



**BOARD OF EDUCATION OF
SHELBY COUNTY, TENNESSEE**
(A COMPONENT UNIT OF SHELBY COUNTY, TENNESSEE)

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT**

For the Fiscal Year Ended June 30, 2017

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**Board of Education
Shelby County, Tennessee**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2017**

Prepared by:

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

Department of Finance



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Introductory Section

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Shelby County Board of Education
Tennessee**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Shelby County Board of Education

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, appearing to read 'Anthony N. Dragona', written over a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE
Executive Director



December 15, 2017

Citizens and Shelby County Board of Education
Shelby County, TN

State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2017.

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

Watkins Uiberall, PLLC and Banks, Finley, White & Co. have issued an unmodified (“clean”) opinion on the Shelby County Board of Education’s financial statement for the year ended June 30, 2017. Their independent report is located at the front of the financial section of this report.

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

PROFILE OF THE SHELBY COUNTY BOARD OF EDUCATION

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

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

During the last several years, Shelby County Schools (SCS) has experienced monumental change. On December 20, 2010, the Memphis City Board of Commissioners voted to surrender Memphis City Schools’ (MCS) Charter. Tennessee Code Annotated required that a referendum be held. Memphis voters ratified the Board’s decision to transfer the administration of Memphis City Schools to Shelby County Schools on March 8, 2011. Shelby County Schools filed a complaint for declaratory judgment on February 11, 2011, and a U.S. District Judge ruled in August 2011 that Memphis City Schools would cease to exist at the conclusion of the 2012-2013 school year. Governor Bill Haslam approved House Bill 1288 in April 2013, paving the way for the creation of

six new municipal school districts in Shelby County. The voters approved the separate school districts in a special referendum held in July 2013. As a result, 33 Shelby County schools became part of the municipal school districts for the 2014-2015 school year.

Shelby County Schools—before the merger with the former Memphis City Schools—was the fourth largest school system in Tennessee. After the merger, Shelby County Schools became the largest school system in Tennessee and remains the largest after the creation of the municipal school districts. The District includes most of the public schools within the City of Memphis—excluding those served by the Achievement School District (ASD)—and all schools in the unincorporated areas of Shelby County, TN. SCS educated 114,644 students in grades K-12, including charter schools, in more than 221 locations in fiscal year 2016-17.

During fiscal year 2016-17, the student demographic was 78.0 percent African American, 7.7 percent Caucasian, 12.3 percent Hispanic and 2.0 percent other races and nationalities. The District had a composite ACT score of 17.8 compared to the State’s average of 20.1. The SCS graduation rate was 79.6 percent in 2017 compared to the State’s rate of 89.1 percent.

Shelby County Schools is a component unit of Shelby County Government, which is defined as the oversight entity by GASB Codification Section 2100. Reporting for SCS follows the criteria established by the Governmental Accounting Standards Board (GASB). During fiscal year 2017, the District was governed by a nine-member Shelby County Board of Education. The Board members elect a member to serve as Chairman and a member to serve as Vice Chairman of the Board for a one-year term.

PROFILE OF SHELBY COUNTY

Shelby County is located on the southwest corner of Tennessee, at the east bank of the Mississippi River. Shelby is the state’s largest county, with the city of Memphis as the county seat. The corporate limits contain 783 square miles and include seven incorporated municipalities: Arlington, Bartlett, Collierville, Germantown, Lakeland, Memphis and Millington. The County’s 2016 population was 934,603 according to the U.S. Census Bureau. The County is empowered to levy, without limit, a property tax on both real and personal property located within its boundaries.

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

LOCAL ECONOMIC OUTLOOK

As of June 2017, the Memphis Statistical Area generally underperformed the nation in terms of annual employment growth, the unemployment rate, housing prices, and the issuance of building permits. Personal income growth and manufacturing forecasts for the Memphis area exceeded the

national performance. The following points illustrate these assessments:

Based on the data reported by the Bureau of Labor Statistics economic conditions in the Memphis area at the close of second quarter 2017, the annual growth of employment, building permits and housing prices was 1.9 percent, 20.0 percent, and 4.8 percent, respectively, in the Memphis Statistical Area (MSA) and 2.0 percent, 8.8 percent and 6.7 percent, respectively, in the nation. At the same time, the annual growth of personal income was 2.7 percent in Tennessee and 2.0 percent in the nation. Net job gains in the Financial Activities; Natural Resources, Mining, and Construction; and Trade, Transportation, and Utilities sectors have been the key drivers of this trend. Slow employment growth in the Memphis area has not been enough to surpass the nation's rates, but fell short of the nation's rate by only 0.1 percent the second quarter of 2017. Due to the favorable job claims, the local unemployment rate decreased from 6.5 percent in the second quarter 2016 to 5.3 percent in the same period in 2017. The Memphis unemployment rate of 4.3 percent is 0.1 percent higher than the national rate.

Changes in Employment and Unemployment Rate

Measured against the previous year (June 2016), total non-farm employment only rose by a modest percent of 1.9 in the Memphis zone. In the Memphis Statistical Area, employment in the Trade, Transportation, and Utilities rose 1.4 percent. This sector represents approximately 20.7 percent of the labor force. The Memphis Statistical Area also experienced high percentage gains in Mining, Lodging and Construction (6.2 percent), Leisure and Hospitality (2.8 percent), and Professional and Business Services (2.7 percent), which accounts for 4.2 percent, 10.9 percent and 13.8 percent of the labor force, respectively. The Information sector in Memphis demonstrated an employment loss that partially offsets the modest growth in the above mentioned sectors. Overall, the employment picture improved by 1.0 percent from June 2016 to June 2017.

Personal Income Growth

For several quarters before the national recession, which started in 2007, personal income growth in Tennessee was less than the nation. Between the second quarter of 2016 and the second quarter of 2017, personal income grew 2.7 percent in Tennessee, compared with 2.0 percent in the nation.

Manufacturing Forecasts

On the manufacturing side, the Memphis and U.S. area's manufacturing employment decreased 0.5 percent in the second quarter, as compared to a 2.8 percent increase in the state of Tennessee. The durable goods sector experienced moderate employment growth in the State by 1.1 percent and 0.5 percent in the nation, while it declined by 0.5 percent in Memphis. The employment rate of non-durable goods sector remained unchanged in Memphis, while the state of Tennessee and the U.S. increased 1.7 percent and 0.6 percent, respectively.

Building Permits

Relative to the same period last year, housing activity in the Memphis zone has been strong in 2017. The number of building permits issued in the Memphis zone during 2017 was significantly higher at 20.0 percent above the number issued during the same period in 2016. In comparison, national housing activity grew by 5.6 percent. Home prices decreased in the Memphis area by 4.8 percent from June 2016 to June 2017, while national home prices increased 6.7 percent year over year in the same period.

Projected Enrollment

The District's enrollment projections for fiscal year 2017-18 estimate that it will serve 103,892 students in grades kindergarten through grade 12. The estimate is a decrease of 425 students from the fiscal year 2016-17 20-day end-of-month membership count of 104,317. Of the 2017-18 estimated student population, 15,099 are expected to enroll in one of the District's 51 charter schools.

Charter Schools

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

Shelby County Schools operated 45 charter schools in fiscal year 2016-17. Metropolitan Nashville Public Schools had 28 charter schools, Chattanooga Public Schools had four, and Knox County Public Schools had one charter school in fiscal year 2016-17, per the Tennessee Charter School Center. Other charter schools in operation in the State of Tennessee are authorized by the ASD.

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

Age of School Buildings

As of June 30, 2017, the average age of the District's school buildings is 50 years. Shelby County Schools does not issue general obligation debt and relies upon the County of Shelby for financing its capital needs. The County of Shelby conducts its finances so that the amount of general obligation debt does not exceed 12 percent of the County's taxable assessed valuation or 5 percent of the appraised valuation.

EDUCATIONAL PROGRAMS

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

Highlights:

The Tennessee Department of Education named 13 schools as Reward schools for ranking among the top 5 percent of all schools in the state for performance or progress.

For the fourth year in a row, SCS increased its graduation rate, rising nearly a full percentage point from 78.7 to 79.6 percent.

SCS students improved on the ACT. The average composite score increased to 17.8, and the percentage of SCS students meeting or exceeding the state's college-ready benchmarks increased in all subject areas.

Docia Generrette-Walker, former Middle College High School principal and current principal leader for SCS, was named 2016-17 Tennessee Principal of the Year by the Tennessee Department of Education.

Dr. Sharon Griffin, Chief of Schools, was named a national education "Leader to Learn From" by Education Week for her work as head of the acclaimed SCS iZone.

