investors or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity and ensure procedures exist for the receipt, retention, and treatment of such complaints.

The Borrowers

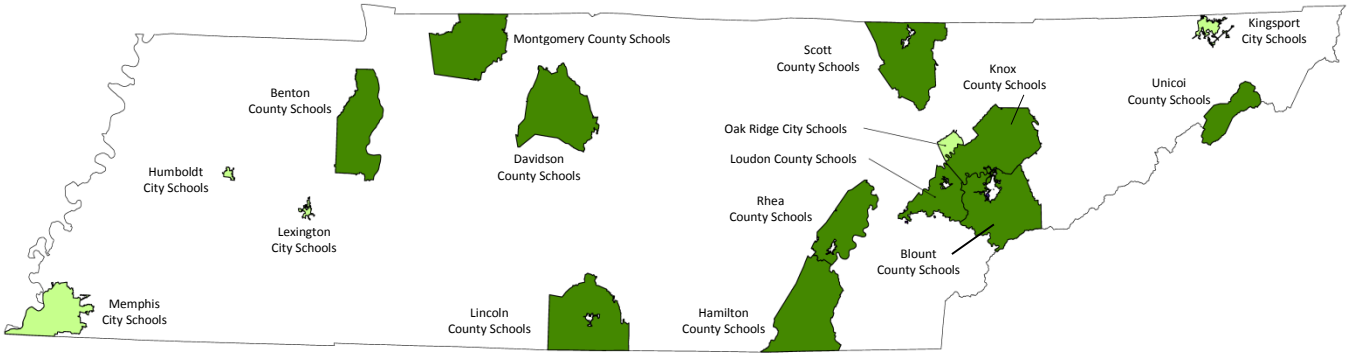
Higher Education Facilities Programs. Public higher education in Tennessee is coordinated by the Tennessee Higher Education Commission and consists of two systems: The University of Tennessee Board of Trustees ("Board of Trustees") governs the University of Tennessee System and the Tennessee Board of Regents ("Board of Regents") of the State University and Community College System of Tennessee governs the state universities, community colleges, and colleges of applied technology. The Board of Trustees and the Board of Regents are referred to collectively as the "Boards". The Boards are the governing bodies for all public higher education in Tennessee.

The definition of "Institution" was amended by Chapter 174, Public Laws of 2013 to be "(i) the University of Tennessee system, including all of its branches and divisions wherever located, and the services, programs and activities provided therein, and the board of trustees of the University of Tennessee, in the aggregate, and (ii) the state university and community college system, including all of its constituent institutions, wherever located (whether or not conferring degrees), and the services, programs and activities provided therein, and the Board of Regents of the state university and community college system, in the aggregate".

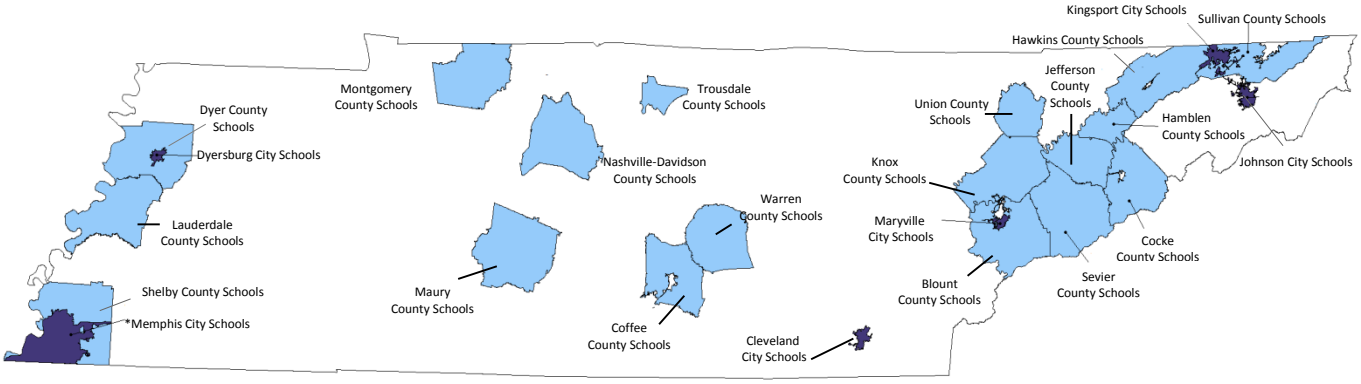
The University of Tennessee has four campuses (at Knoxville, Martin, Memphis, and Chattanooga), with 33 colleges, schools and divisions, all of which constitute a single "Institution". The Tennessee Board of Regents system includes 6 universities, 13 community colleges, and 27 colleges of applied technology, all of which constitute a single "Institution". The colleges of applied technology are not permitted to borrow from the Authority.



Qualified Zone Academy Bond Program. The QZAB program is a capital financing program originally authorized by the federal government. The borrowers under the QZAB program are local government units that borrow on behalf of local education agencies that are governed by the Tennessee Department of Education. A total of 16 local education agencies have participated in the QZAB program. As of June 30, 2013, Knox County Schools, Lincoln County Schools, Scott County Schools, and Unicoi County Schools have paid their debt in full.



Qualified School Construction Bond Program. The QSCB program is a capital financing program authorized by the federal government. The borrowers under the QSCB program are local government units that borrow on behalf of local education agencies that are governed by the Tennessee Department of Education. There are currently 23 local governments participating in the QSCB program.



*Shelby County borrowed QSCB funds from the Authority on behalf of both the Shelby County Schools and the Memphis City Schools.

The Programs

Higher Education Facilities Programs. The Authority and each Board have entered into separate financing agreements under which the Authority agrees to finance projects and the respective boards agree to make payments to the Authority. Under each financing agreement, the relevant board covenants and agrees to establish and collect fees and charges at each institution at a level sufficient to produce in each fiscal year no less than two times the amount required for the payment of the aggregate of financing charges. In the event a Board fails to make timely and full payment of amounts due and payable, the Commissioner of Finance and Administration, after notice from the Authority, shall deduct from the amounts appropriated by the General Assembly of the State of Tennessee for the operation and maintenance of the Institution for which such project was undertaken, the amount or amounts as may be required to make the Board current with respect to amounts due and payable.

Qualified Zone Academy Bond Program. To receive a QZAB loan, a local education agency, in cooperation with its city or county, completed an application provided by the Tennessee Department of Education. The Department of Education recommended to the Authority the projects deemed worthy of funding. Each local education agency and the respective city or county entered into a loan agreement with the Authority under which the Authority agreed to finance the projects and the respective city or county agreed to repay the loan.

Qualified School Construction Bond Program. To receive a QSCB loan, a local education agency, in cooperation with its city or county, completed an application provided by the Authority. The Tennessee Advisory Commission on

Intergovernmental Relations (TACIR) recommended to the Authority the projects deemed worthy of funding. Each local education agency and respective city or county entered into a loan agreement with the Authority under which the Authority agreed to finance the projects and the respective city or county agreed to repay the loan.

For both the QZAB and QSCB programs, local education agencies received their funding from the city and/or county where they are located. Debt Service for these two federal programs is secured by the general obligation pledge of the borrower and the intercept of unobligated state-shared taxes. In the event the city or county should fail to make timely debt service payments, the Commissioner of Finance and Administration, after notice from the Authority, shall intercept a portion of the state-shared taxes sufficient to cover the debt service payment. Local education agencies do not have taxing power in Tennessee. The power to tax is vested in cities and counties.

Future Outlook

Enrollment Trends in Higher Education. Enrollment in higher education facilities surged due to the economic downturn that began in 2008. Since 2007, enrollment in universities and community colleges increased by 5% and 10%, respectively. The Tennessee Education Lottery Scholarship program enabled more Tennesseans to attend college. In the 2014-15 academic year, the Tennessee Lottery provided an estimated $304 million in scholarships to just over 105,000 students. In the Knowledge Economy, the importance of receiving training beyond high school is significant. The growing demand for higher education will guarantee that the higher education system will sustain its long-term debt commitments well into the future.

FINANCIAL INFORMATION

Budget. The Authority has no formally approved operating budget. However, controls are in place to assure financial compliance for each project. All loans made and bonds issued must be approved by the Authority in public meetings. T.C.A. § 49-3-1201 et. seq. permits the Authority to make and collect charges from the borrowers for all administrative fees that it determines to be reasonable. These administrative fees include but are not limited to costs relating to the issuance and payment of debt, liquidity facilities, trustee fees, and administrative costs of staff. All such fees and charges are subject to independent audit for reporting and compliance purposes.

Financial Statements. The financial statements included in this report present information on the financial condition of the Authority and whether resources were adequate to cover the costs of providing services during the reporting period. A discussion of the financial statements is included on pages 9 - 10 in the Management's Discussion and Analysis section of this Comprehensive Annual Financial Report.

Debt Management. The Authority is authorized to issue both short-term debt and long-term debt on behalf of the higher education facilities. Typically, higher education facilities' projects are initially financed with short-term debt, and the borrowers are required to pay the monthly interest on the amount borrowed under the RCA until the projects have been completed at which time long-term debt is then issued and the RCA is repaid. After long-term debt is issued for the higher education facilities' projects, the borrowers are required to make semiannual debt service payments on November 1 and May 1 of each year. Pursuant to the bond resolutions, once the debt service payment due on the long-term debt is received, the Authority transfers the debt service payment to the Trustee. The Trustee then pays the bondholders of record.

QZABs were issued for the various projects for the local education agencies. The local government units where the local education agencies are located make annual payments to the sinking fund. When the payments are received from the local government units, the Authority places them into the appropriate sinking fund where the funds are invested until the final maturity of the QZAB.

QSCBs were issued for various projects for local education agencies. The local government units where the local education agencies are located make monthly payments to the Authority by depositing funds into a designated account in the Local Government Investment Pool. The Authority then transfers the funds to the appropriate sinking fund where they are invested until the final maturity of the QSCB.

Cash Management. Authorized investments are identified in the various bond and note resolutions. Unexpended bond and note proceeds are invested by the State Treasurer in the State Pooled Investment Fund for higher education facilities and the Local Government Investment Pool for the local government borrowers. Investments of moneys held in the debt service reserve fund for the higher education facilities are held by the Trustee. Decisions on investments in the debt service reserve fund are made by the State Treasurer's staff in consultation with the Authority staff and the Trustee. Investments are made in accordance with the terms of the bond and note resolutions.

Payments made into the sinking fund for the Series 2001 and 2003 QZAB bonds are held in the State Pooled Investment Fund and invested by the State Treasurer. For the Series 2004 and 2005 bonds, however, the Authority entered into Forward Delivery Agreements (the "Agreements") with the Bank of America, N.A. and J.P. Morgan Chase Bank, N.A. (collectively, "the Banks") whereby the Banks select the sinking fund investments from eligible securities defined in the Agreements. Such investments are held by the State Treasurer in the Authority's name. A description of the investments is outlined in the Notes to the Financial Statements, Note 2, of this report.

Payments made into the sinking fund for the Series 2009 and 2010 QSCBs commenced in September 2010 and September 2011, respectively. The payments are invested by the State Treasurer in accordance with the terms of the bond resolution and held by the State Treasurer in the Authority's name. A description of the investments is outlined in the Notes to the Financial Statements, Note 2, of this report.

OTHER INFORMATION

Securities and Exchange Commission Disclosures. The Tennessee State School Bond Authority has entered into a Continuing Disclosure Undertaking ("Undertaking") with respect to certain debt issues. The Undertaking was made for the benefit of the holders of the debt pursuant to U.S. Securities and Exchange Commission Rule 15c2-12. The Authority has covenanted to provide certain annual financial information, including audited financial statements, as well as certain additional financial and operating data. However, certain financial and operating data required pursuant to the Undertaking is included in the Comprehensive Annual Financial Report of the State of Tennessee, not in this report. The reader of the State's Comprehensive Annual Financial Report should use the index located at the end of that report to identify the specific pages where the information is presented.

Independent Audit. T.C.A. § 4-3-304 requires that the Department of Audit performs a post-audit of all accounts and other financial records of the state government, and any department, institution, office or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the Comptroller of the Treasury.

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tennessee State School Bond Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the thirteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of the comprehensive annual financial report was made possible by the dedication of the staff of the Office of State and Local Finance in the Office of the Comptroller of the Treasury.

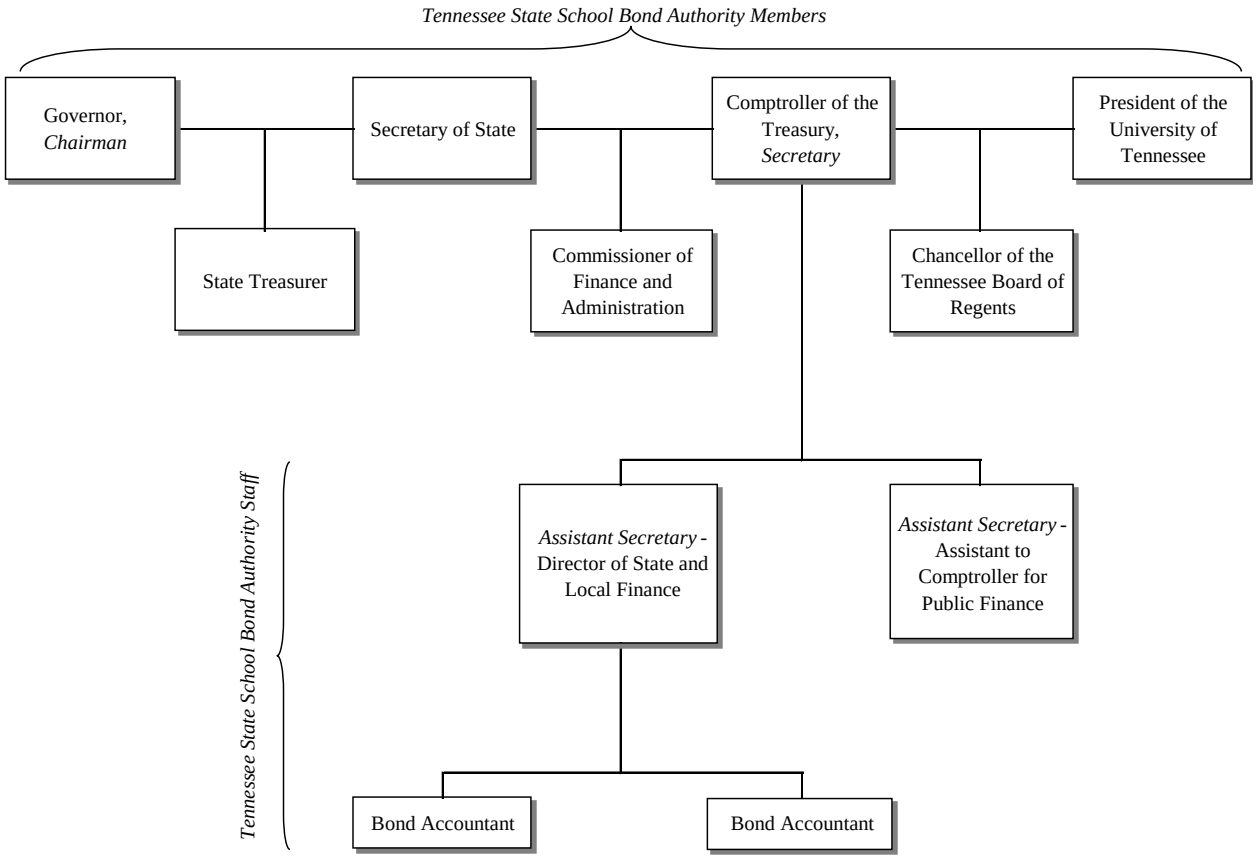
Respectfully submitted,

Sandra Thompson

Sandra Thompson, Assistant Secretary
Tennessee State School Bond Authority

Tennessee State School Bond Authority

Organization Chart



TENNESSEE STATE SCHOOL BOND AUTHORITY

MEMBERS

Bill Haslam, Governor, *Chairman*

Justin P. Wilson, Comptroller of the Treasury, *Secretary*

Tre Hargett, Secretary of State

David H. Lillard, State Treasurer

Larry B. Martin, Commissioner of Finance and Administration

Dr. Joseph DiPietro, President of the University of Tennessee

John G. Morgan, Chancellor of the Tennessee Board of Regents

STAFF

Sandra Thompson, Director of the Office of State and Local Finance, *Assistant Secretary*

Ann V. Butterworth, Assistant to Comptroller for Public Finance, *Assistant Secretary*

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tennessee State School Bond Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

TENNESSEE STATE SCHOOL BOND AUTHORITY
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FINANCIAL SECTION

TENNESSEE STATE SCHOOL BOND AUTHORITY
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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF STATE AUDIT
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Independent Auditor's Report

The Honorable Bill Haslam, Governor
Members of the General Assembly
Members of the Tennessee State School Bond Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the years ended June 30, 2015, and June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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 audit opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include serving as a member of the board of directors of the Tennessee State School Bond Authority. We do not believe that the Comptroller's service in this capacity affected our ability to conduct an independent audit of the Authority.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee State School Bond Authority as of June 30, 2015, and June 30, 2014, and the changes in financial position and cash flows thereof for the years 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, as listed in the table of contents, 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, which 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tennessee State School Bond Authority's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tennessee State School Bond Authority's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the Tennessee State School Bond Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts (including the bond resolutions) 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 Tennessee State School Bond Authority's internal control over financial reporting and compliance.

Deborah V. Loveless

Deborah V. Loveless, CPA
Director
December 14, 2015

Management's Discussion and Analysis

As management of the Tennessee State School Bond Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities as presented in the financial statements and notes to the financial statements of the Authority for the fiscal year ended June 30, 2015. These activities are compared to the results of the fiscal years ended June 30, 2014, and 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal along with the Independent Auditor's Report, the audited financial statements and accompanying notes of this report.

Program Activity Highlights

The Authority's purpose is to provide loans to the state's higher education institutions by issuing bonds and notes of the Authority and to local governments on behalf of local education agencies (LEAs) through Qualified Zone Academy Bonds (QZABs) and Qualified School Construction Bonds (QSCBs). The tables below summarize this business activity.

	Higher Education Facilities Programs		
	2015	2014	2013
Number of higher education facilities with outstanding loans	19	19	20
Balance of outstanding loans	$ 1,480,594,673	$ 1,391,546,528	$ 1,301,313,983
Total number of projects with outstanding loans	225	217	224
Number of projects approved in fiscal year	11	13	12
Dollar amount of loans approved in fiscal year	$ 230,579,240	$ 377,266,000	$ 55,688,000
Dollar amount of loans approved in fiscal year - unspent	$ 224,941,981	$ 368,232,834	$ 42,692,636
Dollar amount of loans financed in fiscal year	$ 83,154,335	$ 133,890,012	$ 170,967,267
Balance of outstanding debt	$ 1,784,191,852	$ 1,504,789,384	$ 1,452,141,240
Bonds issued in fiscal year	$ 808,815,000	$ 149,130,000	$ 437,720,000
Commercial paper issued in fiscal year	$ -	$ 54,600,000	$ 123,000,000
Revolving credit facility issued in fiscal year	$ 50,000,000	$ 159,500,000	$ -

	Qualified Zone Academy Bond Program		
	2015	2014	2013
Number of LEAs with outstanding loans	12	12	12
Total number of outstanding loans	16	16	16
Balance of outstanding loans	$ 12,984,352	$ 16,009,555	$ 18,962,582
Balance held in Sinking Fund	$ 30,834,174	$ 27,808,970	$ 24,958,453
Balance of outstanding debt	$ 43,920,000	$ 43,920,000	$ 43,920,000

	Qualified School Construction Bond Program		
	2015	2014	2013
Number of LEAs with outstanding loans	23	23	23
Total number of outstanding loans	28	28	28
Balance of outstanding loans	$ 284,021,020	$ 308,233,864	$ 330,122,385
Balance held in Sinking Fund	$ 106,050,986	$ 80,133,016	$ 56,308,825
Balance of outstanding debt	$ 389,440,000	$ 389,440,000	$ 389,440,000
Dollar amount of loan proceeds disbursed in fiscal year	$ -	$ 7,542,927	$ 70,165,187

The financial statements and the analysis provided in the remainder of this report reflect the financial results of this activity.