Thirteen (13) seniors were named 2017 National Merit Scholarship recipients by the National Merit Scholarship Corporation.

John P. Freeman Optional School and Jackson Elementary were announced as 2016 National Blue Ribbon Schools by the U.S. Department of Education.

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

The Memphis Business Journal gave 15 SCS schools an A+ rating, naming them to the list of "Best Performing Mid-South Schools."

Tracie Thomas, former White Station Elementary principal, was named a finalist for the 2017-18 Tennessee Principal of the Year by the Tennessee Department of Education.

Meah King of East High and Soya Moore of Raleigh-Egypt Middle were named by the State Collaborative on Reforming Education (SCORE) to the Tennessee Educator Fellowship program.

Whitehaven High's Brian Davis was named Secondary Teacher of the Year by the Tennessee Council for the Social Studies.

Derrick Brown, a teacher at Riverview Middle, was honored with a Spark Award for positively impacting students in the Mid-South.

Sandra Boyer of Central High was one of three teachers in the state to receive the 2017 Belz-Lipman Holocaust Educator Award by Tennessee Holocaust Commission.

Whitehaven High football coach Rodney Saulsberry was named the Tennessee Titans High School Coach of the Year.

Four schools received the Active Schools National Award from Michelle Obama's "Let's Move!" campaign.

Germantown High School television station, the student-run GHS-TV, won 12 Hometown Media Awards, a national honor awarded by the Alliance for the Community Media.

Fiscal year 2017 marks the third year of implementation for Shelby County Schools' Destination 2025 strategic plan. Now that the goals of this plan have been firmly established, the District has begun to focus on full implementation of strategies designed to support Destination 2025 and its five priority areas. Since SCS' previous annual report, significant progress has been made on three top-line goals of the plan: on-time graduation, relative market share of education system and improved community confidence. During this past year, SCS remains on track to meet its 2025 goals for these measures.

These outcomes are encouraging considering how critical educational attainment is to Shelby County families' quality of life and the overall health and economic well-being of our community.

Yet, the District and its partners have significant work left to do in sustaining these early successes and dramatically improving student outcomes when it comes to college- and career-readiness (CCR). Given the state-wide cancellation of TNReady assessments in grades 3-8 last year, CCR measures serve as baseline measure for SCS students this year. Despite these challenges, the District remains fully and urgently committed to reaching its Destination 2025 goals that by 2025:

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

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

Annual Progress: 2017

After the 2016-17 school year, our progress against each of our five strategic priorities is as follows:

Priority 1: Strengthen Early Literacy	2016 Actual	2017 Target	2017 Actual	Target-to-Actual
By 2025, 90% of SCS third graders are proficient in reading & language arts (RLA).	<i>No Data Available</i>	Baseline	21.4%	N/A
Priority 2: Improve Post-Secondary Readiness	2016 Actual	2017 Target	2017 Actual	Target-to-Actual
By 2025, 90% of SCS students graduate on time.	78%	77%	79.6%	+2.6 points
By 2025, 100% of college- or career-ready SCS graduates will enroll in a post-secondary opportunity.	59%*	64%	TBD*	TBD
Priority 3: Develop Teachers, Leaders and Central Office to Drive Student Success	2016 Actual	2017 Target	2017 Actual	Target-to-Actual
By 2025, 60% of students are college- or career-ready based on mastery of TNCore standards.	17.3% (HS)	Baseline (K-8) 22.0% (HS)	27.1% (K-8) 17.7% (HS)	-4.3 points (HS)
Priority 4: Expand High-Quality School Options	2016 Actual	2017 Target	2017 Actual	Target-to-Actual
By 2025, SCS student market share increases by 5%.	62.0%	62.4%	64.0%	+1.6 points
Priority 5: Mobilize Family & Community Partners	2016 Actual	2017 Target	2017 Actual	Target-to-Actual
By 2025, community confidence in SCS increases to 90%.	78%	81%	81%	0 points

* Final post-secondary enrollment results for 2016 graduates will be available in November 2017. There is always a one-year lag between post-secondary enrollment results and the D2025 Annual Report.

FINANCIAL INFORMATION

SCS experienced General Fund revenue increase in fiscal year 2017 due to non-recurring receipt of e-Rate funds and local tax revenues from Shelby County. Also, the District implemented cost saving initiatives and pursued grants aggressively to avoid additional cost burden to the General Fund. As a result, the District added \$20.3 million to its total general fund balance. SCS ended fiscal year 2017 with a total net position of \$763.7 million, a decrease of approximately \$11 million from fiscal year 2016.

Budgetary Adoption and Controls

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

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

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

Expenditures

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

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

Revenues

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

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

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

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

In the event that the local fiscal body has not adopted a budget for the operation of the public schools by July 1st of any year, the District budget for the year just ended shall continue in effect through August 31st. A resolution is not required unless a request to extend through September 30th due to extraordinary circumstances is approved by the Tennessee Office of State and Local Finance (OSLF).

Expenditures mandated by this part and implemented by rules, regulations and minimum standards of the State Board shall be incorporated into this continuing budget. The District can spend no more than the amount spent in the same month of the prior fiscal year while operating under a continuation budget. Any continuing budget shall not be valid beyond August 31st (September 30th if approved by OSLF) of the current fiscal year for purposes of the local fiscal body's eligibility to receive school funds from the State.

Budget Administration and Management Process

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

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

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

Position Control

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

Any salary increase that is requested for an employee by a department administrator for purposes of reclassification, equity or other circumstances must be approved by the Office of Finance and Human Resources Division of Compensation, and the Superintendent makes the final approval.

The department administrator must identify funding for the increase as the department or division's budget must remain budget neutral. Savings realized through vacancies cannot be used to fund salary increase requests.

Fund Accounting

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

Internal Control

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

LONG-TERM FINANCIAL PLANNING

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

The District has committed to developing and implementing a strategic budget and long-term financial plan to improve academic outcomes while achieving an equitable distribution of resources. To do this, the focus is on implementing student-based budgeting to allocate funding to schools based on the needs of students in the classroom. Academic outcomes will be improved by strengthening early literacy; improving post-secondary readiness; developing teachers, leaders, and central office to drive success; expanding high quality school options; and mobilizing family and community partners. These initiatives will be implemented by 2025 to achieve the District's 80/90/100% Strategic Goals. The goals were established to ensure, by 2025, that 80 percent of seniors will be college- or career-ready, 90 percent of seniors will graduate on time, and 100 percent of college- and career-ready graduates will enroll in a post-secondary opportunity. With the SCBE approval of the District's strategic goals focused around the mission of college- and career-readiness, SCS will make significant strides towards educational leadership. So by 2025, when this year's fifth graders are graduating, Shelby County Schools expects 80 percent of them will earn diplomas and be immediately ready to succeed in college or in the 21st century workforce.

Currently, the District is collaborating with community partners and other stakeholders to create the infrastructure necessary to accomplish these goals.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Shelby County Schools for its comprehensive financial report (CAFR) for the fiscal year ended June 30, 2016. This was the third year the District received this prestigious award. In order to be awarded a Certificate of Achievement, a school district must publish an easily readable and efficiently organized (CAFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitted to GFOA to determine its eligibility for another certificate. Our GFOA certificate can be found on page 4 of the CAFR.

In addition, the District received its third Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting award for its 2016 CAFR. This award, valid for one year, is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials. Shelby County Schools plans to submit the 2017 CAFR to ASBO and believes the report continues to meet ASBO's certificate program requirements. The ASBO Certificate of Excellence in Financial Reporting can be found on page 5 of the CAFR.

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

Respectfully submitted,



Dorsey E. Hopson, II
Superintendent of Schools



Lin Johnson, III
Chief Financial Officer



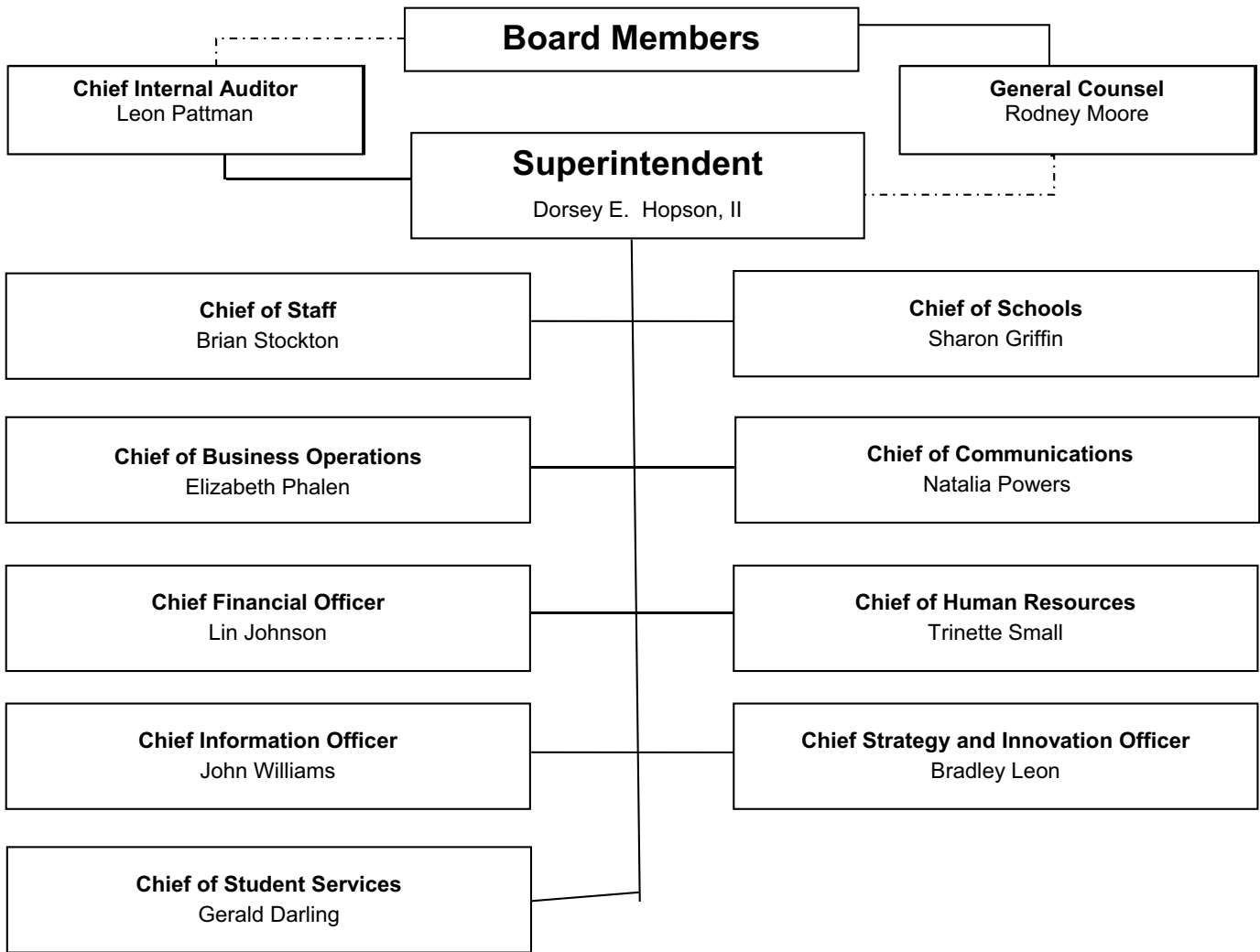
Angela R. Carr, CPA
Deputy Chief Financial
Officer

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**Board of Education
June 30, 2017**

COMMISSIONER	DISTRICT	TERM EXPIRATION
Christopher Caldwell, Chairperson	District 1 (Elected)	8/31/2018
Miska Clay-Bibbs, Vice-Chairperson	District 7 (Elected)	8/31/2020
Teresa D. Jones	District 2 (Elected)	8/31/2020
Stephanie P. Love	District 3 (Elected)	8/31/2020
Kevin Woods	District 4 (Elected)	8/31/2020
Scott McCormick	District 5 (Elected)	8/31/2020
Shante Avant	District 6 (Elected)	8/31/2018
William "Billy" Orgel	District 8 (Elected)	8/31/2018
Mike Kernell	District 9 (Elected)	8/31/2018

SHELBY COUNTY BOARD OF EDUCATION ORGANIZATIONAL CHART June 30, 2017



Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The Board of Education of the Shelby County Schools has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Our opinion is not modified with respect to this matter.

Emphasis of Matter

We draw attention to Note 16 to the financial statements, which describes a restatement increasing the beginning net position for Fiduciary funds by \$50,285,820. This restatement was necessary because of the transitional requirements of GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 25 through 42, and the other required supplementary information on pages 115 through 123 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal and state awards is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017, on our consideration of the Board of Education of the Shelby County Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board of Education of the Shelby County Schools' internal control over financial reporting and compliance.

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

Memphis, Tennessee
December 15, 2017

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As management of Shelby County Board of Education (the Board), we offer readers of the school district's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2017. Comparative financial information is reported for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the school district's financial performance as a whole, or as an entire operating entity. Readers should also review the transmittal letter found at the front of this report in conjunction with basic financial statements and notes to enhance their understanding of the school district's financial performance.

Financial Highlights

- Total assets and deferred outflows of the school district exceeded its liabilities and deferred inflows at June 30, 2017, by \$763.4 million (net position).
- Total net position decreased by \$11.3 million or 1.45% over the prior fiscal year.
- The school district's unrestricted liabilities exceeded its unrestricted assets by \$290.5 million primarily due to the OPEB annual required contribution (ARC) and pension obligations.
- The school district's pension deferred inflows of resources (\$168.3 million) and net pension liability (\$71.2 million) exceeded its pension deferred outflows of resources (\$154.4 million) and net pension asset (\$30.8 million) by \$54.3 million.
- At June 30, 2017, the school district's total general operating fund balance was \$196.8 million or 20.71% of total general fund expenditures.
- Unassigned fund balance for the General fund was \$88.2 million or 9.29% of total general fund expenditures, a decrease of \$22.4 million from the previous year. The unassigned fund balance is available for unforeseen operational emergencies or investments in the future.
- Fund balance in the Categorically Aided fund was \$9.9 million, or 5.46% of expenditures, an increase of \$3.3 million for the year.
- The Capital Projects fund is categorized as a non-major fund and thus reported with the Food Services fund. The fund balance for Non-major Funds was \$6.2 million, or 28.61% of total expenditures. Additional information for the Capital Projects fund and Food Services fund is located in the Non-major fund section.

Overview of the Financial Statements

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



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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Board's assets, as a whole, exceeded liabilities at June 30, 2017 and June 30, 2016 by \$763,388,975 and \$774,651,475, respectively.

Condensed Statement of Net Position

	2017	2016	Percentage Change 2017 - 2016
Assets			
Current and Other Assets	\$ 393,345,023	\$ 381,454,415	3.12%
Capital Assets	984,150,782	1,018,089,371	(3.33%)
Net Pension Asset	30,842,717	35,898,603 *	(14.08%)
Total Assets	<u>1,408,338,522</u>	<u>1,435,442,389</u>	(1.89%)
Deferred outflows related to pensions	<u>154,365,153</u>	<u>55,198,967</u>	179.65%
Liabilities			
Long-term Liabilities	475,203,456	420,400,574	13.04%
Net Pension Liability	71,180,937	5,162,677 *	1278.76%
Other Liabilities	84,650,775	91,713,706	(7.70%)
Total Liabilities	<u>631,035,168</u>	<u>517,276,957</u>	21.99%
Deferred inflows related to pensions	<u>168,279,532</u>	<u>198,712,924</u>	(15.32%)
Net Position			
Net Investment in Capital Assets	984,006,250	1,017,872,572	(3.33%)
Restricted	69,857,720	76,874,406	(9.13%)
Unrestricted	(290,474,995)	(320,095,503)	9.25%
Total Net Position	<u>\$ 763,388,975</u>	<u>\$ 774,651,475</u>	(1.45%)

*2016 changed due to disaggregating net pension liability and net pension asset.

Capital assets (e.g., land, buildings, machinery, equipment, intangibles and construction in progress) are the largest portion 69.88% of the total assets. These assets are not available for future spending. The value of the on-going construction of new schools or renovation of existing facilities accounts for \$8.9 million or 0.91% of the capital assets.

The net pension asset and liability were less favorable at June 30, 2016 as reflected in the June 30, 2017 financial statements. The Non-teacher and Teacher Retirement plans combined net assets decreased by 14.1%. The net pension liability increase is attributable to the Teacher

Legacy Pension plan (\$65.6m) and the Local Pension Plan (\$.4m). Moreover, the net pension liability (asset) is expected to be less favorable at June 30, 2017, which will be reflected in the June 30, 2018 financial statements.

Total debt (including compensating absences) owed by the school district is 86.59% of total liabilities with 99.75% of the debt due after one year. The liabilities increased 21.99% due to the increase in the OPEB and Pension liabilities in fiscal year 2017 versus fiscal year 2016. Please see Note 6 for additional information.