Debt Administration

Pursuant to Section 49-3-1201 et seq., *Tennessee Code Annotated*, the General Assembly of the state created the Tennessee State School Bond Authority to issue revenue bonds and notes to fund capital projects for the higher education institutions including both four-year institutions and two-year community colleges. Such loans are payable from user fees or savings generated from the projects in the case of energy conservation projects. The statute was amended in 1999 to authorize the Authority to issue QZABs and again in 2009 to authorize the Authority to issue QSCBs on behalf of LEAs throughout the State. For more specific financial information on long-term debt activity, **see Note 5, Debt Payable, on pages 25 - 30 in the Notes to the Financial Statements.**

The State is not liable on the bonds, and the bonds are not a debt of the State of Tennessee.

Higher Education Facilities Programs. When a higher education facility applies for project funding through the Authority, an analysis of the financial feasibility of each loan application is undertaken by comparing the projected debt service to the pledged revenue before it is approved by the Authority. Once approved by the Authority, the project will be included in the Financing Agreement between the Authority and the respective higher education system (the Board of Trustees of the University of Tennessee and the Tennessee Board of Regents of the State University and Community College System of the State of Tennessee, referred to collectively as the Boards). The Boards covenant and agree in the Financing Agreements to establish and collect fees and charges at each institution at a level sufficient to produce in each fiscal year no less than two times the amount required for the payment of total debt service. Fees and charges include all revenues, fees, rental and other charges received by or on behalf of an institution which are available to pay debt service. In addition, the Boards agree in the Financing Agreements that the Commissioner of Finance and Administration, after notice from the Authority that a Board has failed to pay its annual financing charges or administrative fees, shall deduct from the institution's appropriations the amount required to make it current with respect to the unpaid annual financing charges and administrative fees.

Prior to March 20, 2014, under the financing program for higher education facilities, a project was funded through the Authority's commercial paper program during its construction phase. The range of the commercial paper interest rates are shown below for the fiscal years 2014 and 2013.

Higher Education Facilities Programs
Commercial Paper Interest Rates Range

	Tax-Exempt		Federally Taxable	
Fiscal Year	**Low**	**High**	**Low**	**High**
2014	0.05%	0.18%	0.10%	0.18%
2013	0.10%	0.22%	0.12%	0.22%

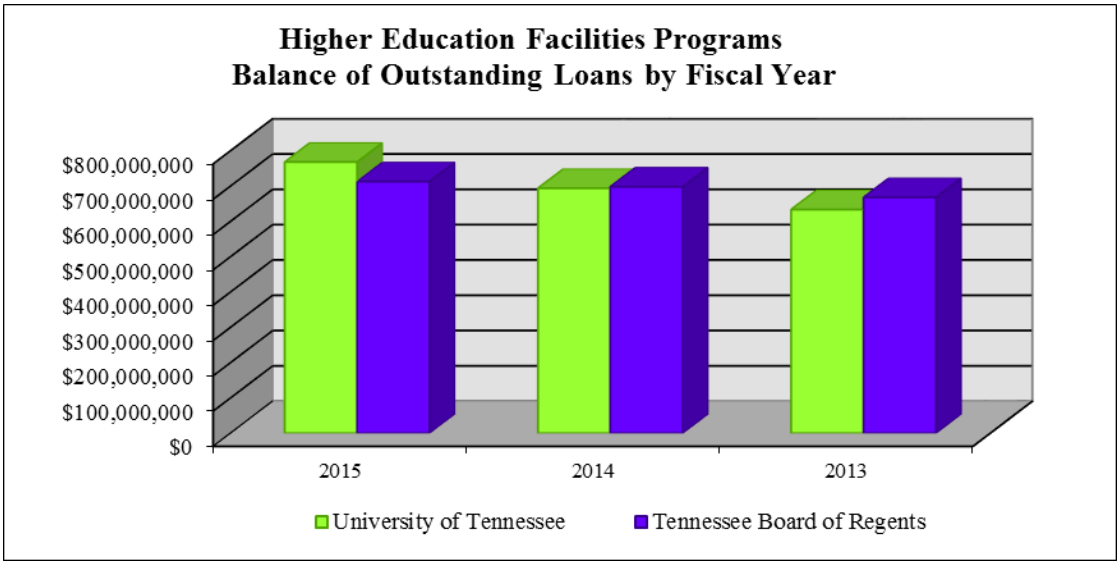
On March 20, 2014, all outstanding commercial paper was redeemed and the commercial paper program was terminated when the Authority entered into a Revolving Credit Agreement (RCA) with Wells Fargo Bank, National Association, and U.S. Bank, National Association. As of March 20, 2014, and thereafter, projects are funded through the RCA program during its construction phase. For projects in the construction phase that are completed or near completion, the Authority may fix the interest rate for the term of the projects by issuing long-term debt. The range of RCA interest rates are shown below for the fiscal year ended June 30, 2015 as compared to fiscal year 2014.

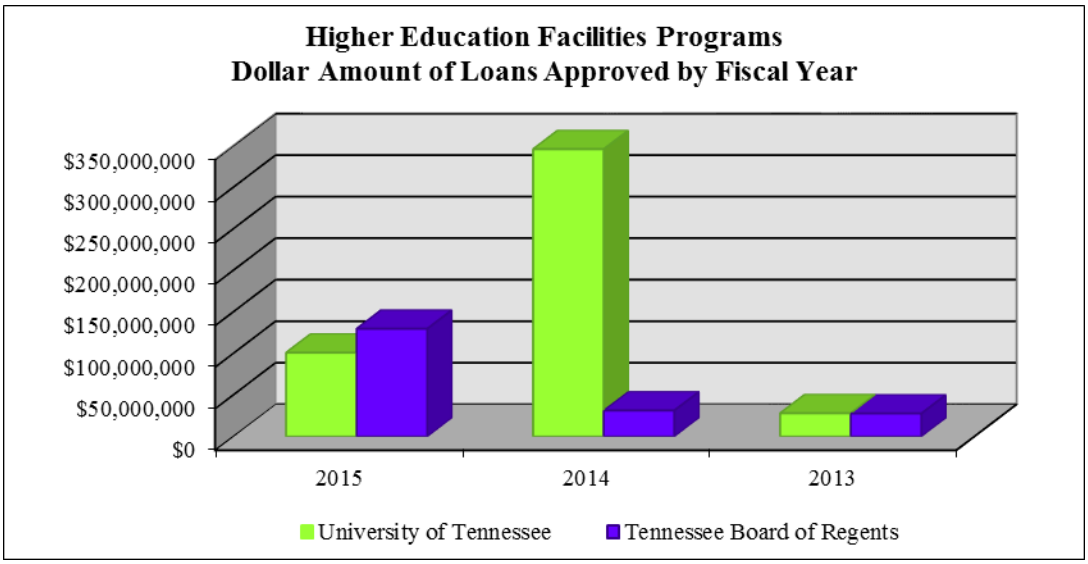
Higher Education Facilities Programs
Revolving Credit Facility Interest Rates Range

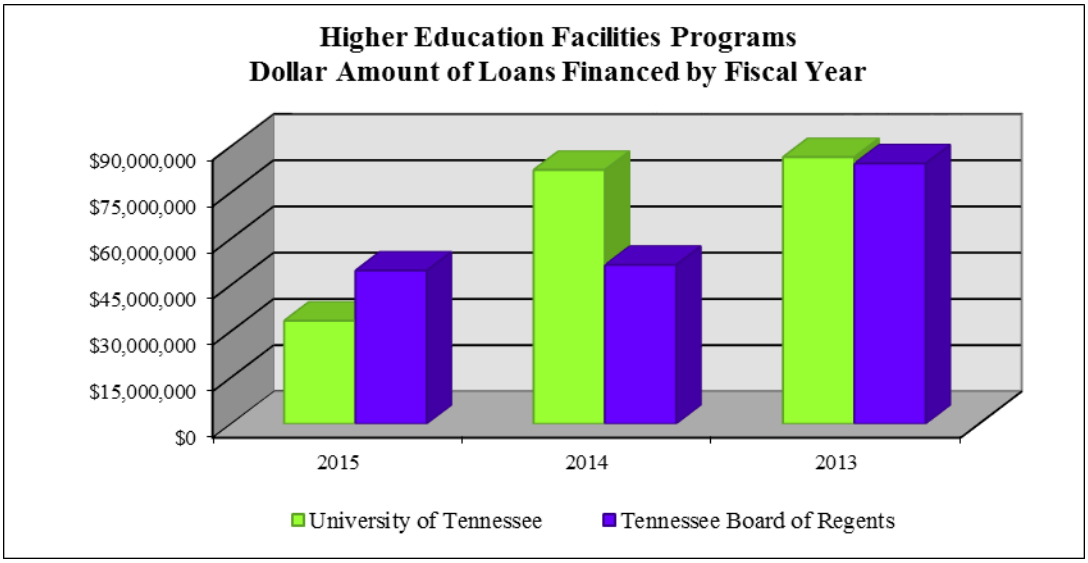
	Tax-Exempt		Federally Taxable	
Fiscal Year	**Low**	**High**	**Low**	**High**
2015	0.476%	0.499%	0.652%	0.684%
2014	0.476%	0.478%	0.651%	0.655%

For the fiscal year ended June 30, 2015, interest rates on the higher education facilities long-term fixed-rate tax-exempt bonds ranged from a low of 2.00% to a high of 5.20%, and the interest rates on the higher education facilities long-term fixed-rate federally taxable bonds ranged from a low of 0.35% to a high of 5.67%. By pooling the financing of the capital needs for all public higher education facilities, management believes that economic efficiency is achieved through a single large borrowing administered by one agency. The creditworthiness of both large and small institutions is blended into one credit resulting in a lower cost of borrowing and providing a more equitable cost to students and other users who repay the debt through various user fees and charges and student debt service fees.

Higher Education Facilities Programs Debt Ratings. As of the fiscal year ended June 30, 2015, the Authority's higher education facilities program is rated AA+, and AA by Fitch and Standard & Poor's Rating Group, respectively. Moody's Investors Service has assigned the Authority's bonds an enhanced rating of Aa1 and a programmatic rating of Aa1.



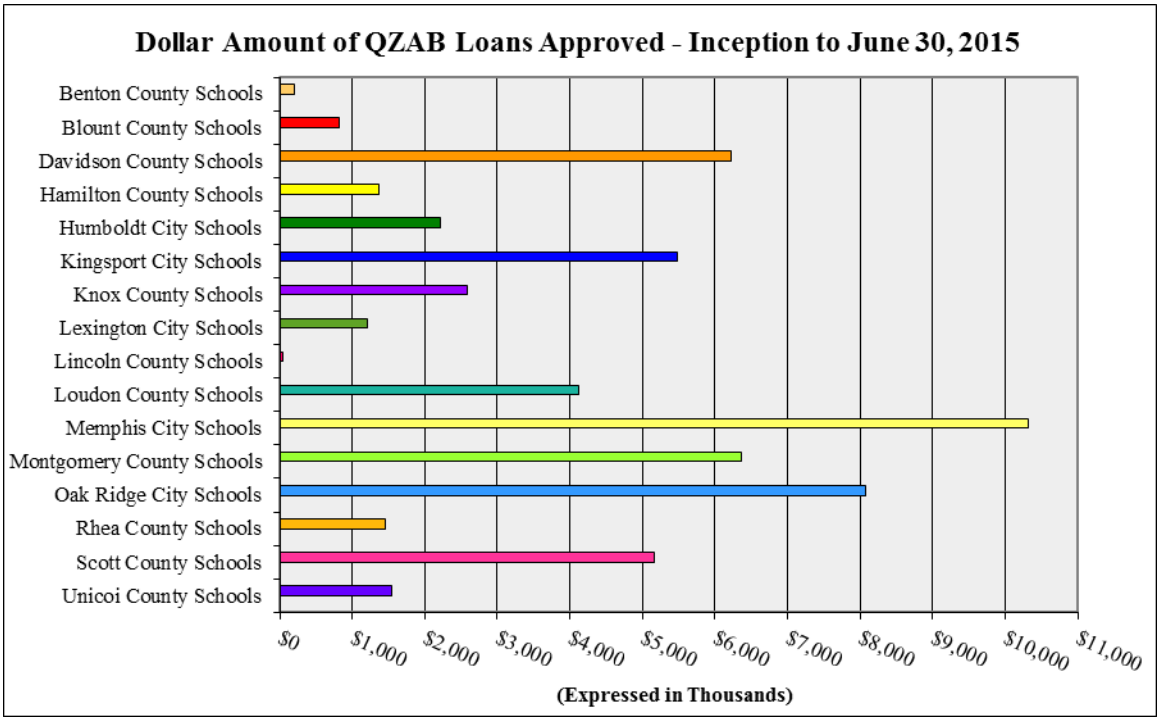




Qualified Zone Academy Bond Program. The QZAB program is a capital financing program authorized by the federal government under the Taxpayer Relief Act of 1997, Section 227(a). A QZAB is a taxable bond issued by the Authority, the proceeds of which are used to finance certain eligible public schools' renovation projects and equipment purchases. During the time the bond is outstanding, an eligible holder of a QZAB is generally allowed annual federal income tax credits in lieu of receiving periodic interest payments from the issuer. These credits compensate the holder for lending money to the borrower and function as payments of interest on the bonds. The Tennessee Department of Education distributes the application for a QZAB allocation to all LEAs in the State. The Department of Education recommends those projects that best meet the requirements of the program to the Authority for funding.

The LEA and the city or county supporting the agency must provide a general obligation pledge to the Authority for the repayment of its loans. The Authority is authorized to intercept the local community's state-shared taxes, should the LEA/local government fail to repay its loan timely.

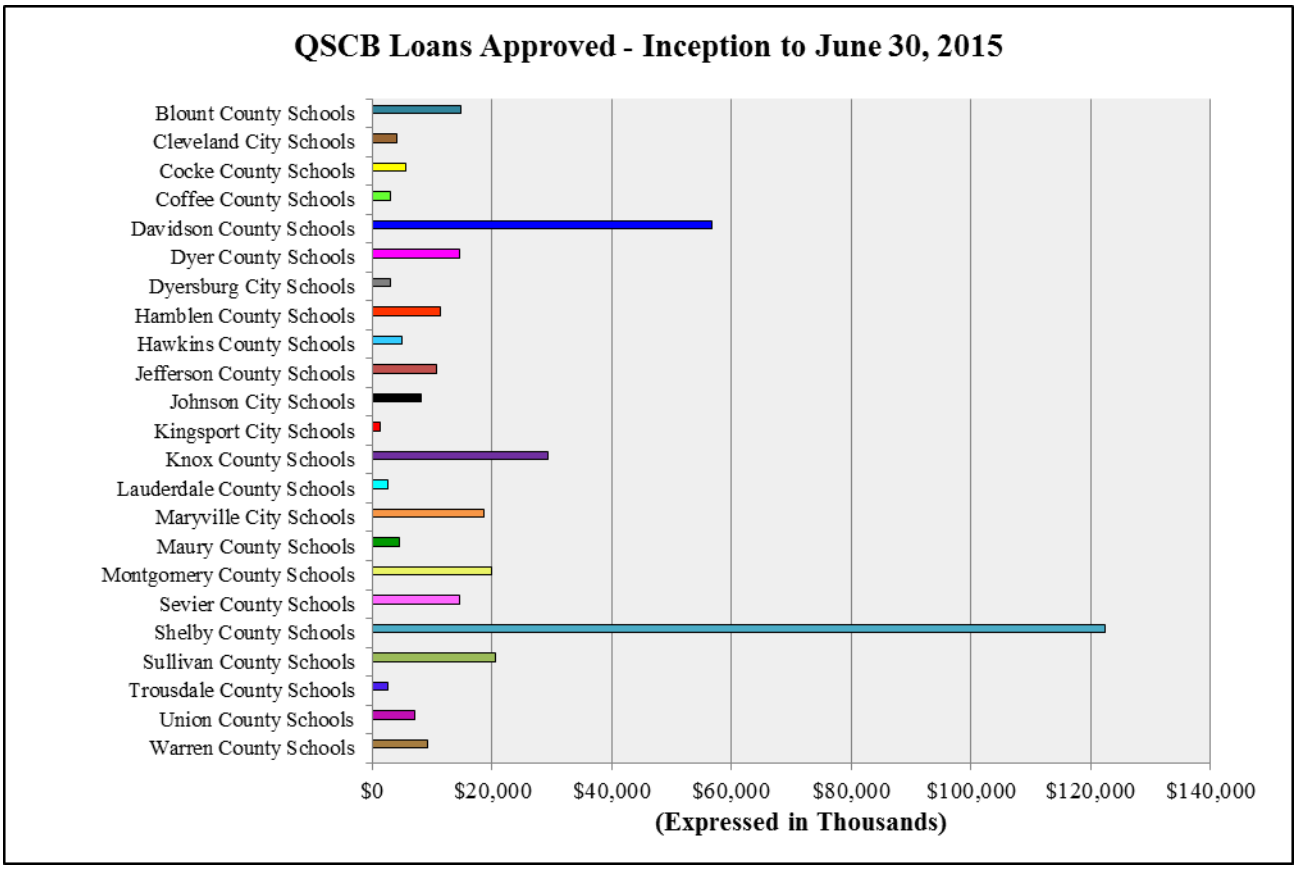
As of June 30, 2015, the QZAB program has unused allocations totaling $18,862,000. Of this amount, $9,431,000 of the 2013 allocation will expire on December 31, 2015. The State has up to two years after the yearly allocations are made by the federal government to issue bonds or the allocations will be forfeited. The Authority last issued bonds for the QZAB program on December 28, 2005, and does not have any intention to issue additional QZAB bonds.



Qualified Zone Academy Bond Program Debt Ratings. All of the QZAB's have been placed with private investors. The QZAB's are not rated.

Qualified School Construction Bond Program. The QSCB program is a capital financing program originally authorized by the federal government under the American Recovery and Reinvestment Act of 2009 and Section 49-3-12, *Tennessee Code Annotated*, as amended. The QSCBs are bonds issued by the Authority, the proceeds of which are used to finance certain eligible public schools' renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition. The Series 2009 QSCB is structured as a tax credit bond under which an eligible holder of a QSCB is generally allowed quarterly federal income tax credits in addition to quarterly supplemental interest payments from the issuer during the period the bond is outstanding. These credits compensate the bondholder for lending money to the Authority and function as partial payments of interest on the bonds. The Series 2010 QSCB is structured as a direct subsidy payment bond under which the holder of the bond is compensated with a semi-annual cash interest payment that is subsidized by the federal government. The Authority elects to receive the direct interest subsidy payments from the United States Treasury, and the loan agreements provide that the subsidy payments received by the Authority will then be transferred to the borrowers.

The city or county supporting the LEA must provide a general obligation pledge to the Authority for the repayment of its loans. The Authority is authorized to intercept the local community's state-shared taxes, should the local government fail to repay its loan timely.



Qualified School Construction Bonds Program Debt Ratings. As of the fiscal year ended June 30, 2015, the Authority's QSCB program is rated Aa2, AA, and AA by Moody's Investors Service, Inc., Standard & Poor's Ratings Service, and Fitch Ratings, respectively.

Overview of the Financial Statements

The Authority is a discretely presented component unit of the State of Tennessee and uses proprietary fund accounting. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting and the flow of economic resources measurement focus. This basis recognizes revenues when earned and expenses at the time liabilities are incurred. Using the economic resources measurement focus, a reader is presented information that allows him/her to determine the transactions and events that have increased or decreased the total economic resources for the period.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) the financial statements and 2) the notes to the financial statements. The financial statements consist of the Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

The Statements of Net Position on **page 15** present the Authority's financial position at June 30, 2015, and June 30, 2014. The Statements of Revenues, Expenses and Changes in Net Position on **page 16** portray the results of operations and the change in net position for the years presented. The Statements of Cash Flows on **pages 17 - 18** summarize the sources and uses of cash for the fiscal years presented. These statements are accompanied by notes to the financial statements that provide information that is essential to the reader's understanding of the financial statements. The Authority's basic financial statements are followed by supplementary information containing the financial statement information at the program level.

Financial Analysis of the Authority

Standard indicators of financial success are not applicable to the Authority. The financial goals of the Authority are to provide timely access to the capital markets for public higher educational institutions and local governments on behalf of LEAs at the lowest possible cost, to repay debt timely and to achieve the highest possible rating for its debt. During the fiscal year ended June 30, 2015, the Authority sold four series of bonds. At no time did the Authority deny approval of a loan application due to its inability to access the capital market. For long-term debt, the Authority made all debt service payments timely without having to withdraw funds from the debt service reserve fund or intercept the state appropriations for the higher education institutions. For short-term debt, No Event of Default, as defined in the RCA, has occurred. The Authority maintained both its long and short-term credit ratings with all rating agencies.

Statements of Net Position Summary

(in thousands of dollars)

	2015	2014	2013
Current assets	$ 403,912	$ 171,718	$ 195,192
Noncurrent assets	1,861,495	1,779,323	1,704,025
Total assets	2,265,407	1,951,041	1,899,217
Deferred outflows of resources	45,569	17,762	19,145
Current liabilities	144,427	78,823	78,461
Noncurrent liabilities	2,157,180	1,881,728	1,830,374
Total liabilites	2,301,607	1,960,551	1,908,835
Deferred inflows of resources	832	616	357
Net position (unrestricted)	$ 8,537	$ 7,636	$ 9,170

Note: The Authority owns no capital assets.

At June 30, 2015, current assets include $224,121,627 of unexpended proceeds from prior debt issued that will fund approved higher education loans as compared to $63,175,259 at June 30, 2014, and $87,850,086 at June 30, 2013. During the fiscal year ended June 30, 2015, the Authority issued $808,815,000 in Higher Education Facilities Second Program bonds which were used to redeem $141,896,739 of the Authority's revolving credit facility and refund $468,010,000 of the Authority's outstanding long-term debt with the balance of the bond proceeds to be used to fund various project costs and costs of issuance. During the fiscal year ended June 30, 2014, the Authority issued $149,130,000 in Higher Education Facilities Second Program bonds which were used to retire $135,755,922 of commercial paper proceeds with the balance to be used to fund various project costs and costs of issuance. During the fiscal year ended June 30, 2013, the Authority issued $437,720,000 in Higher Education

Facilities Second Program bonds which were used to retire $163,345,386 of commercial paper proceeds with the balance to be used to fund various project costs and costs of issuance.

Principal was repaid on the higher education outstanding long-term bonds in the amounts of $56,435,000 in 2015; $55,140,000 in 2014; $53,870,000 in 2013. Deposits to the Sinking Fund for the QZABs were made in the amounts of $3,025,204 in 2015; $2,850,517 in 2014; $3,402,835 in 2013. No QZAB bonds were retired during the fiscal years 2015, 2014, or 2013. Deposits to the Sinking Fund for the QSCBs were made in the amounts of $25,917,970 in 2015; $23,824,191 in 2014; $23,455,247 in 2013. No QSCB bonds were retired during the fiscal years 2015, 2014, or 2013.

Net position is available to fund ongoing operations and other expenses necessary to meet the goals of the Authority. Assets and liabilities increase and decrease together in correlation to the issuance and repayment of debt and the resulting loans. The change in net position from fiscal year ending June 30, 2015, to fiscal year ending June 30, 2014, was mostly due to the issuance of the bonds and the amount of unexpended bond proceeds. The change in net position from fiscal year ending June 30, 2014, to fiscal year ending June 30, 2013, was mostly due to the use of the unexpended bond proceeds and revolving credit facility.

Statements of Revenues, Expenses, and Changes in Net Position Summary (in thousands of dollars)

	2015	2014	2013
Operating Revenues			
Revenue from loans	$ 66,092	$ 66,625	$ 62,496
Investment earnings	5,697	2,571	1,725
Total operating revenues	71,789	69,196	64,221
Operating Expenses			
Interest expense	64,623	66,033	61,005
Subsidy to borrowers	13,341	12,098	12,314
Other expenses	2,473	1,863	2,334
Total operating expenses	80,437	79,994	75,653
Operating loss	(8,648)	(10,798)	(11,432)
Nonoperating Revenues			
Federal subsidy on bonds	9,549	9,264	10,299
Total nonoperating revenues	9,549	9,264	10,299
Increase (decrease) in net position	$ 901	$ (1,534)	$ (1,133)

The Authority's operating revenues include revenue from loans in the form of administrative fees, interest on loans, and income earned on investments. Operating expenses include interest expense on outstanding short-term and long-term debt and administrative expenses. The change in operating revenues and expenses for fiscal year ending June 30, 2015, can be attributed largely to the QSCB program. The QSCB program had an increase in their Sinking Fund thus allowing for an increase in investment earnings and then allowing for a larger subsidy to the borrowers. The increase in the investment earnings and the decrease in interest expenses was the major contributor to the decrease in operating loss and increase in the change in net position.

The change in operating revenues and operating expenses for fiscal year ending June 30, 2014, can be attributed largely to the issuance of the 2013 Series bonds which increased the revenue from loans. With the issuance of the 2013 Series Bonds, revenue from loans and interest expense both increased at approximately the same rate while Federal subsidy on bonds decreased due to sequestration. The increase in the investment earnings and the decrease in "other expenses" due to a lesser amount of administrative expenses was the major contributor to the decrease in operating loss and change in net position.

For the fiscal years ended June 30, 2015, June 30, 2014, and June 30, 2013, the Authority elected to return the investment income that it earned on funds held by the trustee and interest earned on unspent bond proceeds to the borrowers in the higher education facilities program as a subsidy to be applied toward amounts due on debt service from the borrowers.

Pursuant to the bond resolution for the QZABs, Sinking Fund payments are invested in the State Pooled Investment Fund ("SPIF"). SPIF rates for fiscal year ended June 30, 2015, ranged from 0.07% to 0.11%. Investment earnings related to the QZAB program are held by the Authority for the benefit of the LEAs participating in the program and are applied as a subsidy

toward each LEA's individual debt service Sinking Fund payment on an annual basis. Pursuant to the supplemental bond resolutions for the 2004 and 2005 Series QZABs, Sinking Fund payments are invested in Forward Delivery Agreements which guarantee a fixed rate of interest of 3.00% and 3.64%, respectively, on investments. The investments are held by the State Treasurer in the Authority's name.

Investment earnings related to the QSCB program are held by the Authority for the benefit of the local governments participating in the program and are applied as a subsidy on a monthly basis toward the amounts due on each LEA's individual debt service principal and interest payments.

Future Financing Activities

Higher Education Facilities Programs. As Tennessee continues into an economic era that emphasizes the human capital potential of its citizens rather than physical capital and natural resources, the higher education system must be positioned to serve the broader-based need for access to post-secondary education and to produce degree and certificate holding work-ready citizens. A host of policy and environmental factors influence the demands for access and completion, and the means through which this demand will be met.

These factors include:

- Economic conditions in 2008 led to an enrollment bulge in Tennessee colleges and universities that rippled through 2010. University enrollment increased seven percent from 2008 to 2010, while community college enrollment increased 22% in the same time period, the largest increase in more than two decades. These enrollment increases began to wane in 2011. Total enrollments have declined 7.1% from 2011 to 2014 but remain well above the levels before the economic downturn. Compared to 2007, enrollments are up 5% at universities and 10% at community colleges.
- The demographic composition of the state is changing dramatically and the higher education system must position itself to serve the needs of an increasingly diverse population.
- The advent of the Tennessee Education Lottery Scholarship program allowed more Tennesseans to attend college. In 2014-15, the Tennessee Lottery provided an estimated $304 million in scholarships to more than 105,000 students.

In January 2010, the Tennessee General Assembly enacted the Complete College Tennessee Act (CCTA), a comprehensive reform agenda that seeks to transform public higher education through changes in academic, fiscal and administrative policies at the state and institutional level. The primary goal of these reforms is for more Tennesseans to be better educated and trained. At the heart of the CCTA is a new Public Agenda for higher education which establishes the direct link between the state's economic development and its educational system. The overarching goal of the Public agenda is to have Tennessee meet the projected national average in educational attainment by 2025. The primary state policy levers for addressing the state's educational needs include (1) a new funding formula which incorporates outcomes in lieu of enrollment; (2) a new Performance Funding program which focuses on quality assurance; and (3) the establishment of institutional mission statements or profiles which distinguish each institution by degree level, program offerings and student characteristics. Other major components of the reform agenda include more efficient student transfer, a more integrated community college system, reforms to the delivery of student remediation programs, and an enhanced research focus for the University of Tennessee Knoxville and the University of Memphis, the state's two public Carnegie Research institutions.

With the creation of CCTA, the importance of receiving training beyond high school became more significant. In 2008, 24.5% of Tennessee's working-age adults held a college degree, compared to the national average of 29.5%. To reach the national average educational attainment levels of 2008, Tennessee would have needed an additional 170,000 citizens with a bachelor's degree or higher, more than double the annual degree production of the state's public and private institutions at that time. Furthermore, the percentage of adults in the state with an associate's degree or some college in 2008 was 31.3%, in comparison with the national average of 37.9%. To reach the 2008 national average, Tennessee would have needed an additional 220,000 citizens with an associate's degree or higher. As of 2013, the percentage of adults in the state with a bachelor's degree or higher was 26.3% compared to the national rate of 31.1%. Those with an associate's degree or higher increased to 33.8% while the national rate was 40%.

While Tennessee continues to trail the national rate, the gap has narrowed for adults with an associate's or bachelor's degree. The increased enrollment during the economic downturn years and demand for advanced education and training put stress on the capital facilities at all campuses. As the State continues to promote educational attainment to its citizens, we anticipate an increased need for funding of various facilities through the Authority.

Qualified Zone Academy Bonds and Qualified School Construction Bonds Programs. The issuance of bonds within the QZAB and QSCB programs is limited to the amounts allocated by the federal government. At this time, the Authority does not anticipate further issuance of debt for the QZAB program due to economic and financial conditions and constraints. The QSCB program expired December 31, 2010.

Contacting the Authority's Management Team

This discussion and analysis is designed to provide our citizens, education agencies, investors and creditors with a general overview of the Authority's finances and to demonstrate its accountability for the moneys it receives. If you have questions about this report or need additional financial information, contact the Director of the Office of State and Local Finance, State of Tennessee, Suite 1600, James K. Polk State Office Building, 505 Deaderick St., Nashville, Tennessee 37243-1402, visit our website at www.comptroller.tn.gov/TSSBA/, or call (615) 747-5369.

BASIC FINANCIAL STATEMENTS

TENNESSEE STATE SCHOOL BOND AUTHORITY
XVI
AGRICULTURE
COMMERCE
1965

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2015, AND JUNE 30, 2014

(Expressed in Thousands)

	June 30, 2015	June 30, 2014
ASSETS		
Current assets:		
Cash (Note 2)	$ 296,686	$ 70,790
Cash with fiscal agent (Note 2)	1,423	1,237
Fair value of derivatives (Notes 1 and 2)	832	616
Loans receivable (Note 3)	90,300	86,175
Interest receivable (Note 3)	11,768	9,890
Federal subsidy receivable	2,785	2,788
Receivables for administrative fees (Note 3)	118	222
Total current assets	403,912	171,718
Noncurrent assets:		
Restricted cash (Notes 2 and 4)	20,560	19,732
Restricted investments (Notes 2 and 4)	153,635	129,976
Loans receivable (Note 3)	1,687,300	1,629,615
Total noncurrent assets	1,861,495	1,779,323
Total assets	2,265,407	1,951,041
DEFERRED OUTFLOWS OF RESOURCES		
Derivatives - Forward Delivery Agreement (Notes 1 and 2)	-	-
Deferred amount on refunding	45,569	17,762
Total deferred outflows of resources	45,569	17,762
LIABILITIES		
Current liabilities:		
Accounts payable	64,728	16
Accrued liabilities	2,925	7,621
Fair value of derivatives (Notes 1 and 2)	-	-
Accrued interest payable	14,246	12,543
Unearned revenue (Note 6)	2,143	2,208
Bonds payable (Note 5)	60,385	56,435
Total current liabilities	144,427	78,823
Noncurrent liabilities:		
Unearned revenue (Note 6)	19	21
Commercial paper payable (Note 5)	-	-
Revolving credit facility (Note 5)	61,682	157,584
Bonds payable (Note 5)	2,095,479	1,724,123
Total noncurrent liabilities	2,157,180	1,881,728
Total liabilities	2,301,607	1,960,551
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - derivatives (Notes 1 and 2)	832	616
Total deferred inflows of resources	832	616
NET POSITION		
Unrestricted	$ 8,537	$ 7,636

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

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014

(Expressed in Thousands)

	Year Ended June 30, 2015	Year Ended June 30, 2014
OPERATING REVENUES		
Revenue from loans	$ 66,092	$ 66,625
Investment earnings	5,697	2,571
Total operating revenues	71,789	69,196
OPERATING EXPENSES		
Interest expense-commercial paper	-	173
Interest expense-revolving credit facility	679	224
Interest expense-bonds	63,944	65,636
Subsidy to borrowers	13,341	12,098
Administrative expense	2,473	1,863
Total operating expenses	80,437	79,994
Operating loss	(8,648)	(10,798)
NONOPERATING REVENUES		
Federal subsidy on bonds	9,549	9,264
Total nonoperating revenues	9,549	9,264
Increase (decrease) in net position	901	(1,534)
NET POSITION		
Net position, July 1	7,636	9,170
Net position, June 30	$ 8,537	$ 7,636

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

TENNESSEE STATE SCHOOL BOND AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014

(Expressed in Thousands)

	Year Ended June 30, 2015	Year Ended June 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from borrowers for administrative fees	$ 912	$ 867
Payment to suppliers	(819)	(1,090)
Receipts from borrowers to the interest rate reserve fund	-	264
Net cash provided by operating activities	93	41
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from sale of bonds	414,503	163,166
Proceeds from sale of refunding bonds	509,939	-
Proceeds from sale of commercial paper	-	54,600
Proceeds from the sale of revolving credit facility	50,000	159,500
Bond interest subsidy from federal government	9,552	9,480
Bond issuance costs paid	(1,558)	(728)
Refunding bond proceeds placed in escrow	(508,894)	-
Debt Service Reserve Fund released in escrow	(9,307)	-
Principal paid - bonds and commercial paper	(202,337)	(321,085)
Interest paid - bonds and commercial paper	(65,227)	(67,376)
Subsidy to borrowers	(9,552)	(9,480)
Net cash provided by (used in) noncapital financing activities	187,119	(11,923)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(69,593)	(108,098)
Proceeds from sales and maturities of investments	49,355	90,265
Interest received on investments	2,668	2,400
Loans issued	(83,154)	(141,433)
Collections of loan principal	83,657	82,927
Interest received on loans	56,765	54,063
Net cash provided by (used in) investing activities	39,698	(19,876)
Net increase (decrease) in cash	226,910	(31,758)
Cash, July 1	91,759	123,517
Cash, June 30	$ 318,669	$ 91,759
Reconciliation of cash to the Statement of Net Position:		
Cash	$ 296,686	$ 70,790
Cash with fiscal agent	1,423	1,237
Restricted cash	20,560	19,732
Cash, June 30	$ 318,669	$ 91,759

TENNESSEE STATE SCHOOL BOND AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014

(Expressed in Thousands)

	Year Ended June 30, 2015	Year Ended June 30, 2014
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (8,648)	$ (10,798)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Investment earnings	(5,697)	(2,571)
Interest expense	64,623	66,033
Subsidy to borrowers	13,341	12,098
Bond issuance costs	1,558	728
Interest income (loss) from loans	(65,282)	(65,736)
Changes in assets and liabilities:		
Decrease in receivables for administrative fees	104	1,150
Increase in payables for administrative fees	96	45
Decrease in unearned revenue	(2)	(908)
Total adjustments	8,741	10,839
Net cash provided by operating activities	$ 93	$ 41
Noncash investing activities:		
Increase in fair value of investments	$ 2,590	$ 428

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

Tennessee State School Bond Authority
Notes to the Financial Statements
June 30, 2015, and June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Tennessee State School Bond Authority (the Authority) was created to provide a mechanism for financing capital projects for the State of Tennessee's higher education institutions. During 1999, the General Assembly empowered the Authority to issue Qualified Zone Academy Bonds (QZABs) for local governments to borrow for financing improvement projects on behalf of local education agencies pursuant to the federal program authorized in the Taxpayer Relief Act of 1997. In addition, under the American Recovery and Reinvestment Act of 2009, the Authority was authorized to issue Qualified School Construction Bonds (QSCBs) for local governments to borrow on behalf of local education agencies at nominal or zero percent interest for financing renovation and rehabilitation projects, equipment purchases, new building construction and land acquisition.

The Authority is a component unit of the State of Tennessee and a separate legal entity. In accordance with the Governmental Accounting Standards Board's (GASB) Statement No. 14 (as amended), *The Financial Reporting Entity*, the Authority is discretely presented in the *Tennessee Comprehensive Annual Financial Report* because a majority of the Authority's board consists of state officials which include the Governor, the State Treasurer, the Secretary of State, the Commissioner of Finance and Administration, the Comptroller of the Treasury, the Chancellor of the Tennessee Board of Regents, and the President of the University of Tennessee. The Governor serves as chairman, and the Comptroller of the Treasury serves as secretary. The Director of the Office of State and Local Finance serves as the assistant secretary; the office provides administrative and financial services to the Authority. Therefore, the State has the ability to affect the day-to-day operations of the Authority.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and the flow of economic resources measurement focus. Under this basis, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with principal ongoing operations. The Authority's principal ongoing operation is to provide loans for constructing capital projects, renovating and rehabilitating facilities, and acquiring land and equipment to higher educational facilities and to local government units pursuant to the criteria set by the federal government for the QZAB and QSCB programs. Therefore, the Authority also recognizes income on investments as operating revenue. The Authority's operating expenses include interest paid on borrowings, subsidies to borrowers, arbitrage, and administrative expenses including bond issuance costs. Any revenues and expenses not meeting this definition would be reported as nonoperating revenues and expenses.

Investments

Investments for the Higher Education, QZAB, and QSCB Programs are stated at fair value.

Amortized Amounts

A. *Bond Discounts, Premiums, and Deferred Amount on Refundings*. The Authority amortizes bond discounts and premiums using the straight-line method over the life of the bonds. The deferred amount on refundings is amortized using the straight-line method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

   Amortization of bond discount, premium, and deferred amount on refundings is reported with bond interest expense in the financial statements.

B. *Unearned Revenue*. Prior to the issuance of the Revolving Credit Facility, the Authority required the higher education institutions to contribute funds to the Interest Rate Reserve Fund based on the amount of outstanding commercial paper. After the issuance of the Revolving Credit Facility, the Authority decided to no longer collect the Interest Rate Reserve Fund and the outstanding balance of the Interest Rate Reserve Fund was credited back to the institutions.

   The Authority requires the QSCB borrowers to prepay bondholder interest to the Debt Service Fund as outlined in the loan agreements. The interest of the Debt Service Fund is credited back to the borrower as bondholder interest payments are made. The prepaid interest is reported on the statement of net position as unearned revenue and is not amortized.