Governmental Activities. Governmental activities during fiscal year 2017 decreased the school district's net position by \$11,262,500 or 1.45% of total net position as compared to an increase of \$6,966,800 or 0.91% of total net position during fiscal year 2016.

The decrease in the net position of the governmental activities in fiscal year 2017 is primarily attributable to a less favorable net position for pension and OPEB benefits. Although the net pension liability (asset) was less favorable than prior year, the change was offset by a reduction in deferred inflows related to pension investments projected and actual earnings.

Management Discussion and Analysis

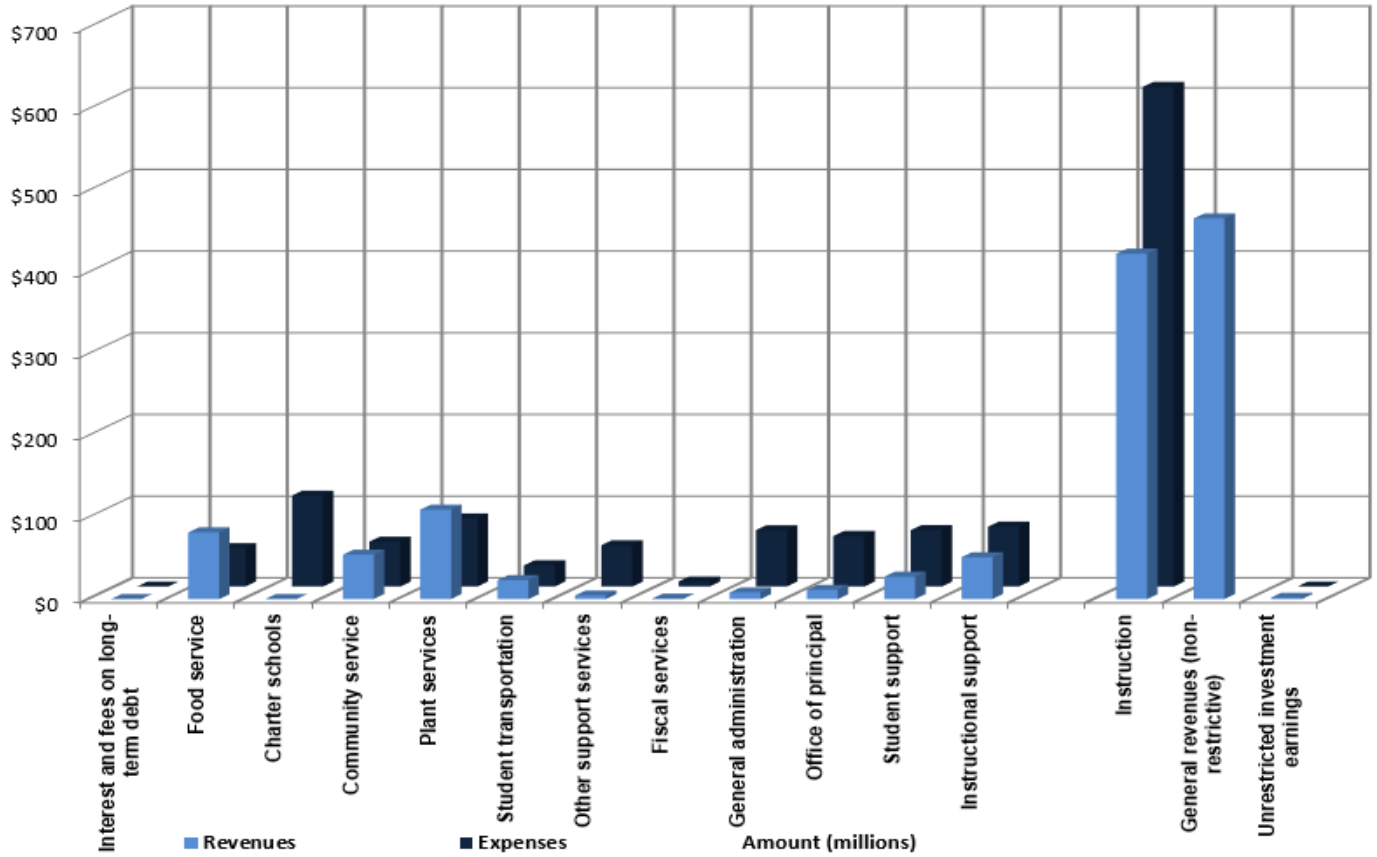
Shelby County Board of Education

Condensed Statement of Changes in Net Position

	2017	2016	Percentage Change 2017 - 2016
Revenues			
Program Revenues:			
Charges for services	\$ 4,184,952	\$ 4,104,327	1.96%
Operating grants and contributions	769,464,200	735,151,048	4.67%
Capital grants and contributions	21,415,501	33,321,219	(35.73%)
General Revenues:			
Shelby County	334,346,944	316,067,610	5.78%
Local option and state sales taxes	120,757,018	121,423,104	(0.55%)
Other local sources	11,011,903	5,755,594	91.33%
Gain on sale of capital assets	710,668	-	-
Unrestricted investment earnings	1,644,283	895,492	83.62%
Total revenues	1,263,535,469	1,216,718,394	3.85%
Expenses			
Instruction	611,919,773	597,472,639	2.42%
Instructional support	73,370,070	68,332,710	7.37%
Student support	69,102,286	67,948,438	1.70%
Office of principal	61,950,907	63,512,954	(2.46%)
General administration	68,931,316	22,290,624	209.24%
Fiscal services	6,173,518	6,061,221	1.85%
Other support services	50,438,867	43,518,961	15.90%
Student transportation	26,052,020	27,981,073	(6.89%)
Plant services	83,341,347	82,263,525	1.31%
Community service	54,979,073	50,728,987	8.38%
Charter schools	111,283,036	94,408,523	17.87%
Food service	47,089,961	85,229,311	(44.75%)
Interest on long-term debt	347	2,628	(86.80%)
Total expenses	1,264,632,521	1,209,751,594	4.54%
Increase (decrease) in net position	(1,097,051)	6,966,800	115.75%
Special items:			
Capital Asset Impairment	(10,165,449)	-	100.00%
Total changes in net position	(11,262,500)	6,966,800	261.66%
Net position - beginning	774,651,475	767,684,675	0.91%
Net position - ending	\$ 763,388,975	\$ 774,651,475	(1.45%)

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

Program Revenues and Expenses - Governmental Activities

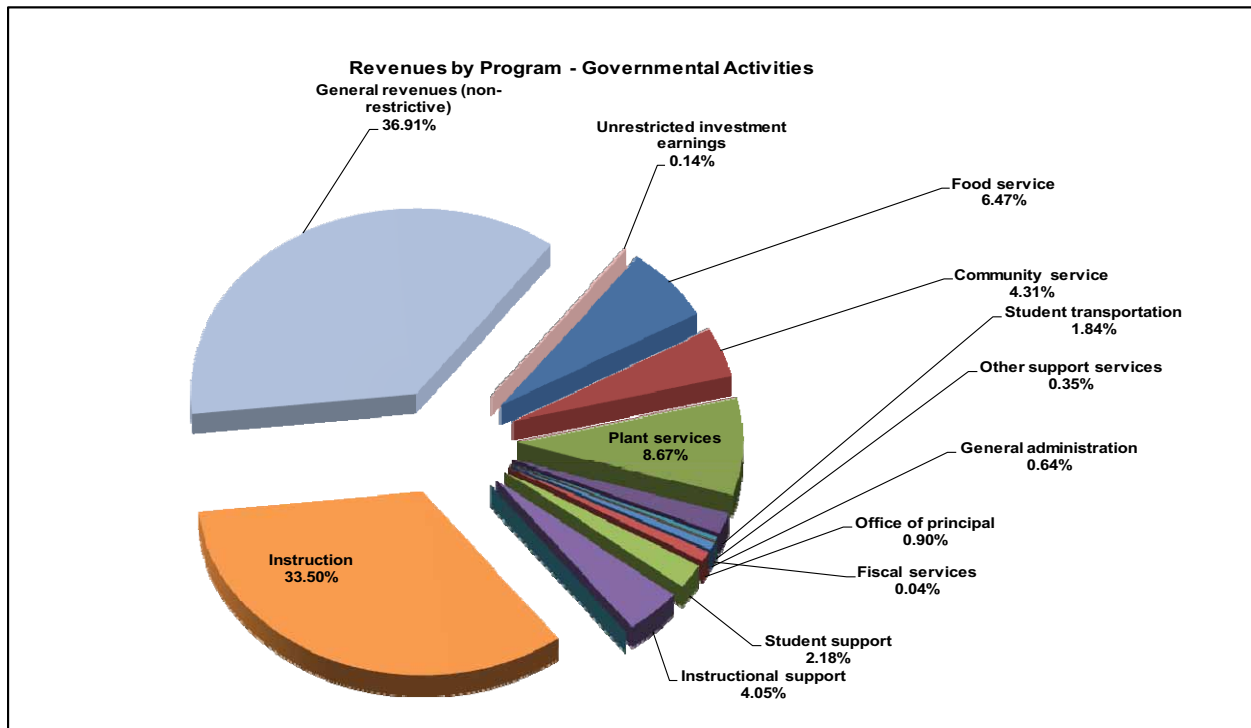


- Instructional expenses include activities directly linked to the teaching of pupils and the interaction between the teacher and pupil. The components include regular, exceptional children, alternative, vocational and adult instruction.
- Instructional support includes the activities involved in assisting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