NOTE 2. DEPOSITS AND INVESTMENTS

Moneys pertaining to the Higher Education Second Program General Bond Resolution, the Qualified Zone Academy Bonds First Program Resolution and the Qualified School Construction Bonds General Bond Resolution of the Tennessee State School Bond Authority, pursuant to *Tennessee Code Annotated,* Section 49-3-1205, may be invested, pursuant to each Bond Resolution listed above, in obligations of the United States or its agencies under flexible repurchase agreements which are fully collateralized by obligations of the United States or obligations, the timely payment of the principal of and interest on which are guaranteed by the United States, the State's pooled investment fund as provided in *Tennessee Code Annotated,* Section 9-4-603, and any other investment authorized by the State Investment Policy adopted by the State Funding Board pursuant to *Tennessee Code Annotated,* Section 9-4-602.

Deposits

The Authority has cash on deposit in the State Pooled Investment Fund and Local Government Investment Pool administered by the State Treasurer. The funds' investment policy and required risk disclosures are presented in the *State of Tennessee's Treasurer's Report.* That report is available on the state's website at www.tn.gov/treasury.

The Authority's deposits are held in a financial institution, which participates in the bank collateral pool administered by the State Treasurer. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2015, and June 30, 2014

Investments

As of June 30, 2015, the Authority has the following investments:

Investment	Maturity	Fair Value
U.S. Treasury Bills	October 29, 2015	$ 5,990,760
	November 19, 2015	7,376,189
U.S. Treasury Notes	August 31, 2015	6,673,135
	August 31, 2015	580,273
	November 30, 2015	2,709,526
	November 30, 2015	9,692,780
	April 30, 2016	589,169
	May 31, 2016	3,170,847
	August 31, 2016	3,565,453
	August 31, 2016	256,833
	November 30, 2016	1,171,445
	April 30, 2017	3,046,397
	April 30, 2017	3,733,872
	April 30, 2017	271,371
U.S. Treasury Bonds	August 15, 2026	21,299,967
	August 15, 2027	20,153,520
U.S. Treasury Securities:		
Agency Zeroes & Strips	August 15, 2026	32,891,628
	August 15, 2027	30,462,314
Total Investments		$153,635,479

As of June 30, 2014, the Authority has the following investments:

Investment	Maturity	Fair Value
U.S. Treasury Bills	October 30, 2014	$ 968,874
	November 20, 2014	6,535,693
U.S. Treasury Notes	August 15, 2014	3,538,163
	August 15, 2014	256,316
	November 30, 2014	8,453,576
	November 30, 2014	3,731,376
	November 30, 2014	272,290
	April 30, 2015	20,399
	May 15, 2015	3,254,062
	August 31, 2015	7,929,775
	August 31, 2015	581,450
	November 30, 2015	3,216,178
	April 30, 2016	3,001,876
	May 31, 2016	3,209,220
	November 30, 2016	3,163,329
	April 30, 2017	3,036,456
U.S. Treasury Bonds	August 15, 2026	17,256,922
	August 15, 2027	15,365,236

U.S. Treasury Securities:		
Agency Zeroes & Strips	August 15, 2026	24,427,616
	August 15, 2027	21,757,367
Total Investments		$129,976,174

Interest Rate Risk

Interest rate risk is the risk that future changes in prevailing market rates of interest will have an adverse effect on the fair value of debt investments. The State's Investment Policy does not formally address interest rate risk. As a matter of practice, higher education investments are invested no longer than five years to reduce the interest rate risk. QZAB investments follow the guidelines in the Forward Delivery Agreements, which are limited to six-month maturities so that interest rate risk is contained. The Authority's investments are specifically identified above.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015, and June 30, 2014, the Authority only invested in U.S. Government obligations, or obligations of which the principal and interest are guaranteed by the United States.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. At June 30, 2015, and June 30, 2014, the Authority's investments were registered in the name of the Authority.

Concentration of Credit Risk

A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. At June 30, 2015, and June 30, 2014, the Authority only invested in U.S. Treasury securities, or obligations of which the principal and interest are guaranteed by the United States.

Forward Delivery Agreements

On November 24, 2004, the Authority entered into a Forward Delivery Agreement (the "Agreement") with Bank of America, N.A. related to the Series 2004 QZABs. The Agreement guarantees to the Authority a fixed rate of interest of 3%. Cash from borrowers' loan repayments will be used to purchase securities from Bank of America, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the $12,600,000 Series 2004 QZABs at maturity. As a result of the Agreement, borrowers will repay only $9,984,800 of the $12,600,000 principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2015, $7,376,189 is invested through the Agreement. As of June 30, 2014, $6,535,693 was invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

On December 28, 2005, the Authority entered into a Forward Delivery Agreement (the "Agreement") with J.P. Morgan Chase Bank, N.A. related to the Series 2005 QZABs. The Agreement guarantees to the Authority a fixed rate of interest of 3.64%. Cash from borrowers' loan repayments will be used to purchase securities from J.P. Morgan Chase Bank, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the $17,545,000 Series 2005 QZABs at maturity. As a result of the Agreement, borrowers will repay only $13,438,510 of the $17,545,000 principal. The investments

will be held by the State Treasurer in the Authority's name. As of June 30, 2015, $9,692,780 is invested through the Agreement. As of June 30, 2014, $8,453,576 was invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

Terms of the Forward Delivery Agreements

	QZAB Series 2004	QZAB Series 2005
Trade Date	11/24/2004	12/28/2005
Provider	Bank of America, N.A	J.P Morgan Chase Bank, N.A.
Notional Amount	$12,600,000	$17,545,000
Guaranteed Interest Rate	3.00%	3.64%
Amount Invested in Agreement at 6/30/15 at fair value	$7,376,189	$9,692,780
Amount Invested in Agreement at 6/30/14 at fair value	$6,535,693	$8,453,576
Date of Deposits	Nov. 24, 2005 through 2020	Dec. 8, 2006 through 2020

For the fiscal year ended June 30, 2015, the Agreement for the 2004 QZABs has a positive fair value of $190,093, and the Agreement for the 2005 QZABs has a positive fair value of $642,052. For the fiscal year ended June 30, 2014, the Agreement for the 2004 QZABs had a positive fair value of $82,897, and the Agreement for the 2005 QZABs had a positive fair value of $532,801. The positive fair value is reported as a deferred inflow of resources on the statement of net position. The Authority did not enter into these agreements as interest rate hedges. The Agreements were valued by an independent investment advisor using the parameters contained in the Agreements and prevailing market conditions and benchmark yields on June 30, 2015, upon which the fair values depend. Borrowers pay no interest on these bonds. The interest rate credit is established by the federal government. The Agreements are agreed to as one of the terms of purchase to induce the investor to purchase the bond. The Authority has a scheduled amount of qualified securities required to be on deposit on specified delivery dates. These Agreements are forward contracts or commitments to deliver the same qualified securities on the scheduled dates at a pre-determined rate; therefore, these are hedging derivative instruments employed as a fair value hedge of the qualified securities for the required deposits. These forward contracts meet all criteria under GASB 53, Paragraph 39, which addresses the consistent critical terms method for forward contracts. All terms of the required deposits and the Agreements are consistent; therefore, hedge accounting is applied.

Termination Risk

Termination risk is the risk that a counterparty will terminate a forward delivery agreement at a time when the state owes it a termination payment. The state has mitigated this risk by specifying that the counterparty has the right to terminate only as a result of the following events: the failure by the State, for any reason, to purchase qualified securities in accordance with the Agreement; the amount to purchase qualified securities on the delivery date is less than the scheduled fund amount; the State is not in compliance with any covenant or obligation, incorporated by reference in this Agreement; any representation or warranty of the State contained in the Agreement proves to have been incorrect, false or misleading; insolvency of the State; or the principal amount under the Bonds becomes due and payable for any reason prior to the maturity date.

If the current market interest rate is higher than the fixed interest rate agreed to in the Agreement, the Agreement has a negative fair value. In the event of termination under this circumstance, the State owes a termination payment to the counterparty. If the fair value is positive, the State is due a termination payment from the counterparty. As of June 30, 2015, the fair value of the State's Agreements is a total positive value of $832,145. As of June 30, 2014, the fair value of the State's Agreements was a total positive value of $615,698.

NOTE 3. LOANS RECEIVABLE

Higher Education Facilities Programs

The Authority has entered into financing agreements with both the Board of Trustees of the University of Tennessee (the Board of Trustees) and the Tennessee Board of Regents of the State University and Community College System of the State of Tennessee (the Tennessee Board of Regents). The Second Financing Agreement (the "Agreement"), is dated November 1, 1997, and was amended and restated on May 9, 2013. Under the Agreement, the Authority agrees to finance construction projects for the Board of Trustees or the Tennessee Board of Regents. Annual financing charges payable under the Agreement must be sufficient to pay the debt obligations of the Authority and the costs of administering the programs.

When the Authority issues bonds to finance capital projects for the higher education institutions and local governments, the principal amount of the loan differs from the actual amount of funds available for capital expenditures because the par amount of the bonds is adjusted by bond discounts and premiums in order to arrive at the amount of bond proceeds available for capital expenditures. These discounts and premiums are amortized on a straight-line basis over the life of the related bond because the higher education institutions and the local governments either receive the benefit or bear the cost of this difference. These differences are included in loans receivable on the statement of net position.

Qualified Zone Academy Bonds Program

The Authority has entered into loan agreements with the local governments on behalf of local education agencies for the 1999 QZABs, dated November 30, 1999; the 2001 QZABs, dated December 18, 2001; the 2003 QZABs, dated December 23, 2003; the 2004 QZABs, dated November 24, 2004; and the 2005 QZABs, dated December 28, 2005. Under the agreements, the Authority agrees to finance renovation projects and equipment for the local education agencies. On the date designated in the agreements, annual financing charges must be paid by the borrower sufficient to pay the annual principal payment, which is deposited into a bond sinking fund held by the State Treasurer that will pay the bonds at maturity, and the costs of administering the program.

Qualified School Construction Bonds Program

The Authority has entered into loan agreements with the local governments on behalf of local education agencies for the 2009 QSCBs, dated December 1, 2009, and the 2010 QSCBs, dated October 1, 2010. Under the agreements, the Authority agrees to finance renovation and rehabilitation projects, equipment purchases, new building construction, and land acquisition for the local education agencies. On the dates designated in the agreements, monthly financing charges must be paid by the borrower sufficient to pay the monthly principal payment, which is deposited into a bond sinking fund held by the State Treasurer that will pay the bonds at maturity; interest payment; and the costs of administering the program.

NOTE 4. RESTRICTED ASSETS

Cash and Investments

The Higher Education Facilities Second Program General Bond Resolution, effective for all bonds issued in 1998 and thereafter, permits the Authority to satisfy the debt service reserve requirement by either placing an amount equal to the maximum semiannual debt service requirement in a debt service reserve account or by maintaining a Reserve Fund Credit Facility. The Authority obtained a surety bond, constituting a Reserve Fund Credit Facility under the Resolution, in lieu of maintaining a debt service reserve fund for the 2005 Series A and B; 2006 Series A; 2007 Series A, B and C; and 2008 Series A Bonds. Due to market conditions at the time of issuance of the 2008 Series B, 2009 Series A, and 2010 Series A and B Bonds, the Authority deposited funds into a debt service reserve account equal to the maximum semiannual debt service for those bonds. The Authority elected to establish a separate debt service reserve fund solely for the 2012 Series A, B, and C, 2013 Series A, 2014 Series A and B, and 2015 Series A and B bonds with no current funding requirement.

The first program bond resolution of the QZABs requires the establishment of a special trust fund, the bond Sinking Fund account. This account represents the funds set aside to redeem the QZABs at maturity.

The first program bond resolution of the QSCBs requires the establishment of a special trust fund, the bond Sinking Fund account. This account represents the funds set aside to redeem the QSCBs at maturity.

NOTE 5. DEBT PAYABLE

The State of Tennessee shall not be liable on the bonds issued by the Authority, and the bonds shall not be a debt of the State.

Higher Education Facilities Programs

A. *Bonds*. The principal, Sinking Fund installments, if any, and redemption price of and interest on the bonds are payable solely from the annual financing charges, legislative appropriations, and other moneys and securities held or set aside under the resolutions.

B. *Revolving Credit Facility*. Revolving credit facility constitutes a special obligation of the Authority. Principal and interest on the revolving credit facility is payable from the following sources: (i) as to principal only, the proceeds of the draw on the revolving credit facility to pay the principal of other outstanding revolving credit facility, (ii) available revenues, (iii) the money and securities (if any) on deposit in the Reimbursement Fund and in the Debt Service Fund, (iv) the moneys and securities (if any) on deposit in the Project Construction Account for such projects, and (v) the proceeds of bonds or notes issued to make such payments.

Qualified Zone Academy Bonds Program

On September 9, 1999, the Authority adopted a Qualified Zone Academy Bond Resolution authorizing the issuance of QZABs to make loans to local governments on behalf of local education agencies for the purpose of financing eligible costs of certain projects. The state Department of Education recommends the projects to the Authority that should be funded under the QZAB program. The Taxpayer Relief Act of 1997 provided this financial tool whereby interest on QZABs is paid by the federal government in the form of an annual tax credit to the financial institutions that hold the QZABs. The bonds are secured solely by the payments made by the borrowers under the loan agreements, including amounts collected from unobligated state-shared taxes in the event of non-payment by the local governments and by certain funds held under the Qualified Zone Academy Bond Resolution.

Qualified School Construction Bonds Program

On November 5, 2009, the Authority adopted a Qualified School Construction Bond Resolution authorizing the issuance of QSCBs to make loans to local governments on behalf of local education agencies for the purpose of financing eligible costs of certain projects. The Tennessee Advisory Commission on Intergovernmental Relations recommended the projects to be funded by the Authority under the QSCB program. The American Recovery and Reinvestment Act of 2009 provided this financial tool whereby interest on QSCBs, Series 2009, is paid by the federal government in the form of a quarterly tax credit to the financial institutions that hold the QSCBs. Market conditions at the time of issuance demanded the borrowers pay an additional quarterly interest payment to supplement the tax credit to the investors. The 2010 QSCBs were issued as direct subsidy payment bonds, a financial tool whereby the interest on the QSCBs is intended to be fully subsidized by the federal government. The bonds are secured solely by the payments made by the borrowers under the Loan Agreements, including amounts collected from unobligated state-shared taxes in the event of non-payment by the local governments and by certain funds held under the Qualified School Construction Bond Resolution. The September 15, 2014, federal interest subsidy payment for the 2010 QSCBs was reduced by 7.2%, or $370,767.29, as a part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year, September 30, 2014. On October 1, 2014, the Internal Revenue Service announced that federal subsidy payments will be cut by 7.3% during the 2015 federal fiscal year.

Changes in debt payable for the year ended June 30, 2015, and 2014 are as follows (expressed in thousands):

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
Revolving Credit Facility	$ 157,584	$ 50,000	$ 145,902	$ 61,682	$ -
Bonds payable	$ 1,695,470	$ 808,815	$ 524,445	$ 1,979,840	$ 60,385
Less: unamortized bond discount	(18)	(51)	(13)	(56)	-
Add: unamortized bond premium	85,106	115,678	24,704	176,080	-
Total bonds payable	$ 1,780,558	$ 924,442	$ 549,136	$ 2,155,864	$ 60,385

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2015, and June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
Commercial paper	$ 209,429	$ 54,600	$ 264,029	$ -	$ -
Revolving Credit Facility	$ -	$ 159,500	$ 1,916	$ 157,584	$ -
Bonds payable	$ 1,601,480	$ 149,130	$ 55,140	$ 1,695,470	$ 56,435
Less: unamortized bond discount	(30)	-	(12)	(18)	-
Add: unamortized bond premium	74,613	14,036	3,543	85,106	-
Total bonds payable	$ 1,676,063	$ 163,166	$ 58,671	$ 1,780,558	$ 56,435

Bonds and revolving credit facility at June 30, 2015, and June 30, 2014, are as follows (expressed in thousands):

Bonds Payable:	June 30, 2015	June 30, 2014
2005 Series A at interest rates from 3.750% to 5.00% maturing to 2030 (original par - $100,540)	$ 0	$65,445
2005 Series B (Federally Taxable) interest rates at 4.46% maturing to 2015 (original par - $30,960)	0	2,360
2006 Series A at interest rates from 4.00% to 4.60% maturing to 2036 (original par - $53,820)	0	4,590
2007 Series A at interest rates from 4.00% to 4.25% maturing to 2036 (original par - $33,730)	4,990	25,200
2007 Series B (Federally Taxable) at interest rate of 5.243% maturing to 2017 (original par - $14,040)	1,230	9,665
2007 Series C at interest rates from 4.00% to 5.00% maturing to 2032 (original par - $89,940)	42,440	83,365
2008 Series A at interest rates of 4.00% maturing to 2016 (original par - $118,530)	3,860	98,650
2008 Series B at interest rates from 4.25% to 5.00% maturing to 2018 (original par - $166,990)	20,970	138,315
2009 Series A at interest rates from 3.50% to 5.00% maturing to 2019 (original par - $109,905)	14,000	70,790
2010 Series A at interest rates from 3.125% to 4.250% maturing to 2040 (original par - $213,920)	89,005	182,455

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2015, and June 30, 2014

	June 30, 2015	June 30, 2014
2010 Series B at interest rates from 2.5% to 5.20% maturing to 2040 (original par - $18,015)	15,850	16,335
2012 Series A at interest rates from 2.50% to 5.00% maturing to 2042 (original par - $208,295)	198,860	203,060
2012 Series B (Federally Taxable) at interest rates from 1.275% to 3.845% maturing to 2042 (original par - $103,790)	98,135	101,360
2012 Refunding Series C at interest rates from 3.00% to 5.00% maturing to 2034 (original par - $125,635)	102,960	111,390
2013 Series A at interest rates from 2.00% to 5.000% maturing to 2044 (original par - $149,130)	145,365	149,130
2014 Series A (Federally Taxable) at interest rates from 0.350% to 4.207% maturing to 2045 (original par - $132,450)	132,450	0
2014 Refunding Series B at interest rates from 3.00% to 5.000% maturing to 2037 (original par - $212,200)	212,200	0
2015 Series A (Federally Taxable)at interest rates from 0.670% to 3.950% maturing to 2046 (original par - $75,550)	75,550	0
2015 Series B at interest rates from 4.00% to 5.000% maturing to 2046 (original par - $388,615)	388,615	0
2001 Qualified Zone Academy Bonds non-interest bearing maturing in 2015 (original par - $11,330)	11,330	11,330
2003 Qualified Zone Academy Bonds non-interest bearing maturing in 2018 (original par - $2,445)	2,445	2,445
2004 Qualified Zone Academy Bonds non-interest bearing maturing in 2020 (original par - $12,600)	12,600	12,600
2005 Qualified Zone Academy Bonds non-interest bearing maturing in 2020 (original par - $17,545)	17,545	17,545
2009 Qualified School Construction Bonds at an interest rate of 1.515% and a federal tax credit rate of 5.86% maturing in 2026 (original par - $177,000)	177,000	177,000
2010 Qualified School Construction Bonds at an interest rate of 4.848% maturing in 2027 (original par - $212,440)	212,440	212,440
Total Par Amount of Bonds Payable	$ 1,979,840	$ 1,695,470
Plus: Unamortized Premium/Less Unamortized Discount	176,024	85,088
Net Bonds Payable	$ 2,155,864	$ 1,780,558
Revolving Credit Facility, at interest rates from 0.476% to 0.684%	$ 61,682	$ 157,584

Debt service requirements to maturity of the bonds payable at June 30, 2015, are as follows (expressed in thousands):

For the Year(s) Ending June 30	Principal	Interest	Total
2016	$ 71,715	$ 66,478	$ 138,193
2017	66,595	64,637	131,232
2018	68,265	62,372	130,637
2019	72,275	59,433	131,708
2020	68,665	56,313	124,978
2021-2025	361,210	239,846	601,056
2026-2030	699,210	168,782	867,992
2031-2035	234,050	105,447	339,497
2036-2040	197,865	55,896	253,761
2041-2045	127,020	16,212	143,232
2046	12,970	322	13,292
	$ 1,979,840	$ 895,738	$ 2,875,578

The Authority may issue taxable and/or tax-exempt bonds. Proceeds for the tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. Arbitrage liabilities, when applicable, are reported as a current accrued liability. For the year ended June 30, 2015, and June 30, 2014, the Authority did not have a liability for arbitrage.

On May 7, 2015, the Authority issued two new series of bonds, 2015 Series A and B. The 2015 Series A taxable bond proceeds in the amount of $75,550,000 were issued to redeem $10,600,432 of the Authority's taxable revolving credit facility and to advance refund $40,545,000 of the 2007 Series C bonds. The 2015 Series B tax-exempt bond proceeds in the amount of $388,615,000 were issued to redeem $86,453,306 of the Authority's tax-exempt revolving credit facility and to advance refund $6,950,000 of the 2008 Series A bonds, $11,845,000 of the 2008 Series B bonds, $31,175,000 of the 2009 Series A bonds and $84,135,000 of the 2010 Series A bonds. The balance of the proceeds of the 2015 Series A and B was used to pay for new construction projects and various costs of issuance. The 2015 Series A refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $2,847,500. This amount is reported as a deferred outflow of resources and is being charged to operations through the year 2025. The 2015 Series A refunding resulted in a reduction of total debt service payments of $4,548,899 over the next 10 years and an economic gain (difference between the present values of the old and new debt service payments) of $4,122,985. The 2015 Series B refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $6,805,826. This amount is reported as a deferred outflow of resources and is being charged to operations through the year 2038. The 2015 Series B refunding resulted in a reduction of total debt service payments of $21,723,485 over the next 24 years and an economic gain (difference between the present values of the old and new debt service payments) of $16,176,450. The funds provided for the advance refundings were placed in irrevocable refunding trust funds to pay the interest on the refunded bonds on each interest payment date to and including the respective redemption date and on the respective redemption price then due on the refunded bonds.

On August 27, 2014, the Authority issued two new series of bonds, 2014 Series A and B. The 2014 Series A taxable bond proceeds in the amount of $132,450,000 were issued to redeem $44,843,001 of the Authority's taxable revolving credit facility and to advance refund $56,680,000 of the 2005 Series A bonds and $7,725,000 of the 2007 Series B bonds. The 2014 Series B tax-exempt bond proceeds in the amount of $212,200,000 were issued to current refund $4,590,000 of the 2006 Series A bonds and advance refund $18,890,000 of the 2007 Series A bonds, $84,135,000 of the 2008 Series A bonds, $99,115,000 of the 2008 Series B bonds and $22,225,000 of the 2009 Series A bonds. The balance of the proceeds of the 2014 Series A and B was used to pay for new construction projects and various costs of issuance. The 2014 Series A refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $3,320,467. This amount is reported as a deferred outflow of resources and is being charged to operations through the year 2036. The 2014 Series A refunding resulted in a reduction of total debt service payments of $8,297,682 over the next 22 years and an economic gain (difference between the present values of the old and new debt service payments) of $7,330,312.74. The 2014 Series B refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $23,037,977. This amount is reported as a deferred outflow of resources and is being charged to operations through the year 2038. The 2014 Series B refunding resulted in a reduction of total debt service payments of $29,059,618 over the next 24 years and an economic gain (difference between the present values of the old and new debt service payments) of $24,666,277. The funds provided for the advance refundings were placed in irrevocable refunding trust funds to pay the interest on the refunded bonds on each interest payment date to and including the respective redemption date and on the respective redemption price then due on the refunded bonds.

On November 21, 2013, the Authority issued the 2013 Series A bonds. The 2013 Series A tax-exempt bond proceeds in the amount of $149,130,000 were sold with an original issue premium of $14,036,286. The bond proceeds redeemed $132,991,992 of the Authority's tax-exempt commercial paper and $2,763,930 of the Authority's taxable commercial paper. A portion of a project funded under the 2013 Series A Bonds was being funded with taxable commercial paper. With a change in scope and a review from bond counsel, it was decided that this project could be financed with tax-exempt bonds and was included in the 2013 Series A Bond issuance. The balance of the proceeds were used to pay for construction costs of certain projects and various costs of issuance.

Revolving Credit Facility

The Authority issues short-term debt to finance certain capital projects for the State's higher education institutions. On March 20, 2014, the Authority entered into a Revolving Credit Agreement (RCA) with Wells Fargo Bank, National Association, and U.S. Bank, National Association. The Revolving Credit Agreement permits loans (the Revolving Credit Facility) to be made from time to time (and prepayments and reborrowings) in an aggregate principal amount outstanding at any time not to exceed $300,000,000. The Revolving Credit Agreement expires March 20, 2017, subject to extension. The revolving credit facility may be issued as tax-exempt or as taxable loans. At the program's inception, the revolving credit facility refinanced certain outstanding commercial paper proceeds that the Authority had previously issued to finance capital projects. At June 30, 2015, $51,443,643 of tax-exempt revolving credit facility and $10,238,386 of taxable revolving credit facility loans were outstanding. At June 30, 2014, $90,500,000 of tax-exempt revolving credit facility and $67,084,392 of taxable revolving credit facility loans were outstanding.

Commercial Paper Program

Prior to March 20, 2014, the Commercial Paper program was short-term debt used to finance certain capital projects for the State's higher education institutions. As of March, 20, 2014, the Commercial Paper program has been terminated. Commercial paper had been issued as tax-exempt and as taxable. The commercial paper dealer was J.P. Morgan Chase.

NOTE 6. UNEARNED REVENUE

Changes in unearned revenue for the years ended June 30, 2015, and June 30, 2014, are as follows (expressed in thousands):

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Prepaid Interest	$ 2,207	$ 2,141	$ 2,207	$ 2,141
Other unearned revenue	22	-	1	21
Total unearned revenue	$ 2,229	$ 2,141	$ 2,208	$ 2,162

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Interest rate reserve fund	$ 906	$ 267	$ 1,173	$ -
Prepaid interest	2,207	2,207	2,207	2,207
Other unearned revenue	23	-	1	22
Total unearned revenue	$ 3,136	$ 2,474	$ 3,381	$ 2,229

NOTE 7. SUBSEQUENT EVENTS

As of December 14, 2015, the Authority has $61,443,649 outstanding in tax-exempt revolving credit facility and $10,238,380 in taxable revolving credit facility. Between June 30, 2015, and December 14, 2015, the Authority has drawn $10,000,000 in revolving credit facility to pay construction expenditures.

The September 15, 2015, federal interest subsidy payment for the 2010 QSCBs was reduced by 7.3%, or $375,916.83, as a part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year, September 30, 2015. On October 21, 2015, the Internal Revenue Service announced that federal subsidy payments will be cut by 6.8% during the 2016 federal fiscal year.

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SUPPLEMENTARY SCHEDULES

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TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF NET POSITION - PROGRAM LEVEL
JUNE 30, 2015, AND JUNE 30, 2014
(Expressed in Thousands)

	June 30, 2015				June 30, 2014			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
ASSETS								
Current assets:								
Cash	$ 294,991	$ 220	$ 1,475	$ 296,686	$ 69,348	$ 220	$ 1,222	$ 70,790
Cash with fiscal agent	1,403	-	20	1,423	1,221	-	16	1,237
Fair value of derivatives	-	832	-	832	-	616	-	616
Loans receivable	63,070	2,929	24,301	90,300	58,945	2,930	24,300	86,175
Interest receivable	11,047	-	721	11,768	9,313	-	577	9,890
Federal subsidy receivable	-	-	2,785	2,785	-	-	2,788	2,788
Receivables for administrative fees	110	8	-	118	214	8	-	222
Total current assets	370,621	3,989	29,302	403,912	139,041	3,774	28,903	171,718
Noncurrent assets:								
Restricted cash	-	14,042	6,518	20,560	-	13,062	6,670	19,732
Restricted investments	31,759	17,069	104,807	153,635	36,180	14,989	78,807	129,976
Loans receivable	1,417,525	10,055	259,720	1,687,300	1,332,602	13,080	283,933	1,629,615
Total noncurrent assets	1,449,284	41,166	371,045	1,861,495	1,368,782	41,131	369,410	1,779,323
Total assets	1,819,905	45,155	400,347	2,265,407	1,507,823	44,905	398,313	1,951,041
DEFERRED OUTFLOWS OF RESOURCES								
Derivatives - Forward Delivery Agreement	-	-	-	-	-	-	-	-
Deferred amount on refunding	45,569	-	-	45,569	17,762	-	-	17,762
Total deferred outflows of resources	45,569	-	-	45,569	17,762	-	-	17,762
LIABILITIES								
Current liabilities:								
Accounts payable	64,728	-	-	64,728	16	-	-	16
Accrued liabilities	130	-	2,795	2,925	4,834	-	2,787	7,621
Fair value of derivatives	-	-	-	-	-	-	-	-
Accrued interest payable	11,094	-	3,152	14,246	9,391	-	3,152	12,543
Unearned revenue	-	1	2,142	2,143	-	1	2,207	2,208
Bonds payable	60,385	-	-	60,385	56,435	-	-	56,435
Total current liabilities	136,337	1	8,089	144,427	70,676	1	8,146	78,823
Noncurrent liabilities:								
Unearned revenue	14	5	-	19	15	6	-	21
Commercial paper payable	-	-	-	-	-	-	-	-
Revolving credit facility	61,682	-	-	61,682	157,584	-	-	157,584
Bonds payable	1,662,125	43,914	389,440	2,095,479	1,290,770	43,913	389,440	1,724,123
Total noncurrent liabilities	1,723,821	43,919	389,440	2,157,180	1,448,369	43,919	389,440	1,881,728
Total liabilities	1,860,158	43,920	397,529	2,301,607	1,519,045	43,920	397,586	1,960,551
DEFERRED INFLOWS OF RESOURCES								
Deferred inflow - derivatives	-	832	-	832	-	616	-	616
Total deferred inflows of resources	-	832	-	832	-	616	-	616
NET POSITION								
Unrestricted	$ 5,316	$ 403	$ 2,818	$ 8,537	$ 6,540	$ 369	$ 727	$ 7,636

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014
(Expressed in Thousands)

	Year ended June 30, 2015				Year ended June 30, 2014			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
OPERATING REVENUES								
Revenue from loans	$ 52,749	$ 15	$ 13,328	$ 66,092	$ 53,282	$ 15	$ 13,328	$ 66,625
Investment earnings	322	35	5,340	5,697	290	95	2,186	2,571
Total operating revenues	53,071	50	18,668	71,789	53,572	110	15,514	69,196
OPERATING EXPENSES								
Interest expense-commercial paper	-	-	-	-	173	-	-	173
Interest expense-revolving credit facility	679	-	-	679	224	-	-	224
Interest expense-bonds	50,961	2	12,981	63,944	52,654	2	12,980	65,636
Subsidy to borrowers	304	-	13,037	13,341	283	-	11,815	12,098
Administrative expense	2,351	14	108	2,473	1,744	20	99	1,863
Total operating expenses	54,295	16	26,126	80,437	55,078	22	24,894	79,994
Operating income (loss)	(1,224)	34	(7,458)	(8,648)	(1,506)	88	(9,380)	(10,798)
NONOPERATING REVENUES								
Federal subsidy on bonds	-	-	9,549	9,549	-	-	9,264	9,264
Total nonoperating revenues	-	-	9,549	9,549	-	-	9,264	9,264
Increase (decrease) in net position	(1,224)	34	2,091	901	(1,506)	88	(116)	(1,534)
NET POSITION								
Net position, July 1	6,540	369	727	7,636	8,046	281	843	9,170
Net position, June 30	$ 5,316	$ 403	$ 2,818	$ 8,537	$ 6,540	$ 369	$ 727	$ 7,636

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014
(Expressed in Thousands)

	Year ended June 30, 2015				Year ended June 30, 2014			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from borrowers for administrative fees	$ 552	$ 14	$ 346	$ 912	$ 506	$ 14	$ 347	$ 867
Payment to suppliers	(708)	(14)	(97)	(819)	(971)	(20)	(99)	(1,090)
Receipts from borrowers to the interest rate reserve fund	-	-	-	-	264	-	-	264
Net cash provided by (used in) operating activities	(156)	-	249	93	(201)	(6)	248	41
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Proceeds from sale of bonds	414,503	-	-	414,503	163,166	-	-	163,166
Proceeds from the sale of refunding bonds	509,939	-	-	509,939	-	-	-	-
Proceeds from sale of commercial paper	-	-	-	-	54,600	-	-	54,600
Proceeds from sale of revolving credit facility	50,000	-	-	50,000	159,500	-	-	159,500
Bond interest subsidy from federal government	-	-	9,552	9,552	-	-	9,480	9,480
Bond issuance costs paid	(1,558)	-	-	(1,558)	(728)	-	-	(728)
Refunding bond proceeds placed in escrow	(508,894)	-	-	(508,894)	-	-	-	-
Debt service reserve fund release to escrow	(9,307)			(9,307)	-	-	-	-
Principal paid - bonds and commercial paper	(202,337)	-	-	(202,337)	(321,085)	-	-	(321,085)
Interest paid - bonds and commercial paper	(52,246)	-	(12,981)	(65,227)	(54,396)	-	(12,980)	(67,376)
Subsidy to borrowers	-	-	(9,552)	(9,552)	-	-	(9,480)	(9,480)
Net cash provided by (used in) noncapital financing activities	200,100	-	(12,981)	187,119	1,057	-	(12,980)	(11,923)
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of investments	(13,824)	(33,307)	(22,462)	(69,593)	(55,820)	(29,290)	(22,988)	(108,098)
Proceeds from sales and maturities of investments	18,043	31,262	50	49,355	62,953	27,312	-	90,265
Interest received on investments	523	538	1,607	2,668	684	471	1,245	2,400
Loans issued	(83,154)	-	-	(83,154)	(133,890)	-	(7,543)	(141,433)
Collections of loan principal	60,441	2,487	20,729	83,657	58,709	2,483	21,735	82,927
Interest received on loans	43,852	-	12,913	56,765	41,087	-	12,976	54,063
Net cash provided by (used in) investing activities	25,881	980	12,837	39,698	(26,277)	976	5,425	(19,876)
Net increase (decrease) in cash	225,825	980	105	226,910	(25,421)	970	(7,307)	(31,758)
Cash, July 1	70,569	13,282	7,908	91,759	95,990	12,312	15,215	123,517
Cash, June 30	$ 296,394	$ 14,262	$ 8,013	$ 318,669	$ 70,569	$ 13,282	$ 7,908	$ 91,759
Reconciliation of cash to the Statement of Net Position:								
Cash	$ 294,991	$ 220	$ 1,475	$ 296,686	$ 69,348	$ 220	$ 1,222	$ 70,790
Cash with fiscal agent	1,403	-	20	1,423	1,221	-	16	1,237
Restricted cash	-	14,042	6,518	20,560	-	13,062	6,670	19,732
Cash, June 30	$ 296,394	$ 14,262	$ 8,013	$ 318,669	$ 70,569	$ 13,282	$ 7,908	$ 91,759

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2015, AND JUNE 30, 2014
(Expressed in Thousands)

	Year ended June 30, 2015				Year ended June 30, 2014			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:								
Operating income (loss)	$ (1,224)	$ 34	$ (7,458)	$ (8,648)	$ (1,506)	$ 88	$ (9,380)	$ (10,798)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Investment earnings	(322)	(35)	(5,340)	(5,697)	(290)	(94)	(2,187)	(2,571)
Interest expense	51,640	2	12,981	64,623	53,050	2	12,981	66,033
Subsidy to borrowers	304	-	13,037	13,341	283	-	11,815	12,098
Bond Issuance Costs	1,558	-	-	1,558	728	-	-	728
Interest income (loss) from loans	(52,301)	-	(12,981)	(65,282)	(52,755)	-	(12,981)	(65,736)
Changes in assets and liabilities:								
Decrease in receivables for administrative fees	104	-	-	104	1,150	-	-	1,150
Increase in payables for administrative fees	85	-	11	96	45	-	-	45
Decrease in unearned revenue	-	(1)	(1)	(2)	(906)	(2)	-	(908)
Total adjustments	1,068	(34)	7,707	8,741	1,305	(94)	9,628	10,839
Net cash provided by (used in) operating activities	$ (156)	$ -	$ 249	$ 93	$ (201)	$ (6)	$ 248	$ 41
Noncash investing activities:								
Increase in fair value of investments	$ 142	$ -	$ 2,448	$ 2,590	$ 428	$ -	$ -	$ 428

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STATISTICAL SECTION

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STATISTICAL SECTION

The Statistical Section provides additional historical information as a context for understanding what the information in the financial statements, notes to the financial statements and required supplementary information says about the Tennessee State School Bond Authority's overall financial health.

Financial Trends Information

This schedule presents trend information to help the reader understand how the Tennessee State School Bond Authority's performance and fiscal health have changed over time.

Schedules of Revenues, Expenses, and Changes in Net Position 44

Revenue Capacity Information

This schedule contains information to help the reader understand the Tennessee State School Bond Authority's most significant revenue source.

Outstanding Loans to Borrowers 45

Debt Capacity Information

These schedules present information to help the reader understand and assess the Tennessee State School Bond Authority’s outstanding debt and ability to issue debt in the future.

Schedule of Ratios of Outstanding Debt Payable 46
Allocable Debt to Borrowers Per FTE – Higher Education Facilities Program 47
Allocable Debt to Borrowers Per Capita – Qualified Zone Academy Bonds Program 48
Allocable Debt to Borrowers Per Capita – Qualified School Construction Bonds Program 48
College and University Funds – Schedule of Fees/Charges, Legislative Appropriations and Debt Service 49
College and University Funds – Coverage of Annual Financing Charges 50
Qualified Zone Academy Bonds Program Debt Service Coverage 51
Qualified School Construction Bonds Program Debt Service Coverage 56

Demographic and Economic Information

This schedule contains information to help the reader understand the environment within which the Tennessee State School Bond Authority’s financial activities take place.