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

- General administration includes the Board of Education and Office of the Superintendent. Activities are centered on establishing and administering policy for operating the Local Education Agency (LEA). Other general services include commission fees assessed by the County Trustee for tax collection, external audit, legal services, communications, and administrative supervision of the Board.
- Fiscal services include: budgeting and financial reporting, financial and property accounting, payroll and tax reporting, managing of funds, purchasing, receipts and disbursements, and internal auditing.
- Other support services provide non-instructional services to students and staff by the Human Resources and Information Technology Divisions.
- Student transportation includes activities involved with the conveyance of students for regular, vocational and special educational instruction to and from school, as well as school activities, as provided by state and federal law.
- Plant services supports maintaining the school grounds, buildings, and equipment in an effective working condition and state of repair.
- Community services include community development programs for Shelby County Schools, which promote the Board and its objectives. It also includes Early Childhood Development, Parental Involvement, Volunteer Services and Innovation and Planning.
- In accordance with T.C.A. §49-13-106, charter schools are transferred state and local revenues based on an average daily membership of the Board. Forty-five charter schools were operational during fiscal year 2017.
- Food service includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.
- Interest on long-term debt provides for the payment of interest and other related charges of debt with the school district.

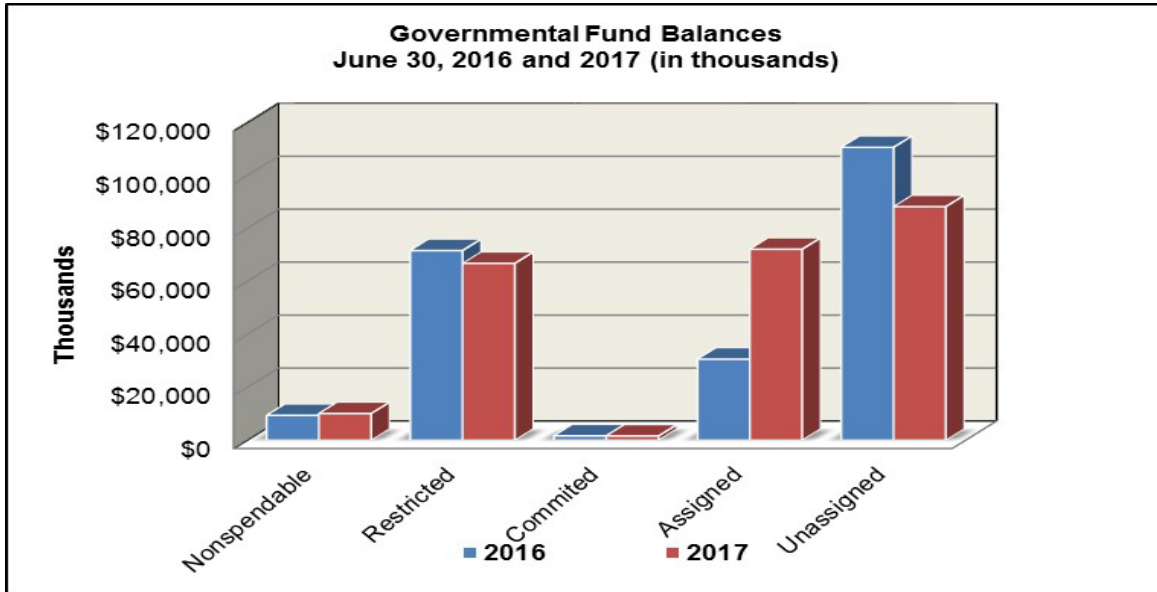
A major portion of the general revenues is not included above because the revenues are not directly identified as supporting a unique or specific activity. Instead, these revenues are general in their support for all activities. General revenues are primarily comprised of local tax revenues provided to support education as a whole. In contrast, State Basic Education Program and federal programs are directly supportive of specific activities. The dependence upon general tax revenues from the community for all governmental activities is clear. General tax revenues support 36.05% of the governmental activities. A breakdown of revenues by program is presented on the next page.



Financial Analysis of the Government’s Funds

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

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



As of June 30, 2017 and 2016, the school district’s governmental funds reported combined ending fund balances of \$238,860,179 and \$223,940,627, respectively; an increase of \$14,919,552 in 2017 when compared with 2016. Approximately 36.93% of the total amount (\$88,215,976) is comprised of unassigned fund balance, which is available for spending at the Board’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$10.1 million), 2) restricted for specific purposes (\$66.8 million), 3) committed for specific purposes (\$1.6 million), or 4) assigned for specific purposes (\$72.2 million). The components of the balances by funds are:

	June 30, 2017	June 30, 2016	Percentage Change 2017 - 2016
General Fund			
Nonspendable	\$ 6,781,775	\$ 5,804,694	16.83%
Restricted	29,603,105	29,360,894	0.82%
Assigned	72,154,767	30,631,209	135.56%
Unassigned	88,215,976	110,630,318	(20.26%)
Categorically Aided Fund			
Nonspendable	247,153	4,934,793	(94.99%)
Restricted	8,013,220	1,643,781	387.49%
Committed	1,602,788	-	-
Total, except Nonmajor Funds	<u>206,618,784</u>	<u>183,005,689</u>	12.90%
Nonmajor Funds			
Nonspendable	3,053,418	3,575,342	(14.60%)
Restricted	29,187,977	37,359,596	(21.87%)
Total all government funds	<u>\$ 238,860,179</u>	<u>\$ 223,940,627</u>	6.66%

There was approximately a \$23.6 million increase in total fund balance, excluding non-major funds, comprised of an increase of \$20.3 million in the general fund and an increase of \$3.3 million in the Categorically Aided Fund. There was a \$8.7 million decrease in the Non-major funds. The changes are discussed in the following fund sections.

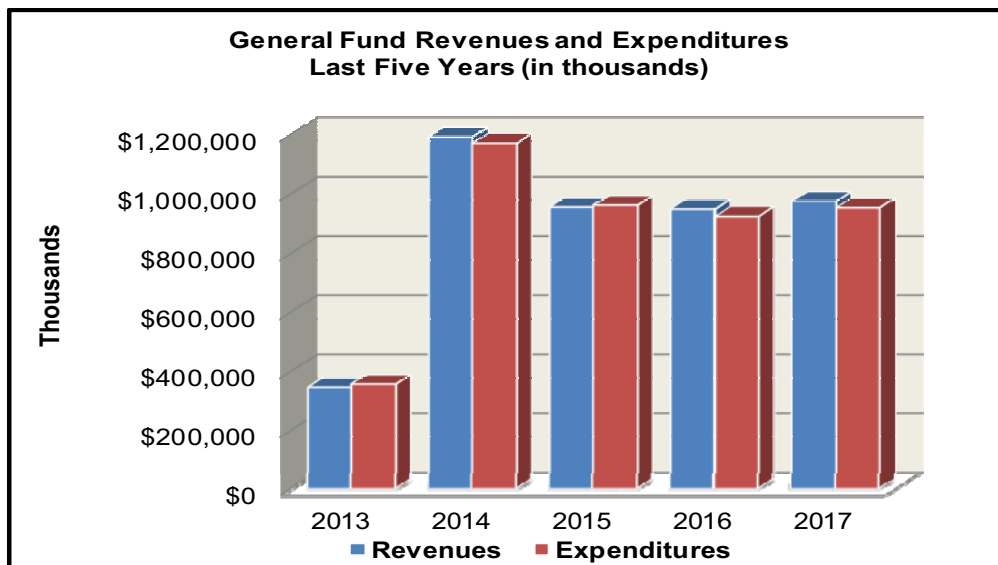
Major Funds

General Fund

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

As a measure of liquidity, the General Fund unassigned fund balance was approximately \$88.2 million or 9.29% of total fund expenditures, while total fund balance represents 20.71% of that same amount. The unassigned amount is available for contingencies for unforeseen operational emergencies or investments in the future. Revenues exceeded expenditures by \$23.2 million. Contributions to the OPEB Trust (\$3.0 million) and Pension Trust fund (\$77,819), offset by the sale of capital assets (\$225,205), resulted in the overall fund balance increase of \$20.3 million. General Fund revenues increased by \$28.0 million and expenditures increased by \$29.2 million from the previous year (GAAP basis). The expenditure increase was primarily related to the District taking a proactive approach in reallocating vacancy savings toward critical needs, i.e. textbooks, deferred maintenance, and learning intervention tools.

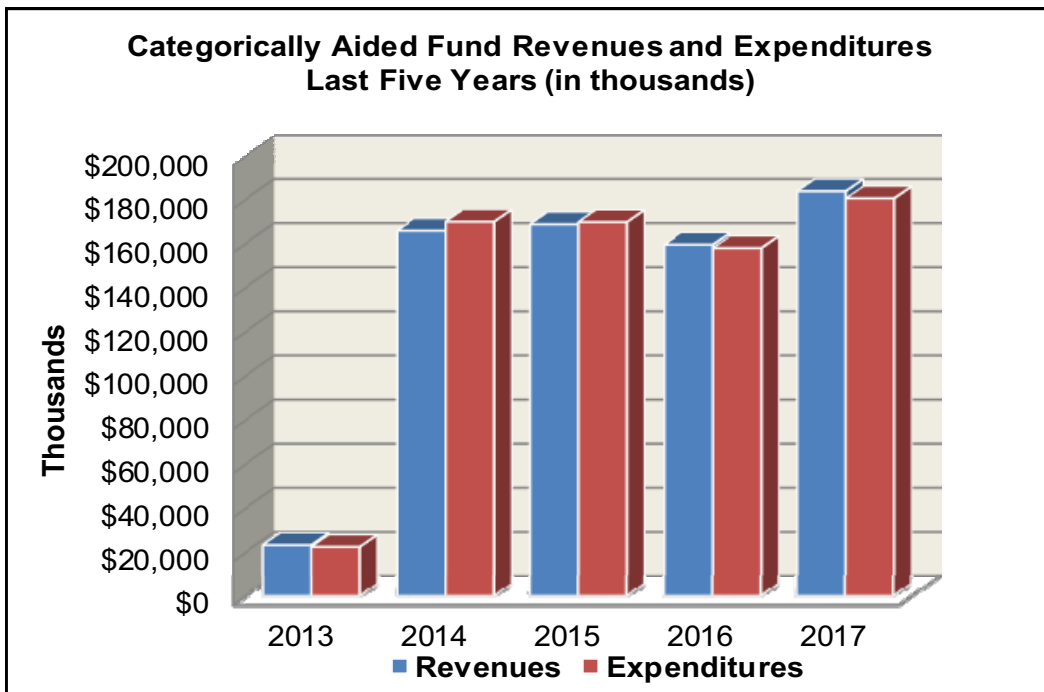
In fiscal year 2017, Shelby County Government increased its Education allocation by \$25.8 million, which resulted in additional revenues of \$17.3 million, gross of Trustee fees. The District also received additional e-Rate funding (\$8.2m) and \$4.7 million indirect cost revenues; which contributed to the increase in federal revenues.



Categorically Aided Fund

The Categorically Aided Fund accounts for restricted funds received from various agencies, state and federal governments that are to be spent for specific purposes based on contractual agreements or grant applications. Revenues increased by \$24.2 million and expenditures increased by \$22.5 million mainly due to Federal Programs. Two instructional initiatives were funded by Title I. The first initiative addressed the academic needs in focus, priority schools and schools not meeting annual measurable objectives. Secondly, a Summer Learning Academy was provided for students who failed reading/language arts and/or math. Employees in iZone schools were compensated for an extra hour of instructional time. Transportation cost for SPED monitors was transferred to the IDEA grant.

The Categorically Aided fund balances are mainly restricted or committed. The funds are either reserved for future program needs or encumbered commitments. The available fund balance increased \$3.3 million from the previous year due to Special Revenue grants (non-federal programs). This increase is attributable to the tuition based Extended Learning Program (ELOP) and the SPED Medicaid Reimbursement Programs. The ELOP program revenues increased due to an increase in the tuition rate. There were also lower than expected expenditures due to staffing and compliance efficiencies. The SPED Medicaid reimbursement program was more efficient in processing claims, thus resulting in higher revenues. In addition, the federal and general fund budgets were sufficient to meet student needs; therefore, there was not a need to utilize the Special Revenue funds.



Non-major Funds

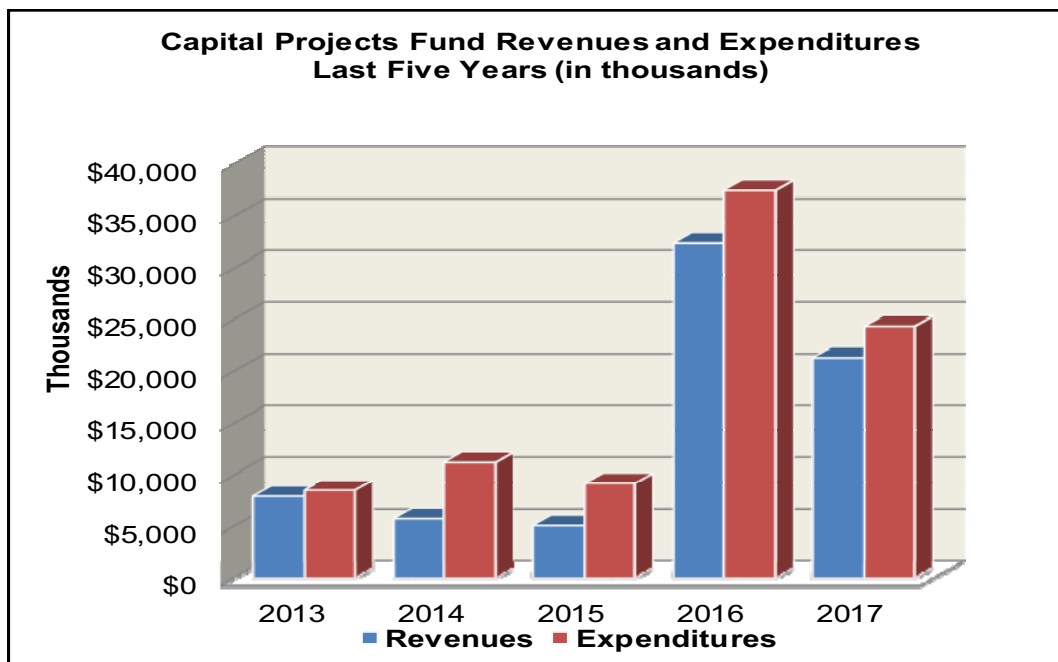
As previously stated, the Capital Projects fund and Food Services fund are the District’s only non-major funds. Although the funds are combined for presentation, the funds are discussed separately to clearly identify and discuss revenues, expenditures, and fund balance changes.

Capital Projects Fund

The Capital Projects Fund accounts for assets and transactions related to resources obtained and used for the acquisition, construction or improvement of capital facilities financed primarily through the County of Shelby bond issues. The available fund balance decreased by \$2.2 million compared to fiscal year 2016.