State of Tennessee – Demographic and Economic Information 64
Fall Term Full-Time Equivalent Enrollment – Higher Education Facilities Institutions 65
History of Average Daily Membership Grades Kindergarten through Twelve 2003-2012 66

TENNESSEE STATE SCHOOL BOND AUTHORITY
SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR FISCAL YEARS 2006 TO 2015
(Expressed in Thousands)

	For the Year Ended									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
OPERATING REVENUES										
Revenue from loans	$ 66,092	$ 66,625	$ 62,496	$ 59,242	$ 57,310	$ 43,377	$ 38,979	$ 34,991	$ 30,157	$ 26,841
Investment earnings (loss)	5,697	2,571	1,725	1,100	512	386	742	1,356	1,975	1,761
Total operating revenues	71,789	69,196	64,221	60,342	57,822	43,763	39,721	36,347	32,132	28,602
OPERATING EXPENSES										
Interest expense-commercial paper	-	173	244	323	450	757	3,457	6,244	4,405	3,482
Interest expense-revolving credit facility	679	224	-	-	-	-	-	-	-	-
Interest expense-bonds	63,944	65,636	60,761	57,684	54,905	41,357	33,999	27,385	24,091	22,994
Loss on retirement of bonds	-	-	-	4						
Subsidy to borrowers	13,341	12,097	12,314	11,314	8,061	291	511	1,183	1,578	1,440
Administrative expense	2,473	1,864	2,334	1,143	1,356	773	970	681	663	539
Amortization of bond issuance costs	-	-	-	-	787	632	543	561	435	350
Total operating expenses	80,437	79,994	75,653	70,468	65,559	43,810	39,480	36,054	31,172	28,805
Operating income (loss)	(8,648)	(10,798)	(11,432)	(10,126)	(7,737)	(47)	241	293	960	(203)
NONOPERATING REVENUES										
Federal subsidy on bonds	9,549	9,264	10,299	10,299	7,524	-	-	-	-	-
Total nonoperating revenues	9,549	9,264	10,299	10,299	7,524	-	-	-	-	-
Increase (decrease) in net position	901	(1,534)	(1,133)	173	(213)	(47)	241	293	960	(203)
NET POSITION										
Net position, July 1 before change in accounting principle	7,636	9,170	10,303	7,831	8,044	8,091	7,850	7,557	6,597	6,800
Cumulative effect of a change in accounting principle	-	-	-	2,299	-	-	-	-	-	-
Net position, July 1	7,636	9,170	10,303	10,130	8,044	8,091	7,850	7,557	6,597	6,800
Net position, June 30	$ 8,537	$ 7,636	$ 9,170	$ 10,303	$ 7,831	$ 8,044	$ 8,091	$ 7,850	$ 7,557	$ 6,597

TENNESSEE STATE SCHOOL BOND AUTHORITY
OUTSTANDING LOANS TO BORROWERS*
FOR THE LAST TEN YEARS

(Expressed in Thousands)

Fiscal Year	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
2015**	$ 1,480,595	$ 12,984	$ 284,021	$ 1,777,600
2014**	1,391,547	16,010	308,234	1,715,791
2013**	1,301,314	18,963	330,122	1,594,266
2012	1,165,181	21,927	290,801	1,477,909
2011	1,107,640	24,729	145,281	1,277,650
2010	1,071,729	28,011	23,192	1,122,932
2009	999,371	31,020	-	1,030,391
2008	859,706	33,614	-	893,320
2007	695,235	28,439	-	723,674
2006	578,694	22,401	-	601,095

Note: The QSCB loans were only made in fiscal years 2010 and 2011 with loan proceeds disbursed over a three-year period.

*The outstanding loans to borrowers represent the portion of the total outstanding debt allocable to the borrowers in each program. Differences in the amounts shown as total outstanding debt and total outstanding loans arise from the following:

- Higher Education Facilities Programs - Debt Service Reserve Funds, unspent proceeds, and capitalized interest
- Qualified Zone Academy Bonds Program - funds on deposit in the sinking fund
- Qualified School Construction Bonds Program - funds on deposit in the sinking fund

**The outstanding loans for fiscal year 2013, 2014 and 2015 include amounts previously reported as unearned revenue on the Statement of Net Position, which are now included in loans receivable (See Note 3 in the Notes to the Financial Statements)

TENNESSEE STATE SCHOOL BOND AUTHORITY
SCHEDULE OF RATIOS OF OUTSTANDING DEBT PAYABLE
FOR THE LAST TEN YEARS

(Expressed in Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Higher Education:										
Bonds	$ 1,722,510	$ 1,347,205	$ 1,242,712	$ 1,006,108	$ 1,041,312	$ 840,824	$ 888,295	$ 639,185	$ 547,605	$ 525,685
Commercial Paper	-	-	209,429	253,676	162,653	281,782	174,300	243,229	164,195	129,046
Revolving Credit Facility	61,682	157,584	-	-	-	-	-	-	-	-
QZAB Bonds	43,914	43,913	43,911	43,909	57,193	57,181	57,168	57,155	57,142	57,130
QSCB Bonds	389,440	389,440	389,440	389,440	389,440	177,000	-	-	-	-
Total Debt Outstanding	$ 2,217,546	$ 1,938,142	$ 1,885,492	$ 1,693,133	$ 1,650,598	$ 1,356,787	$ 1,119,763	$ 939,569	$ 768,942	$ 711,861
Per Capita	$ 338.61	$ 298.36	$ 292.05	$ 264.43	$ 260.10	$ 215.50	$ 180.17	$ 152.60	$ 127.33	$ 119.38
As a percentage of personal income	0.83%	0.73%	0.73%	0.70%	0.71%	0.60%	0.51%	0.44%	0.37%	0.36%

Note: QSCB bonds were only issued in fiscal years 2010 and 2011 with loan proceeds disbursed over a three-year period.
Revolving Credit Facility replaced the commercial paper program in fiscal year 2014

ALLOCABLE DEBT TO BORROWERS

The Tennessee State School Bond Authority ("Authority") is a corporate governmental agency and instrumentality of the State of Tennessee which was created to provide a means of financing projects for its borrowers through the issuance of debt. The Authority consists of three different programs: Higher Education Facilities Program, Qualified Zone Academy Bond Program, and Qualified School Construction Bond Program. The following charts present each borrower's allocable amount of the outstanding debt of each program under the Authority. The allocable debt to the borrower is equal to the amount of outstanding loans to the borrowers. The allocable debt would not include certain debt proceeds issued by the Authority that are held on deposit for the borrowers in the form of debt service reserve funds, capitalized interest funds, and unspent construction funds. In addition, the allocable debt would not include borrowers' debt service payments held on deposit in sinking funds. Amounts held on deposit are available for the Authority to pay debt service when needed.

The following charts present the allocable debt for each borrower on a per capita basis. In the case of the Higher Education Facilities Program, this amount is expressed on a per student basis – as measured by the Fall Term Full-Time Enrollment ("FTE") of each respective higher education institution. In the case of the Qualified Zone Academy Bonds Program and Qualified School Construction Bonds Program, this amount is expressed on a per resident basis for the county of each respective school district.

TENNESSEE STATE SCHOOL BOND AUTHORITY
ALLOCABLE DEBT TO BORROWERS PER FTE*
HIGHER EDUCATION FACILITIES PROGRAMS
FOR THE LAST TEN YEARS

(Expressed in Thousands)

	University of Tennessee		Tennessee Board of Regents	
Fiscal Year	Total Allocable Debt	Debt Per FTE*	Total Allocable Debt	Debt Per FTE*
2015	$ 767,865	$ 17.66	$ 712,729	$ 5.47
2014	694,598	15.97	696,948	5.34
2013	633,813	14.58	667,501	5.12
2012	567,280	13.05	597,900	4.59
2011	532,436	12.35	575,205	4.27
2010	545,156	12.68	526,573	3.79
2009	518,244	11.89	481,122	3.43
2008	461,963	10.67	397,693	2.98
2007	351,581	8.27	344,544	2.84
2006	278,202	6.71	301,473	2.55

*The 2015 Debt per FTE is based on 2014 FTE since 2015 FTE was not available by the date of this CAFR.

TENNESSEE STATE SCHOOL BOND AUTHORITY
ALLOCABLE DEBT TO BORROWERS PER CAPITA
QUALIFIED ZONE ACADEMY BONDS PROGRAM
FOR THE LAST TEN YEARS

(Debt Expressed in Thousands)

	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]
Benton County	$ 90	$ 5.63	$ 106	$ 6.63	$ 118	$ 7.38	$ 131	$ 8.19	$ 144	$ 9.00	$ 156	$ 9.75	$ 168	$ 9.88	$ 179	$ 10.53	$ 189	$ 11.12	$ 171	$ 10.06
Blount County	248	2.02	302	2.46	354	2.88	409	3.33	453	3.68	501	4.07	546	5.15	588	5.55	627	5.92	670	6.32
Hamilton County	223	0.66	321	0.96	419	1.25	517	1.54	614	1.83	713	2.12	812	2.64	917	2.98	1,028	3.34	1,127	3.66
Humboldt City	156	19.50	314	39.25	471	58.88	629	78.63	786	98.25	942	117.75	1,088	120.89	1,227	136.33	1,382	153.56	1,554	172.67
Kingsport City	2,141	44.60	2,488	51.83	2,808	58.50	3,146	65.54	3,469	72.27	3,802	79.21	4,121	91.58	4,424	98.31	4,604	102.31	3,815	84.78
Knox County	-	-	-	-	-	-	-	-	211	0.49	423	0.98	617	1.62	798	2.09	1,004	2.63	1,243	3.25
Lexington City	499	62.38	578	72.25	656	82.00	737	92.13	803	100.38	874	109.25	942	134.57	1,008	144.00	1,067	152.43	1,129	161.29
Lincoln County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loudon County	1,826	37.27	2,137	43.61	2,389	48.76	2,656	54.20	2,913	59.45	3,161	64.51	3,400	87.18	3,628	93.03	3,827	98.13	2,368	60.72
Memphis City	410	0.63	957	1.48	1,503	2.32	2,051	3.17	2,304	3.56	2,850	4.40	3,364	5.18	3,898	6.00	4,535	6.98	5,525	8.50
Montgomery County	1,838	10.69	2,307	13.41	2,721	15.82	3,149	18.31	3,566	20.73	3,975	23.11	4,271	31.64	4,451	32.97	3,869	28.66	1,823	13.50
Nashville-Davidson County	1,961	3.13	2,428	3.87	2,808	4.48	3,210	5.12	3,597	5.74	3,971	6.33	4,316	7.57	4,461	7.83	-	-	50	0.09
Oak Ridge City	3,363	115.97	3,905	134.66	4,417	152.31	4,959	171.00	5,409	186.52	5,882	202.83	6,341	234.85	6,744	249.78	5,244	194.22	1,417	52.48
Rhea County	229	7.16	268	8.38	299	9.34	333	10.41	441	13.78	548	17.13	648	23.14	742	26.50	839	29.96	634	22.64
Scott County	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unicoi County	-	-	-	-	-	-	-	-	222	12.33	418	23.22	605	33.61	789	43.83	987	54.83	1,196	66.44

Note: QZAB Bonds were last issued in fiscal year 2006

[1] Per Capita for Fiscal Years ending June 30, 2010 through June 30, 2014 are calculated based on the 2010 Census

[2] Per Capita for Fiscal Years ending June 30, 2005 through June 30, 2009 are calculated based on the 2000 Census

TENNESSEE STATE SCHOOL BOND AUTHORITY
ALLOCABLE DEBT TO BORROWERS PER CAPITA
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM
FOR THE LAST TEN YEARS

(Debt Expressed in Thousands)

	2015		2014		2013		2012		2011		2010		2009		2008		2007		2006	
	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[1]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]	Loans	Debt Per Capita[2]
Blount County	$ 11,229	$ 91.29	$ 12,155	$ 98.81	$ 13,057	$ 106.15	$ 13,594	$ 110.51	$ 12,476	$ 101.43	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cocke County	4,214	118.16	4,562	127.92	4,909	137.66	3,197	89.65	381	10.68	-	-	-	-	-	-	-	-	-	-
Coffee County	2,303	43.62	2,492	47.20	2,617	49.56	2,624	49.70	220	4.16	-	-	-	-	-	-	-	-	-	-
Cleveland	2,886	69.90	3,145	76.18	3,404	82.46	3,663	88.73	3,922	95.01	1,580	38.28	-	-	-	-	-	-	-	-
Dyer County	10,503	273.98	11,416	297.79	12,328	321.58	12,811	334.18	4,893	127.64	227	5.93	-	-	-	-	-	-	-	-
Dyersburg	2,053	119.74	2,238	130.53	2,422	141.28	2,607	152.03	2,791	162.78	749	43.69	-	-	-	-	-	-	-	-
Hamblen County	7,824	125.10	8,528	136.35	9,231	147.59	9,852	157.53	5,217	83.42	982	15.69	-	-	-	-	-	-	-	-
Hawkins County	3,595	63.26	3,905	68.71	4,170	73.37	3,312	58.28	1,684	29.62	643	11.32	-	-	-	-	-	-	-	-
Jefferson County	8,009	155.80	8,670	168.65	9,330	181.49	9,605	186.84	1,008	19.60	-	-	-	-	-	-	-	-	-	-
Johnson City	5,660	89.63	6,169	97.68	6,678	105.74	7,186	113.78	7,694	121.83	775	12.27	-	-	-	-	-	-	-	-
Kingsport	860	17.84	937	19.44	1,015	21.05	681	14.14	153	3.18	87	1.81	-	-	-	-	-	-	-	-
Knox County	22,243	51.46	24,067	55.68	24,527	56.74	6,948	16.08	1,854	4.29	-	-	-	-	-	-	-	-	-	-
Lauderdale County	1,920	69.03	2,077	74.67	1,885	67.77	2,036	73.20	1,143	41.10	-	-	-	-	-	-	-	-	-	-
Maryville	12,985	472.78	14,152	515.27	15,319	557.77	16,485	600.21	13,922	506.89	4,118	149.92	-	-	-	-	-	-	-	-
Maury County	3,332	41.16	3,607	44.56	3,787	46.77	2,756	34.05	2,054	25.37	-	-	-	-	-	-	-	-	-	-
Montgomery County	13,968	81.05	15,216	88.30	16,464	95.54	17,612	102.20	14,645	84.98	1,469	8.53	-	-	-	-	-	-	-	-
Nashville-Davidson County	41,800	66.70	45,337	72.35	48,495	77.38	52,120	83.17	26,629	42.49	6,928	11.05	-	-	-	-	-	-	-	-
Sevier County	11,035	122.76	11,868	132.03	12,772	142.09	11,368	126.47	1,120	12.46	-	-	-	-	-	-	-	-	-	-
Shelby County	89,078	96.03	96,707	104.25	104,334	112.47	79,189	85.37	30,672	33.06	4,153	4.48	-	-	-	-	-	-	-	-
Sullivan County	14,573	92.93	15,854	101.09	17,135	109.26	16,296	103.91	4,660	29.71	291	1.86	-	-	-	-	-	-	-	-
Trousdale County	1,907	242.31	2,064	262.26	2,150	273.16	1,738	220.87	333	42.33	-	-	-	-	-	-	-	-	-	-
Union County	4,967	259.93	5,413	283.27	5,859	306.62	6,305	329.95	6,661	348.60	1,188	62.18	-	-	-	-	-	-	-	-
Warren County	7,075	177.59	7,656	192.17	8,236	206.73	8,816	221.30	1,149	28.84	-	-	-	-	-	-	-	-	-	-

Note: The first QSCB bond series was issued on December 17, 2009. A second series was issued on October 7, 2010. No bonds have been issued since.

[1] Per Capita for Fiscal Years ending June 30, 2010 through June 30, 2014 are calculated based on the 2010 Census

TENNESSEE STATE SCHOOL BOND AUTHORITY
COLLEGE AND UNIVERSITY FUNDS
SCHEDULE OF FEES/CHARGES, LEGISLATIVE APPROPRIATIONS AND DEBT SERVICE
(EXCLUDING COMMERCIAL PAPER)
FOR THE LAST TEN YEARS

(Expressed in Thousands)

UNIVERSITY OF TENNESSEE SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations[1]	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements[2] (Authority Bonds)
2015	$ 700,757	$ 487,295	$ -	$ 55,553
2014	691,600	467,845	-	55,821
2013	609,399	432,636	-	52,859
2012	584,147	411,729	-	51,469
2011	685,003	548,787	-	48,256
2010	648,298	493,304	12	43,998
2009	599,973	476,333	35	35,373
2008	565,963	510,261	35	29,158
2007	532,582	471,730	45	26,652
2006	484,786	440,014	56	23,896

TENNESSEE BOARD OF REGENTS SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations[1]	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements[2] (Authority Bonds)
2015	$ 1,158,289	$ 578,734	$ -	$ 52,405
2014	1,057,701	644,437	-	53,349
2013	1,035,821	621,841	-	49,484
2012	1,216,903	501,867	1,399	45,016
2011	1,143,916	660,608	1,399	43,367
2010	1,039,268	633,006	1,399	43,120
2009	923,813	610,380	1,699	31,997
2008	863,336	645,952	1,889	27,556
2007	801,229	641,094	2,070	25,567
2006	747,829	599,028	2,242	19,995

Source - Tennessee State School Bond Authority and Universities and Colleges (Unaudited)

[1] Appropriations for operation and maintenance, including employer social security and retirement contributions, for the respective systems (including the respective schools and Boards).

[2] Debt Service Requirements consist of only principal and interest.

TENNESSEE STATE SCHOOL BOND AUTHORITY
COLLEGE AND UNIVERSITY FUNDS
COVERAGE OF ANNUAL FINANCING CHARGES
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS[1]
FOR THE LAST TEN YEARS

(Expressed in Thousands)

UNIVERSITY OF TENNESSEE SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations[2]	Annual Financing Charges[3]	Coverage By: Fees & Charges	Coverage By: Fees, Charges, & Appropriations
2015	$ 700,757	$ 487,295	$ 56,855	12.33 X	20.90 X
2014	691,600	467,845	56,764	12.18 X	20.37 X
2013	609,399	432,636	53,855	12.22 X	20.55 X
2012	584,147	411,729	51,984	11.24 X	19.16 X
2011	685,003	584,787	41,583	16.47 X	30.54 X
2010	648,298	493,304	44,804	14.47 X	25.48 X
2009	599,973	476,333	36,122	16.61 X	29.80 X
2008	565,963	510,261	29,762	19.02 X	36.16 X
2007	532,582	471,730	27,157	19.61 X	36.98 X
2006	484,786	440,014	24,425	19.85 X	37.86 X

TENNESSEE BOARD OF REGENTS SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations[2]	Annual Financing Charges[3]	Coverage By: Fees & Charges	Coverage By: Fees, Charges, & Appropriations
2015	$ 1,158,289	$ 578,734	$ 53,707	21.57 X	32.34 X
2014	1,057,701	644,437	54,346	19.46 X	31.32 X
2013	1,035,821	621,841	50,530	20.50 X	32.81 X
2012	1,216,903	501,867	46,048	26.43 X	37.33 X
2011	1,143,916	660,608	40,430	28.29 X	44.63 X
2010	1,039,268	633,006	44,194	23.52 X	37.84 X
2009	923,813	610,380	33,169	27.85 X	46.25 X
2008	863,336	645,952	28,163	30.65 X	53.59 X
2007	801,229	641,094	26,056	30.75 X	55.35 X
2006	747,829	599,028	20,563	36.37 X	65.50 X

Source - Tennessee State School Bond Authority and Universities and Colleges (Unaudited)

[1] Includes Bonds. Excludes Revolving Credit Facility.

[2] Does not include coverage for debt outstanding as Revolving Credit loans.

[3] Annual Financing Charges consist of principal, interest and administrative fees.

DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED ZONE ACADEMY BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

BENTON COUNTY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 14	$ 62	$ 76	$ 3,394	44.66 X
2014	14	62	76	3,285	43.23 X
2013	14	62	76	3,322	43.72 X
2012	14	62	76	3,356	44.16 X
2011	14	62	76	3,282	43.19 X
2010	14	62	76	3,192	42.00 X
2009	14	64	78	3,013	38.63 X
2008	14	170	184	2,982	16.21 X
2007	14	170	184	2,825	15.35 X
2006	-	35	35	2,660	75.99 X

BLOUNT COUNTY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 51	$ 1,647	$ 1,698	$ 4,765	2.81 X
2014	51	1,647	1,698	4,862	2.86 X
2013	51	1,647	1,698	4,766	2.81 X
2012	51	1,465	1,516	4,711	3.11 X
2011	51	633	684	4,475	6.54 X
2010	51	-	51	4,488	88.01 X
2009	51	-	51	4,597	90.14 X
2008	51	-	51	4,376	85.80 X
2007	51	-	51	3,977	77.99 X
2006	51	-	51	3,694	72.44 X

HAMILTON COUNTY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 91	$ 596	$ 687	$ 9,382	13.66 X
2014	91	596	687	9,073	13.21 X
2013	91	596	687	8,884	12.94 X
2012	91	596	687	9,245	13.46 X
2011	91	596	687	8,691	12.65 X
2010	91	596	687	8,961	13.04 X
2009	91	596	687	8,602	12.53 X
2008	91	596	687	8,510	12.39 X
2007	91	596	687	7,751	11.29 X
2006	91	596	687	6,864	9.99 X

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DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED ZONE ACADEMY BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

HUMBOLDT CITY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 158	$ 279	$ 437	$ 1,019	2.33 X
2014	158	279	437	934	2.13 X
2013	158	279	437	948	2.17 X
2012	158	227	385	941	2.44 X
2011	158	215	373	1,047	2.81 X
2010	158	203	361	1,022	2.83 X
2009	158	203	361	1,049	2.91 X
2008	158	203	361	1,134	3.14 X
2007	158	203	361	1,082	3.00 X
2006	158	203	361	999	2.77 X

KINGSPORT CITY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 324	$ 96	$ 420	$ 7,197	17.15 X
2014	324	96	420	6,820	16.26 X
2013	324	1,876	2,200	6,552	2.98 X
2012	358	1,876	2,234	6,329	2.83 X
2011	358	763	1,121	5,643	5.03 X
2010	358	621	979	5,770	5.89 X
2009	358	609	967	6,180	6.39 X
2008	358	609	967	6,185	6.39 X
2007	358	609	967	5,801	6.00 X
2006	255	609	864	5,277	6.11 X

KNOX COUNTY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ -	$ 3,242	$ 3,242	$ 11,435	3.53 X
2014	-	3,242	3,242	12,085	3.73 X
2013	-	3,242	3,242	11,659	3.60 X
2012	215	2,882	3,097	11,512	3.72 X
2011	215	1,246	1,461	11,071	7.58 X
2010	215	-	215	11,435	53.18 X
2009	215	-	215	11,366	52.86 X
2008	215	-	215	11,413	53.09 X
2007	215	-	215	9,756	45.38 X
2006	215	-	215	8,499	39.53 X

LEXINGTON CITY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 76	$ -	$ 76	$ 931	12.25 X
2014	76	-	76	886	11.66 X
2013	76	-	76	848	11.15 X
2012	76	-	76	829	10.91 X
2011	76	-	76	800	10.53 X
2010	76	-	76	789	10.38 X
2009	76	-	76	830	10.91 X
2008	76	-	76	729	9.59 X
2007	76	-	76	833	10.96 X
2006	76	-	76	720	9.47 X

LOUDON COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 275	$ -	$ 275	$ 3,646	13.26 X
2014	275	-	275	3,723	13.54 X
2013	275	-	275	3,592	13.06 X
2012	275	-	275	3,637	13.23 X
2011	275	-	275	3,431	12.48 X
2010	275	-	275	3,715	13.51 X
2009	275	-	275	3,588	13.05 X
2008	275	-	275	3,447	12.53 X
2007	275	-	275	2,960	10.76 X
2006	-	-	-	2,869	0.00 X

MEMPHIS CITY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 547	$ -	$ 547	$ 90,692	165.80 X
2014	547	-	547	85,750	156.76 X
2013	547	-	547	80,902	147.90 X
2012	547	-	547	79,473	145.29 X
2011	547	-	547	82,675	151.14 X
2010	547	-	547	99,243	181.43 X
2009	547	-	547	100,257	183.28 X
2008	547	-	547	101,127	184.88 X
2007	917	-	917	94,488	103.07 X
2006	917	-	917	85,380	93.13 X

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DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED ZONE ACADEMY BOND PROGRAM
FOR THE LAST EIGHT YEARS

(Expressed in Thousands)

MONTGOMERY COUNTY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 436	$ 1,551	$ 1,987	$ 4,945	2.49 X
2014	436	1,551	1,987	4,824	2.43 X
2013	436	1,551	1,987	4,815	2.42 X
2012	436	1,551	1,987	4,806	2.42 X
2011	436	1,343	1,779	4,489	2.52 X
2010	436	200	636	4,348	6.84 X
2009	436	-	436	4,164	9.55 X
2008	436	-	436	4,231	9.70 X
2007	436	-	436	3,988	9.15 X
2006	176	-	176	3,772	21.43 X

NASHVILLE - DAVIDSON COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3,4]	Total Obligations	State Shared Taxes	Coverage
2015	$ 415	$ 5,580	$ 5,995	$ 90,280	15.06 X
2014	415	5,580	5,995	86,077	14.36 X
2013	415	5,580	5,995	77,201	12.88 X
2012	415	31,369	31,784	77,093	2.43 X
2011	415	29,160	29,575	69,820	2.36 X
2010	415	26,438	26,853	71,367	2.66 X
2009	415	24,144	24,559	75,512	3.07 X
2008	415	25,788	26,203	78,039	2.98 X
2007	415	27,098	27,513	70,404	2.56 X
2006	-	36,019	36,019	63,809	1.77 X

OAK RIDGE CITY SCHOOLS

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 510	$ 188	$ 698	$ 4,256	6.10 X
2014	510	1,203	1,713	3,998	2.33 X
2013	510	1,203	1,713	3,880	2.26 X
2012	510	1,420	1,930	3,812	1.98 X
2011	510	1,203	1,713	3,569	2.08 X
2010	510	1,203	1,713	3,652	2.13 X
2009	510	1,219	1,729	3,771	2.18 X
2008	510	1,219	1,729	3,965	2.29 X
2007	509	1,219	1,728	3,509	2.03 X
2006	441	1,219	1,660	3,161	1.90 X

RHEA COUNTY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 34	$ -	$ 34	$ 3,511	103.26 X
2014	34	-	34	3,434	101.01 X
2013	34	-	34	3,447	101.37 X
2012	112	-	112	3,476	31.04 X
2011	112	-	112	3,361	30.01 X
2010	112	-	112	3,285	29.33 X
2009	112	-	112	3,081	27.50 X
2008	112	-	112	2,609	23.29 X
2007	112	-	112	2,473	22.08 X
2006	78	-	78	2,345	30.07 X

UNICOI COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QZAB Obligations	Other Pledged Obligations [3]	Total Obligations	State Shared Taxes	Coverage
2015	$ -	$ -	$ -	$ 1,715	0.00 X
2014	-	-	-	1,692	0.00 X
2013	-	-	-	1,680	0.00 X
2012	225	-	225	1,737	7.72 X
2011	197	-	197	1,670	8.47 X
2010	197	-	197	1,704	8.65 X
2009	197	-	197	1,599	8.12 X
2008	197	-	197	1,703	8.64 X
2007	197	-	197	1,603	8.14 X
2006	197	-	197	1,541	7.82 X

Note: The first QZAB bond was issued on November 30, 1999.

Source: Data on State-Shared Taxes is provided by Tennessee Department of Revenue.

[1] Coverage for current and/or prior years is zero due to no QZAB loans or other obligations.

[2] Borrower has paid-off QZAB loan.

[3] Other Pledged Obligations includes Qualified School Construction Bonds (QSCB) and Tennessee Local Development Authority (TLDA)

[4] Nashville-Davidson County paid in full all of their TLDA debt.

DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

BLOUNT COUNTY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,647	$ 51	$ 1,698	$ 4,765	2.81 X
2014	1,647	51	1,698	4,862	2.86 X
2013	1,647	51	1,698	4,766	2.81 X
2012	1,465	51	1,516	4,711	3.11 X
2011	633	51	684	4,475	6.54 X
2010	-	51	51	4,488	88.01 X
2009	-	51	51	4,597	90.14 X
2008	-	51	51	4,376	85.80 X
2007	-	51	51	3,977	77.99 X
2006	-	51	51	3,694	72.44 X

CLEVELAND CITY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 323	$ 50	$ 373	$ 5,738	15.40 X
2014	323	50	373	5,658	15.18 X
2013	323	50	373	5,557	14.91 X
2012	323	50	373	5,253	14.10 X
2011	279	21	300	4,736	15.78 X
2010	42	-	42	5,327	127.84 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

COCKE COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 618	$ -	$ 618	$ 2,648	4.28 X
2014	618	-	618	2,595	4.20 X
2013	618	-	618	2,601	4.21 X
2012	550	-	550	2,610	4.75 X
2011	238	-	238	2,594	10.92 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

COFFEE COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 336	$ -	$ 336	$ 3,022	9.00 X
2014	336	-	336	2,957	8.81 X
2013	336	-	336	2,950	8.79 X
2012	298	-	298	2,987	10.01 X
2011	129	-	129	2,921	22.63 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

DYER COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,324	$ -	$ 1,324	$ 2,786	2.10 X
2014	1,324	-	1,324	2,714	2.05 X
2013	1,324	-	1,324	2,700	2.04 X
2012	1,254	-	1,254	2,718	2.17 X
2011	843	-	843	2,712	3.22 X
2010	90	-	90	2,662	29.67 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

DYERSBURG CITY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 230	$ -	$ 230	$ 2,205	9.60 X
2014	230	-	230	2,066	9.00 X
2013	230	-	230	2,034	8.86 X
2012	230	-	230	2,042	8.89 X
2011	199	-	199	2,014	10.13 X
2010	30	-	30	2,035	68.63 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

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DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

HAMBLEN COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 875	$ -	$ 875	$ 2,791	3.19 X
2014	875	-	875	2,705	3.09 X
2013	875	-	875	2,687	3.07 X
2012	875	-	875	2,696	3.08 X
2011	757	-	757	2,685	3.54 X
2010	113	-	113	2,635	23.32 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

HAWKINS COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 463	$ -	$ 463	$ 3,730	8.05 X
2014	463	-	463	3,711	8.01 X
2013	463	-	463	3,733	8.06 X
2012	435	-	435	3,761	8.65 X
2011	277	-	277	3,349	12.10 X
2010	26	-	26	3,270	123.68 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

JEFFERSON COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,175	$ -	$ 1,175	$ 3,236	2.75 X
2014	1,175	-	1,175	2,955	2.52 X
2013	1,175	-	1,175	2,956	2.52 X
2012	1,045	-	1,045	2,903	2.78 X
2011	452	-	452	2,769	6.13 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

JOHNSON CITY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 633	$ -	$ 633	$ 8,439	13.34 X
2014	633	-	633	8,167	12.91 X
2013	633	-	633	7,914	12.51 X
2012	633	-	633	7,777	12.29 X
2011	548	-	548	6,551	11.96 X
2010	82	-	82	7,145	87.42 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

KINGSPORT CITY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2,3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 96	$ 324	$ 420	$ 7,197	17.13 X
2014	96	324	420	6,820	16.23 X
2013	96	2,104	2,200	6,552	2.98 X
2012	96	2,138	2,234	6,329	2.83 X
2011	83	1,038	1,121	5,643	5.03 X
2010	12	967	979	5,770	5.89 X
2009	-	967	967	6,180	6.39 X
2008	-	967	967	6,185	6.40 X
2007	-	967	967	5,801	6.00 X
2006	-	864	864	5,277	6.11 X

KNOX COUNTY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 3,242	$ -	$ 3,242	$ 11,435	3.53 X
2014	3,242	-	3,242	12,085	3.73 X
2013	3,242	-	3,242	11,659	3.60 X
2012	2,882	215	3,097	11,512	3.72 X
2011	1,246	215	1,461	11,071	7.58 X
2010	-	215	215	11,435	53.18 X
2009	-	215	215	11,366	52.86 X
2008	-	215	215	11,413	53.09 X
2007	-	215	215	9,756	45.38 X
2006	-	215	215	8,499	39.53 X

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DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

LAUDERDALE COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 280	$ -	$ 280	$ 2,489	8.90 X
2014	280	-	280	2,426	8.67 X
2013	280	-	280	2,424	8.67 X
2012	249	-	249	2,449	9.85 X
2011	108	-	108	2,456	22.83 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

MARYVILLE CITY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,452	$ 141	$ 1,593	$ 3,758	2.36 X
2014	1,452	141	1,593	3,650	2.29 X
2013	1,452	141	1,593	3,395	2.13 X
2012	1,452	141	1,593	3,332	2.09 X
2011	1,257	-	1,257	2,870	2.28 X
2010	187	-	187	2,920	15.58 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

MAURY COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 489	$ 364	$ 853	$ 3,793	4.45 X
2014	489	364	853	3,746	4.39 X
2013	489	364	853	3,745	4.39 X
2012	435	364	799	3,720	4.66 X
2011	188	364	552	3,600	6.52 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

METROPOLITIAN GOVERNMENT OF NASHVILLE

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2,3]	Total Obligations	State Shared Taxes	Coverage
2015	$ 5,580	$ 415	$ 5,995	$ 90,280	15.06 X
2014	5,580	415	5,995	86,077	14.36 X
2013	5,580	415	5,995	77,201	12.88 X
2012	5,143	26,641	31,784	77,093	2.43 X
2011	2,934	26,641	29,575	69,820	2.36 X
2010	212	26,641	26,853	71,367	2.66 X
2009	-	24,559	24,559	75,512	3.07 X
2008	-	26,203	26,203	78,039	2.98 X
2007	-	27,513	27,513	70,404	2.56 X
2006	-	36,019	36,019	63,809	1.77 X

MONTGOMERY COUNTY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,551	$ 436	1,987	$ 4,945	2.49 X
2014	1,551	436	1,987	4,824	2.43 X
2013	1,551	436	1,987	4,815	2.42 X
2012	1,551	436	1,987	4,806	2.42 X
2011	1,343	436	1,779	4,348	2.44 X
2010	200	436	636	4,348	6.83 X
2009	-	436	436	4,164	9.55 X
2008	-	436	436	4,231	9.70 X
2007	-	436	436	3,988	9.15 X
2006	-	176	176	3,772	21.43 X

SEVIER COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,608	$ -	1,608	$ 4,057	2.52 X
2014	1,608	-	1,608	3,977	2.47 X
2013	1,608	-	1,608	3,921	2.44 X
2012	1,430	-	1,430	3,997	2.80 X
2011	618	-	618	3,740	6.05 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

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DEBT SERVICE COVERAGE
TENNESSEE STATE SCHOOL BOND AUTHORITY
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM
FOR THE LAST TEN YEARS

(Expressed in Thousands)

SHELBY COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 11,732	$ -	11,732	$ 18,477	1.57 X
2014	11,732	-	11,732	21,015	1.79 X
2013	11,732	-	11,732	20,925	1.78 X
2012	10,906	-	10,906	20,890	1.92 X
2011	6,568	-	6,568	21,591	3.29 X
2010	552	-	552	21,097	38.21 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

SULLIVAN COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,763	$ -	$ 1,763	$ 5,072	2.88 X
2014	1,763	-	1,763	4,967	2.82 X
2013	1,763	-	1,763	4,929	2.80 X
2012	1,701	-	1,701	4,980	2.93 X
2011	1,256	-	1,256	5,050	4.02 X
2010	155	-	155	5,111	32.96 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

TROUSDALE COUNTY SCHOOLS [1]

	STATE SHARED TAX OBLIGATIONS				
Fiscal Year	QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 280	$ -	280	$ 1,721	6.15 X
2014	280	-	280	1,675	5.99 X
2013	280	-	280	1,662	5.94 X
2012	249	-	249	1,671	6.72 X
2011	108	-	108	1,684	15.65 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

UNION COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS: QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 555	$ -	$ 555	$ 2,584	4.65 X
2014	555	-	555	2,497	4.50 X
2013	555	-	555	2,492	4.49 X
2012	555	-	555	2,519	4.54 X
2011	481	-	481	2,473	5.14 X
2010	72	-	72	2,407	33.57 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

WARREN COUNTY SCHOOLS [1]

Fiscal Year	STATE SHARED TAX OBLIGATIONS: QSCB Obligations	Other Pledged Obligations [2]	Total Obligations	State Shared Taxes	Coverage
2015	$ 1,031	$ -	1,031	$ 2,726	2.64 X
2014	1,031	-	1,031	2,687	2.61 X
2013	1,031	-	1,031	2,663	2.58 X
2012	917	-	917	2,667	2.91 X
2011	396	-	396	2,663	6.72 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X
2006	-	-	-	-	0.00 X

Note: The first QSCB bond was issued on December 17, 2009.

Source: Data on State-Shared Taxes is provided by Tennessee Department of Revenue.

[1] Coverage for current and/or prior years is zero due to no QSCB loans or other obligations.

[2] Other Pledged Obligations includes Qualified Zone Academy Bonds (QZAB) and Tennessee Local Development Authority (TLDA)

[3] Kingsport and Metropolitan Government of Nashville paid in full all of their TLDA debt.

STATE OF TENNESSEE
DEMOGRAPHIC AND ECONOMIC INFORMATION
FOR THE LAST TEN CALENDAR YEARS
(expressed in thousands; except per capita)

	FOR THE CALENDAR YEAR ENDED DECEMBER 31,									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Population	6,549 (est)	6,496 (est)	6,456 (est)	6,403 (est)	6,346	6,296	6,215	6,157	6,039	5,963
Total personal income	$ 266,467,000	$ 256,814,000	$ 243,018,000	$ 232,832,000	$ 224,358,000	$ 217,884,000	$ 213,124,000	$ 205,112,000	$ 195,656,000	$ 184,567,000
Per capita personal income	$ 42,241	$ 40,734	$ 39,682	$ 38,233	$ 36,489	$ 35,065	$ 34,995	$ 33,746	$ 32,474	$ 31,127
Unemployment rate	6.9%	8.2%	8.0%	9.1%	9.4%	10.9%	7.9%	5.3%	4.5%	5.6%

Source: Population from www.census.gov
All other from the University of Tennessee Economic Report to the Governor

Tennessee Higher Education Commission

History of Fall Term Full-Time Equivalent Enrollment in Public Higher Education Schools

Institution[4]	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	% Change 13 to 14	% Change 09 to 14
Four Year Institutions												
APSU	7,336	7,443	7,139	7,499	7,566	8,493	8,513	8,508	8,416	8,241	-2.1%	8.9%
ETSU[1]	10,185	10,594	10,770	11,117	11,727	12,224	12,442	12,187	11,763	11,683	-0.7%	-0.4%
ETSU Medical[3]	*n/a*	*n/a*	239	245	253	733	795	816	282	288	2.1%	13.8%
ETSU Pharmacy[3]	*n/a*	*n/a*	215	334	298	493	488	505	329	324	-1.5%	8.7%
MTSU	19,139	19,355	19,525	20,062	21,049	22,010	21,807	20,824	19,637	18,787	-4.3%	-10.8%
TSU	7,462	7,464	7,465	6,694	7,025	7,142	7,159	6,901	7,080	7,388	4.3%	5.2%
TTU	7,562	7,900	8,312	8,568	9,057	9,361	9,525	9,636	9,797	9,983	1.9%	10.2%
UM	15,910	15,946	15,747	15,910	16,792	17,536	17,725	17,462	16,704	16,554	-0.9%	-1.4%
TBR Total	67,593	68,702	69,412	70,429	73,767	77,992	78,453	76,839	74,007	73,247	-1.0%	-0.7%
UT Chattanooga	7,317	7,564	8,168	8,446	9,116	9,788	9,845	9,951	10,208	10,029	-1.8%	10.0%
UT Knoxville[2]	23,642	24,016	24,160	24,697	24,214	23,797	23,065	23,193	23,456	23,698	1.0%	-2.1%
UT Veterinary[3]	*n/a*	*n/a*	408	429	484	520	480	522	351	354	0.9%	-26.8%
UT Space Inst	*n/a*	*n/a*	105	104	88	85	88	67	52	55	5.6%	-37.5%
UT Martin	5,833	5,968	6,108	6,305	6,714	6,959	6,852	6,770	6,555	6,273	-4.3%	-6.6%
UT Health Science[3]	2,295	2,505	2,733	2,778	2,914	2,623	3,751	4,477	2,859	2,977	4.1%	2.2%
UT Total	39,088	40,053	41,682	42,759	43,530	43,773	44,081	44,980	43,481	43,386	-0.2%	-0.3%
Total 4 Year	106,681	108,755	111,094	113,188	117,297	121,765	122,534	121,819	117,489	116,633	-0.7%	-0.6%
Two Year Institutions[5]												
Chattanooga	4,890	5,054	5,044	5,334	5,987	6,712	6,671	6,585	6,388	5,901	-7.6%	-1.4%
Cleveland	2,103	2,034	2,022	2,195	2,504	2,592	2,617	2,482	2,487	2,316	-6.9%	-7.5%
Columbia	3,120	2,963	3,003	3,081	3,569	3,579	3,417	3,348	3,352	3,263	-2.6%	-8.6%
Dyersburg	1,744	1,693	1,668	1,741	2,213	2,419	2,334	2,217	1,918	1,678	-12.5%	-24.2%
Jackson	2,573	2,791	2,953	2,803	3,313	3,410	3,260	2,847	2,722	2,825	3.8%	-14.7%
Motlow	2,392	2,566	2,739	2,892	3,353	3,337	3,069	2,925	2,984	2,984	0.0%	-11.0%
Nashville	4,074	4,083	4,063	4,315	5,154	5,619	5,686	5,681	5,796	5,807	0.2%	12.7%
Northeast	3,142	3,374	3,387	3,606	4,231	4,624	4,423	4,289	3,912	3,888	-0.6%	-8.1%
Pellissippi	4,963	5,149	5,446	5,686	6,695	7,274	7,402	7,057	6,978	6,644	-4.8%	-0.8%
Roane	3,603	3,738	3,764	3,766	4,227	4,389	4,205	4,153	3,964	3,777	-4.7%	-10.7%
Southwest	7,332	7,306	6,794	7,219	8,465	8,431	8,216	7,555	6,801	6,355	-6.6%	-24.9%
Volunteer	4,553	4,677	4,427	4,582	5,501	5,777	5,449	5,091	4,985	4,747	-4.8%	-13.7%
Walters	3,826	3,872	3,884	4,082	4,780	4,808	4,595	4,425	4,103	4,008	-2.3%	-16.2%
Total 2 Year	48,315	49,300	49,194	51,302	59,993	62,973	61,343	58,656	56,392	54,192	-3.9%	-9.7%
Grand Total	**154,995**	**158,055**	**160,288**	**164,490**	**177,290**	**184,738**	**183,877**	**180,475**	**173,880**	**170,825**	**-1.8%**	**-3.6%**

Five-Year Growth Rate
-0.7%

1- Prior to 2010, 14th day enrollment was used to calculate FTE. Since 2010 end-of-term enrollment is used.
1- Prior to 2007, ETSU totals included ETSU Med and ETSU Pharm.

2- Prior to 2007, UTK totals included UT Vet and UTSI.

3- FTE is equivalent to headcount since medical units require residency. From 2010 to 2012 FTE was used instead of headcount. The one-year decline should therefore not be referenced for medical units.

4 - TBR = Tennesse Board of Regents, APSU = Austin Peay State University, ETSU = East Tennessee State University, MTSU = Middle Tennessee State University, TSU = Tennessee State University, TTU = Tennessee Technological University, UM = University of Memphis, UT = University of Tennessee

5 - Two Year Schools = State Community Colleges

HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2005-2014 **

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2,005
ANDERSON COUNTY	6,433	6,570	6,597	6,660	6,617	6,830	6,968	6,890	6,882	6,805
CLINTON	905	900	887	886	857	858	853	860	841	901
OAK RIDGE	4,492	4,439	4,457	4,533	4,460	4,457	4,385	4,361	4,351	4,286
BEDFORD COUNTY	8,212	8,100	7,964	7,818	7,761	7,750	7,656	7,461	7,277	7,042
BENTON COUNTY	2,212	2,221	2,231	2,290	2,372	2,437	2,477	2,477	2,468	2,460
BLEDSOE COUNTY	1,814	1,856	1,801	1,825	1,802	1,834	1,886	1,910	1,896	1,867
BLOUNT COUNTY	10,909	11,060	11,044	11,249	11,412	11,467	11,599	11,466	11,279	11,143
ALCOA	1,812	1,797	1,749	1,699	1,681	1,637	1,610	1,594	1,466	1,374
MARYVILLE	5,062	4,970	4,914	4,962	4,965	5,021	4,997	4,868	4,711	4,595
BRADLEY COUNTY	10,051	10,087	10,056	10,043	10,076	10,087	9,995	9,859	9,700	9,320
CLEVELAND	5,157	5,136	5,082	4,961	4,801	4,849	4,630	4,567	4,478	4,546
CAMPBELL COUNTY	5,617	5,595	5,673	5,822	5,875	5,830	5,823	6,019	5,980	6,067
CANNON COUNTY	1,999	2,008	2,024	2,109	2,125	2,184	2,244	2,191	2,141	2,127
CARROLL COUNTY	5	5	6	2	6	6	4	5	9	6
*HOLLOW ROCK-BR	629	645	682	663	667	696	714	718	726	759
*HUNTINGDON	1,205	1,212	1,229	1,208	1,225	1,229	1,252	1,253	1,275	1,277
*MCKENZIE	1,362	1,358	1,378	1,377	1,371	1,398	1,377	1,390	1,344	1,325
*S. CARROLL	371	369	352	364	365	389	394	399	419	410
*W. CARROLL	954	970	965	988	1,000	1,026	1,041	1,024	1,051	1,065
CARTER COUNTY	5,313	5,425	5,436	5,560	5,702	5,804	5,908	5,842	5,980	5,980
ELIZABETHTON	2,416	2,413	2,326	2,235	2,137	2,055	1,991	2,000	2,010	2,040
CHEATHAM COUNTY	6,494	6,525	6,649	6,702	6,843	6,799	6,815	6,978	6,923	6,945
CHESTER COUNTY	2,739	2,744	2,742	2,713	2,720	2,718	2,698	2,635	2,540	2,509
CLAIBORNE COUNTY	4,446	4,526	4,545	4,644	4,644	4,657	4,730	4,764	4,847	4,729
CLAY COUNTY	1,026	1,024	1,027	1,041	1,056	1,056	1,070	1,170	1,150	1,159
COCKE COUNTY	4,620	4,670	4,676	4,665	4,771	4,815	4,809	4,720	4,719	4,727
NEWPORT	734	725	703	729	754	759	752	715	716	700
COFFEE COUNTY	4,426	4,402	4,351	4,336	4,333	4,369	4,414	4,476	4,421	4,264
MANCHESTER	1,268	1,287	1,373	1,340	1,321	1,288	1,282	1,265	1,225	1,269
TULLAHOMA	3,396	3,333	3,258	3,209	3,328	3,364	3,408	3,507	3,600	3,642
CROCKETT COUNTY	1,910	1,849	1,827	1,774	1,801	1,743	1,798	1,766	1,788	1,737
ALAMO	596	595	592	579	578	586	547	517	499	492
BELLS	379	388	380	397	369	391	373	378	382	404
CUMBERLAND COUNTY	7,170	7,218	7,103	7,308	7,380	7,276	7,235	7,207	7,162	7,024
DAVIDSON COUNTY	79,129	77,860	76,130	74,832	73,447	72,293	72,014	72,004	71,465	70,089
DECATUR COUNTY	1,574	1,603	1,591	1,612	1,598	1,614	1,601	1,587	1,560	1,534
DEKALB COUNTY	2,786	2,886	2,905	2,870	2,794	2,831	2,827	2,736	2,649	2,658
DICKSON COUNTY	8,197	8,265	8,299	8,287	8,362	8,394	8,421	8,353	8,212	8,039
DYER COUNTY	3,723	3,719	3,693	3,619	3,497	3,439	3,434	3,364	3,310	3,283
DYERSBURG	2,622	2,744	2,859	2,971	3,136	3,276	3,364	3,464	3,521	3,548
FAYETTE COUNTY	3,377	3,533	3,475	3,518	3,533	3,601	3,586	3,612	3,549	3,443
FENTRESS COUNTY	2,198	2,242	2,282	2,335	2,347	2,385	2,353	2,332	2,300	2,299
FRANKLIN COUNTY	5,506	5,536	5,585	5,789	5,804	5,836	5,953	5,952	5,929	5,871
GIBSON COUNTY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HUMBOLDT	1,059	1,092	1,166	1,204	1,293	1,318	1,368	1,398	1,404	1,488
*MILAN	2,000	2,033	2,083	2,120	2,108	2,095	2,051	2,058	2,043	2,060
*TRENTON	1,333	1,321	1,335	1,357	1,400	1,388	1,396	1,432	1,432	1,422
*BRADFORD	509	506	531	543	526	554	585	609	605	617
*GIBSON CO. SPEC.	3,857	3,814	3,722	3,622	3,458	3,306	3,117	2,910	2,797	2,668
GILES COUNTY	3,905	3,921	3,956	4,066	4,158	4,317	4,342	4,342	4,464	4,501
GRAINGER COUNTY	3,562	3,572	3,514	3,540	3,528	3,538	3,444	3,460	3,428	3,330

HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2005-2014 **

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2,005
GREENE COUNTY	6,946	6,969	7,063	7,123	7,113	7,252	7,232	7,183	7,126	7,071
GREENEVILLE	2,715	2,726	2,682	2,676	2,696	2,705	2,740	2,771	2,744	2,701
GRUNDY COUNTY	2,118	2,186	2,209	2,218	2,192	2,271	2,200	2,285	2,252	2,285
HAMBLEN COUNTY	10,007	9,976	9,918	9,890	9,819	9,564	9,651	9,654	9,481	9,382
HAMILTON COUNTY	42,385	42,427	41,836	41,615	40,677	39,892	39,852	40,007	40,066	39,929
HANCOCK COUNTY	967	977	985	1,012	1,027	1,006	1,019	1,010	1,006	1,014
HARDEMAN COUNTY	3,800	3,839	3,883	3,958	4,063	4,108	4,214	4,252	4,330	4,373
HARDIN COUNTY	3,510	3,556	3,581	3,464	3,657	3,739	3,740	3,724	3,740	3,758
HAWKINS COUNTY	7,073	7,235	7,301	7,400	7,545	7,630	7,695	7,618	7,490	7,364
ROGERSVILLE	648	657	673	681	665	663	658	645	673	628
HAYWOOD COUNTY	3,112	3,156	3,225	3,310	3,265	3,301	3,326	3,401	3,480	3,494
HENDERSON COUNTY	3,836	3,768	3,695	3,734	3,682	3,555	3,476	3,518	3,566	3,501
LEXINGTON	909	970	991	995	1,025	1,062	1,100	1,077	1,028	1,004
HENRY COUNTY	3,020	3,050	3,045	3,104	3,171	3,119	3,145	3,120	3,168	3,176
*PARIS	1,685	1,686	1,656	1,646	1,580	1,589	1,578	1,539	1,540	1,523
HICKMAN COUNTY	3,511	3,567	3,615	3,740	3,807	3,839	3,872	3,884	3,837	3,837
HOUSTON COUNTY	1,322	1,345	1,333	1,410	1,466	1,442	1,464	1,486	1,435	1,418
HUMPHREYS COUNTY	2,842	2,942	2,955	3,033	3,052	3,064	3,060	3,024	3,001	3,015
JACKSON COUNTY	1,537	1,577	1,500	1,532	1,627	1,646	1,651	1,678	1,645	1,649
JEFFERSON COUNTY	7,208	7,280	7,246	7,353	7,372	7,389	7,429	7,377	7,277	7,156
JOHNSON COUNTY	2,108	2,128	2,130	2,167	2,211	2,215	2,244	2,270	2,279	2,295
KNOX COUNTY	57,022	56,811	56,298	55,588	55,521	55,265	54,293	54,215	53,050	53,130
LAKE COUNTY	840	870	873	884	893	900	920	897	912	866
LAUDERDALE COUNTY	4,406	4,452	4,441	4,458	4,503	4,510	4,547	4,528	4,479	4,484
LAWRENCE COUNTY	6,659	6,851	6,603	6,726	6,732	6,675	6,717	6,732	6,692	6,690
LEWIS COUNTY	1,797	1,840	1,839	1,874	1,900	1,892	1,901	1,898	1,865	1,896
LINCOLN COUNTY	3,870	3,933	3,921	3,921	4,009	4,043	4,087	4,053	4,021	4,018
FAYETTEVILLE	1,352	1,216	1,166	1,162	993	986	995	956	983	977
LOUDON COUNTY	4,718	4,816	4,928	4,846	5,040	5,028	5,086	5,046	4,966	4,925
LENOIR CITY	2,248	2,234	2,209	2,244	2,191	2,191	2,118	2,146	2,164	2,159
MCMINN COUNTY	5,698	5,801	5,877	5,859	5,885	5,952	5,928	5,872	5,901	5,787
ATHENS	1,587	1,537	1,494	1,594	1,674	1,673	1,744	1,716	1,690	1,696
ETOWAH	341	339	329	311	329	351	374	365	374	394
MCNAIRY COUNTY	4,183	4,225	4,268	4,295	4,353	4,310	4,318	4,318	4,253	4,192
MACON COUNTY	3,670	3,710	3,664	3,710	3,724	3,736	3,735	3,723	3,695	3,651
MADISON COUNTY	12,599	12,704	12,649	12,756	12,808	13,134	13,409	13,783	13,731	13,654
MARION COUNTY	4,161	4,176	4,227	4,224	4,271	4,253	4,163	4,130	4,092	4,046
*RICHARD CITY	277	297	339	322	312	286	322	327	355	332
MARSHALL COUNTY	5,278	5,248	5,211	5,228	5,260	5,258	5,286	5,146	4,939	4,856
MAURY COUNTY	11,664	11,554	11,418	11,327	11,403	11,501	11,505	11,421	11,245	11,285
MEIGS COUNTY	1,726	1,715	1,734	1,752	1,827	1,813	1,841	1,820	1,822	1,832
MONROE COUNTY	5,414	5,458	5,446	5,523	5,524	5,518	5,487	5,424	5,350	5,291
SWEETWATER	1,537	1,513	1,501	1,481	1,480	1,492	1,516	1,468	1,471	1,409
MONTGOMERY COUNTY	30,706	29,871	29,728	29,202	28,661	28,401	27,813	27,449	26,603	25,767
MOORE COUNTY	924	978	993	992	973	975	970	981	967	977
MORGAN COUNTY	3,136	3,189	3,178	3,198	3,206	3,277	3,265	3,281	3,266	3,246
OBION COUNTY	3,576	3,633	3,645	3,787	3,837	3,907	3,987	4,017	4,045	4,057
UNION CITY	1,473	1,447	1,451	1,444	1,454	1,399	1,376	1,420	1,409	1,366
OVERTON COUNTY	3,238	3,298	3,317	3,430	3,448	3,352	3,372	3,371	3,302	3,298
PERRY COUNTY	1,087	1,069	1,110	1,120	1,110	1,116	1,099	1,102	1,096	1,109
PICKETT COUNTY	747	733	725	705	682	665	658	674	676	692
POLK COUNTY	2,493	2,520	2,564	2,650	2,640	2,658	2,673	2,656	2,583	2,533

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HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2005-2014 **

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2,005
GREENE COUNTY	6,946	6,969	7,063	7,123	7,113	7,252	7,232	7,183	7,126	7,071
PUTNAM COUNTY	10,640	10,632	10,511	10,501	10,434	10,388	10,337	10,251	10,014	9,918
RHEA COUNTY	4,296	4,275	4,214	4,192	4,236	4,152	4,118	4,133	4,046	3,940
DAYTON	822	802	791	743	755	734	705	722	702	693
ROANE COUNTY	6,874	6,882	7,036	7,115	7,293	7,320	7,480	7,451	7,400	7,351
ROBERTSON COUNTY	10,807	11,182	11,050	10,957	10,909	10,774	10,710	10,551	10,261	9,974
RUTHERFORD COUNTY	40,932	39,969	38,645	38,122	37,238	36,497	35,706	34,384	32,704	31,002
MURFREESBORO	7,072	7,151	7,069	6,837	6,903	6,859	6,849	6,661	6,358	6,029
SCOTT COUNTY	2,904	2,869	2,848	2,866	2,750	2,806	2,768	2,679	2,647	2,641
*ONEIDA	1,241	1,252	1,225	1,201	1,192	1,263	1,276	1,318	1,308	1,302
SEQUATCHIE COUNTY	2,277	2,257	2,261	2,274	2,277	2,251	2,217	2,179	2,123	2,012
SEVIER COUNTY	14,304	14,303	14,216	14,315	14,291	14,277	14,317	14,202	13,967	13,505
SHELBY COUNTY	144,338	147,375	150,109	150,955	151,868	153,070	155,750	159,870	162,580	162,608
SMITH COUNTY	3,080	3,084	3,138	3,201	3,253	3,240	3,245	3,260	3,180	3,157
STEWART COUNTY	2,113	2,113	2,140	2,130	2,161	2,239	2,235	2,202	2,124	2,142
SULLIVAN COUNTY	10,355	10,596	10,737	11,054	11,418	11,659	11,860	12,020	12,206	12,396
BRISTOL	3,883	3,895	3,842	3,876	3,853	3,918	3,914	3,876	3,803	3,722
KINGSPORT	7,011	6,798	6,698	6,556	6,439	6,392	6,396	6,455	6,400	6,377
SUMNER COUNTY	28,237	27,958	27,612	27,377	27,032	26,554	26,241	25,872	25,313	24,437
TIPTON COUNTY	11,215	11,398	11,544	11,738	11,767	11,781	11,736	11,670	11,498	11,235
TROUSDALE COUNTY	1,225	1,230	1,246	1,219	1,297	1,373	1,331	1,331	1,306	1,272
UNICOI COUNTY	2,499	2,538	2,575	2,520	2,583	2,533	2,491	2,534	2,502	2,533
UNION COUNTY	5,305	5,871	4,549	2,953	2,970	2,968	2,989	3,026	3,044	3,128
VAN BUREN COUNTY	718	729	732	717	758	782	782	778	786	764
WARREN COUNTY	6,396	6,427	6,450	6,475	6,501	6,341	6,326	6,244	6,219	6,131
WASHINGTON COUNTY	8,864	8,927	9,058	9,050	9,169	9,174	9,150	9,123	8,985	8,916
JOHNSON CITY	7,645	7,529	7,425	7,390	7,313	7,328	7,239	7,094	7,048	6,803
WAYNE COUNTY	2,303	2,312	2,333	2,356	2,398	2,394	2,445	2,491	2,513	2,495
WEAKLEY COUNTY	4,340	4,373	4,499	4,550	4,662	4,751	4,721	4,766	4,877	4,790
WHITE COUNTY	3,935	3,929	3,969	3,966	3,981	4,007	3,990	4,003	3,928	3,851
WILLIAMSON COUNTY	33,916	32,912	31,949	31,275	30,517	29,762	28,585	27,301	25,440	23,616
*FRANKLIN	3,633	3,710	3,671	3,748	3,688	3,720	3,825	3,781	3,800	3,783
WILSON COUNTY	16,446	16,002	15,637	15,408	15,057	14,778	14,269	14,048	13,513	12931.8
*LEBANON	3,581	3,547	3,381	3,327	3,183	3,117	3,145	3,053	3,005	3,034
GRAND TOTAL	954,364	955,951	951,035	948,616	946,668	944,621	943,594	942,645	933,688	921,521

*SPECIAL SCHOOL DISTRICT

**AVERAGE DAILY MEMBERSHIP INCLUDES ADULT HIGH SCHOOL STUDENTS IN GRADES 9-12.

ACKNOWLEDGMENTS

OFFICE OF STATE AND LOCAL FINANCE

SANDRA THOMPSON*
JACQUELINE FELLAND*
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TENNESSEE STATE SCHOOL BOND AUTHORITY
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1965