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

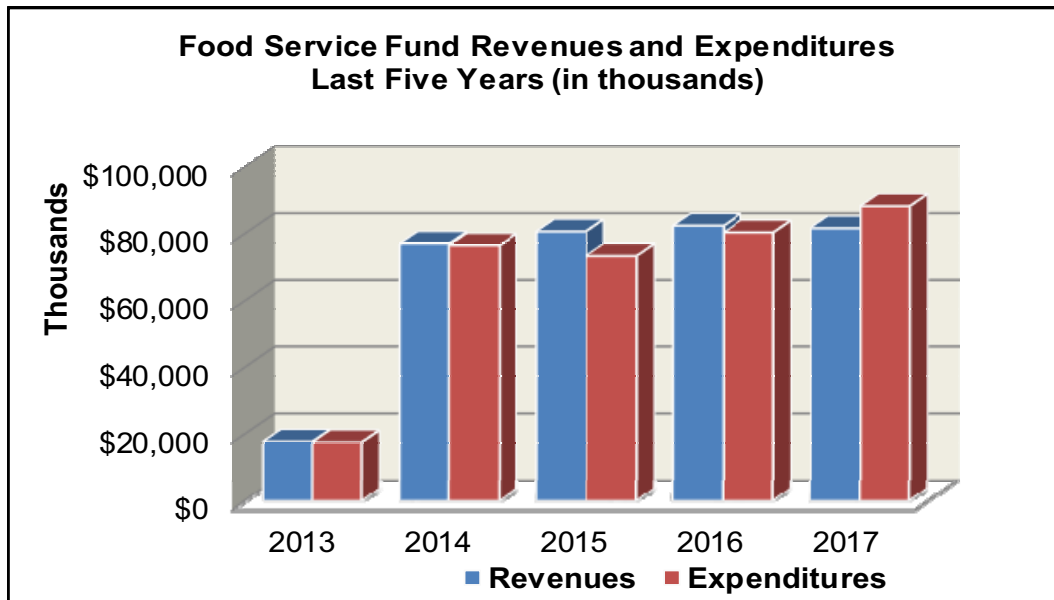
During fiscal year 2014, Shelby County Government provided the District an allocation of \$52.2 million to address critical capital needs. In fiscal years 2016 and 2017, Shelby County Government approved allocations of \$26.2 million and \$18.3 million, respectively, for District capital needs. Local revenue sources included rental revenues, interest earnings, and proceeds from the sale of capital assets. Forty-five projects (including municipal schools) were completed during the fiscal year.



Food Service Fund

The Food Service Fund is used to designate cafeteria transactions for preparing and serving school breakfasts and lunches; school day snacks; afterschool suppers and snacks; and summer meals. Revenue is provided from governmental agencies (primarily the U.S. Department of Agriculture), which is restricted for food services. These revenues are generally based on per meal rates and the number of meals served. The fund experienced a decrease of \$6.5 million in fund balance primarily due to an increase in expenditures of \$7.9 million as a result of the unexpected relocation of the Central Nutrition Center.

The District is operating under the Community Eligibility Provision, where all students, regardless of income, can receive breakfast and lunch daily at no charge. Under Community Eligibility, the USDA reimbursement rate per meal is based upon the percentage of students who would be eligible for free meals without submitting a meal application. This formula resulted in all eligible breakfasts and lunches being reimbursed at 100% of the free meal rate, which is the highest reimbursement rate. Most of the overall increase in revenues is due to the annual increase in the reimbursement rate of approximately 2%.



The USDA daily meal service included approximately 62,000 breakfasts via the National School Breakfast Program, most of which were served as breakfast in the classroom. Breakfast in the classroom started in the former Memphis City Schools during the 2009-2010 school year with increasing numbers in school years 2011 thru 2015. The number of schools serving breakfast in the classrooms decreased from 80 in fiscal year 2016 to 71 in fiscal year 2017. This decline was due to schools choosing the more traditional approach of serving breakfast to students in the cafeteria versus the classroom.

Proprietary Funds

Internal Service Funds

The school district's internal service funds account for the Board's central services, government services, health self-insurance and unemployment benefits. They provide the same type of information found in the government-wide financial statements (full accrual accounting based on economic substance of transactions), but in more detail. The net position increased by \$4.7 million primarily due to the District changing the annual insurance premium allocations from twenty pay periods to twenty-four pay periods. The full impact is not reflected until 2017, since this change was effective at the beginning of the plan year (September) instead of fiscal year (July).

General Fund Budgetary Highlights

The school district planned to use \$9.5 million of fund balances in fiscal year 2017. However, lower than expected expenditures resulted in a \$20.3 million increase to the general fund balance.

Actual day student enrollment of 104,317, based on the 20-day end-of-month membership count, was up 604 students from projected enrollment figures of 103,713. Actual membership increased 1,390 students from the previous year (105,707).

General operating revenues exceeded budget estimates by \$2.4 million. Additional key factors contributing to the revenue variance include:

- Shelby County revenues declined to forecast by \$0.8 million primarily from lower than expected property, local sales, and mixed drinks tax collections.
- Revenues from the State of Tennessee for BEP, Career Ladder Program, and other state revenue declined relative to forecast by \$1.9 million.
- Higher than expected e-Rate and indirect cost revenues from the Food Service Fund account for the \$6.4 million variance in Federal Government category.
- Other charges for services, tuition, and miscellaneous refund budgets were not realized. The Local category fell short of projections by \$1.4 million, offset by the City of Memphis overage of \$0.1 million.

The District experienced cost savings of \$23.7 million in expenditures compared to the budget due to controlled spending. Key factors contributing to the expenditure variance include:

- Salary and employee benefit expenditures were under budget by \$5.0 million. The overall budget variance was largely due to vacancy savings for hard to fill positions and lower health insurance costs based on the number of enrollees and employees' actual choice of plans.

Management Discussion and Analysis

- Professional development and supplies compared to budget were underspent by \$9.1 million as changes in leadership delayed spending.
- In fiscal year 2017, the District was proactive in purchasing textbooks. However, due to the consumption method, a savings of \$5.8 million was realized for the textbooks that were purchased but not distributed.
- Utility expenditures of \$2.1 million were less than budgeted as a result of energy efficiency initiatives.
- The school district had a total of forty-five charter schools with an aggregate budget of \$112.9 million. In accordance with state law, \$111.3 million was transferred to the charter schools based on actual revenue proceeds distributed on a per pupil basis. Charter schools' actual enrollment was slightly less than projected, resulting in a \$1.7 million variance.

In fiscal year 2016-17, the District continued on a path toward greater financial sustainability. Due to the favorable revenue and expenditure results, discussed above, the overall fund balance increased by \$20.3 million. As a benchmark, the median unrestricted General Fund balance of Council of Greater City Schools participants is approximately 8% of expenditures for fiscal year 2016. The unassigned General Fund balance stood at \$88.2 million, or 9.3% of General Fund expenditures. As another comparison of financial health, Moody's Investor Service consider available General Fund balance between 10% and 25% of revenues to be strong for school districts. The District unassigned fund balance is currently below this standard as the District has made a concerted effort to make investments. The District made fund balance assignments of \$25 million: \$12 million for an Enterprise Resource System implementation, \$10 million for Capital Improvements, and \$3 million for Other Post Employment Benefit. The unassigned General Fund balance stood at \$88.2 million, or 9.1% of General Fund revenues.

Capital Asset and Debt Administration

Capital Assets

The school district's investment in capital assets for its governmental activities as of June 30, 2017, amounts to \$984.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, intangibles, machinery and equipment. Overall capital assets decreased by 3.33 percent from fiscal year 2016 to fiscal year 2017. Accumulated depreciation increased by \$27.5 million or 3.16 percent.

Condensed Statement of Capital Assets

	Governmental Activities		Percentage Change 2017 - 2016
	2017	2016	
Land	\$ 45,603,360	\$ 45,075,585	1.17%
Buildings and improvements	905,288,033	917,530,435	(1.33%)
Machinery and equipment	20,901,923	23,062,274	(9.37%)
Intangible assets	3,402,824	3,969,962	(14.29%)
Construction in progress	8,954,642	28,451,115	(68.53%)
Total	<u>\$ 984,150,782</u>	<u>\$ 1,018,089,371</u>	(3.33%)

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

Long-term Debt

The total debt decreased by \$72,267 during fiscal year 2017 resulting in an ending balance of \$144,532.

Condensed Statement of Outstanding Debt

	Governmental Activities		Percentage Change 2017 - 2016
	2017	2016	
Bonded Debt - Due to State of Tennessee	\$ 144,532	\$ 216,799	(33.33%)

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

Economic Factors and Next Year’s Budgets

In fiscal year 2017-18, Shelby County Schools continued to experience a shift in enrollment to the ASD and charter schools. The State of Tennessee provides a share of Shelby County Schools’ local and state funds to ASD as a direct allocation from the Basic Education Program (BEP). In school year 2017-18, ASD will close two schools in Memphis and the ASD revenue allocation is projected to be \$98.3 million.

The number of SCS authorized charter schools grew to 51 in school year 2017-18 from 45 in school year 2016-17. SCS has experienced mounting financial pressures from the increase of charter schools. With a 14.68% increase in annual charter school enrollment, the charter school payment will climb by \$19.9 million in fiscal year 2017-18 based on six new charter schools and

additional classes and grades for existing charter schools. The charter schools will have an aggregate budget of \$131.2 million. Charter school payments will be the second largest expense behind instruction, therefore it is prudent to evaluate investments in SCS authorized charter schools.

The Shelby County Board of Education adopted the fiscal year 2017-18 General Fund budget in the amount of \$986,295,174 including transfers to charter schools. The fiscal year 2017-18 budget will increase by \$9.0 million from the fiscal year 2016-17 budget. The General Fund budget includes \$18.0 million in planned use of fund balance. State statute requires the District to set aside three percent of next year's General Fund Expenditure Budget of \$986,295,174, which equates to \$29,588,855.

The Shelby County Board of Commissioners voted to approve the Shelby County Schools' fiscal year 2017-18 budget including \$454,550,944 in revenues from all County sources. The District's share of the total County appropriation will be impacted by the weighted full-time equivalent average daily attendance (WFTEADA) figures that are allocated between Shelby County Schools and the six municipal school districts. Education's share of the property tax levy is expected to remain at \$2.14 of the \$4.37 per \$100 of assessed property value.

Student enrollment is the primary driver of instruction and school expenditure budgets. Shelby County Schools' combined 20th day end-of-month enrollment, excluding ASD, is expected to decrease from 104,317 to 103,892 students.

Requests for Information

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

Basic Financial Statements



STATEMENT OF NET POSITION
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 84,227,833
Investments	154,794,124
Due from County of Shelby	29,965,543
Due from other governments	69,736,070
Other receivables	44,539,107
Prepaid Item	247,153
Inventories	9,835,193
Capital assets, not being depreciated	54,558,002
Capital assets, being depreciated, net	929,592,780
Net pension asset	30,842,717
Total assets	<u>1,408,338,522</u>
Deferred Outflows of Resources	
Pension differences between expected and actual experience	3,090,225
Pension difference between investments projected and actual earnings, net	100,086,692
Pension changes in proportion of Net Pension Liability (Asset)	22,710
Pension employer contributions during fiscal year 2017	51,165,526
Total deferred outflows of resources	<u>154,365,153</u>
Liabilities	
Accounts payable and other accrued liabilities	72,859,919
Insurance claims payable	9,708,364
Unearned revenue	2,082,492
Long-term liabilities, due within one year:	
Capital related liabilities	72,267
Non-capital related liabilities	1,284,423
Long-term liabilities, due beyond one year:	
Capital related liabilities	72,265
Non-capital related liabilities	473,774,501
Net pension liability	71,180,937
Total liabilities	<u>631,035,168</u>
Deferred Inflows of Resources	
Pension differences between expected and actual experience	117,396,490
Pension changes in proportion of Net Pension Liability (Asset)	50,883,042
Total deferred inflows of resources	<u>168,279,532</u>
Net Position	
Net investment in capital assets	984,006,250
Restricted for :	
Capital projects	6,218,216
Contracted grant programs	8,013,220
Food service	26,023,179
Education	29,603,105
Unrestricted	(290,474,995)
Total net position	<u>\$ 763,388,975</u>

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

STATEMENT OF ACTIVITIES
For the year ended June 30, 2017

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
Instruction	\$ 611,919,772	\$ 630,816
Instructional support	73,370,070	-
Student support	69,102,286	-
Office of principal	61,950,907	-
General administration	68,931,316	-
Fiscal services	6,173,518	-
Other support services	50,438,867	-
Student transportation	26,052,020	-
Plant services	83,341,347	-
Community service	54,979,073	-
Charter schools	111,283,036	-
Food service	47,089,961	3,554,136
Interest and fees on long-term debt	347	-
Total governmental activities	\$ 1,264,632,520	\$ 4,184,952

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

**SHELBY COUNTY
BOARD OF EDUCATION**

Program Revenues		Net (Expense) Revenue and Changes in Net Position
Operating Grants and Contributions	Capital Grants and Contributions	Total
\$ 422,376,211	\$ -	\$ (188,912,745)
51,162,763	-	(22,207,307)
27,506,201	-	(41,596,085)
11,421,167	-	(50,529,740)
8,105,488	-	(60,825,828)
530,232	-	(5,643,286)
4,391,798	-	(46,047,069)
23,274,875	-	(2,777,145)
88,119,707	21,415,501	26,193,861
54,422,633	-	(556,440)
-	-	(111,283,036)
78,153,125	-	34,617,300
-	-	(347)
\$ 769,464,200	\$ 21,415,501	(469,567,867)
General revenues:		
Shelby County		334,346,944
Local option and state sales taxes		120,757,018
Other local sources		11,011,903
Gain (loss) on sale of capital assets		710,668
Unrestricted investment earnings		1,644,283
Special Item:		
Capital Asset Impairment		(10,165,449)
Total general revenues and special item		458,305,367
Changes in net position		(11,262,500)
Net position - beginning		774,651,475
Net position - ending		\$ 763,388,975

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

		Special Revenue		
	General Fund	Categorically Aided Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 31,760,083	\$ 4,874,164	\$ 19,605,682	\$ 56,239,929
Investments	154,494,124	-	-	154,494,124
Due from County of Shelby	12,826,090	-	2,850,783	15,676,873
Due from other governments	48,148,605	-	3,800,000	51,948,605
Other receivables	358,149	33,599,013	9,269,634	43,226,796
Due from other funds	19,563,671	-	-	19,563,671
Inventories	6,781,775	-	3,053,418	9,835,193
Prepaid item	-	247,153	-	247,153
Total assets	\$ 273,932,497	\$ 38,720,330	\$ 38,579,517	\$ 351,232,344
Liabilities and Fund Balances				
Liabilities				
Accounts payable and other accrued liabilities	61,132,004	8,327,589	2,437,438	71,897,031
Payable to County of Shelby	801,698	-	-	801,698
Due to other funds	-	18,547,771	-	18,547,771
Unearned revenue - other	-	1,981,809	100,684	2,082,493
Total liabilities	61,933,702	28,857,169	2,538,122	93,328,993
Deferred Inflows of Resources				
Unavailable revenue - settlement	15,243,172	-	3,800,000	19,043,172
Total deferred inflows of resources	15,243,172	-	3,800,000	19,043,172
Fund balances				
Nonspendable	6,781,775	247,153	3,053,418	10,082,346
Restricted	29,603,105	8,013,220	29,187,977	66,804,302
Committed	-	1,602,788	-	1,602,788
Assigned	72,154,767	-	-	72,154,767
Unassigned	88,215,976	-	-	88,215,976
Total fund balances	196,755,623	9,863,161	32,241,395	238,860,179
Total liabilities, deferred inflows of resources, and fund balances	\$ 273,932,497	\$ 38,720,330	\$ 38,579,517	\$ 351,232,344

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

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

Total fund balances - total governmental funds	\$	238,860,179
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost	\$ 1,882,593,585	
Less accumulated depreciation	<u>(898,442,803)</u>	984,150,782
Net pension assets are not financial resources and therefore are not reported as assets in governmental funds		30,842,717
Internal service funds account for central and other government services, health insurance, life insurance, and unemployment services. The assets and liabilities of the internal service fund are included with governmental activities.		19,473,547
Short-term compensated absences (for active employees) not booked to governmental funds		(1,081,178)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities not included in governmental or proprietary funds at year-end consist of:		
Notes payable	\$ (144,532)	
Pension Liability	(71,180,937)	
Post employment benefits	(465,318,001)	
Long-term compensated absences (for active employees) not booked to governmental funds	<u>(8,361,897)</u>	(545,005,367)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		
City of Memphis Settlement		19,043,172
Accrued property taxes and other receivables in the Statement of Activities that do not provide current financial resources are not reported in the funds.		
County of Shelby	\$ 14,288,670	
Municipality agreements	<u>16,730,832</u>	31,019,502
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Actuarial experience deferred outflow	\$ 3,090,225	
Actuarial experience deferred inflow	(117,396,490)	
Net investment earnings deferred inflow	100,086,692	
Change in proportionate share of NPL deferred outflow	22,710	
Change in proportionate share of NPL deferred inflow	(50,883,042)	
Current fiscal year contributions deferred outflow	<u>51,165,526</u>	<u>(13,914,379)</u>
Total net position - governmental activities	\$	<u>763,388,975</u>

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	General Fund	Special Revenue		Total Governmental Funds
		Categorically Aided Fund	Total Nonmajor Governmental Funds	
Revenues				
City of Memphis	\$ 1,487,282	\$ -	\$ -	\$ 1,487,282
Shelby County	455,925,298	-	21,070,908	476,996,206
State of Tennessee	482,368,670	13,553,306	653,697	496,575,673
Federal Government	25,092,423	151,628,304	77,384,101	254,104,828
Other local sources	8,193,125	18,656,914	3,927,485	30,777,524
Total revenues	\$ 973,066,798	\$ 183,838,524	\$ 103,036,191	\$ 1,259,941,513
Expenditures				
Current:				
Instruction	482,733,731	72,036,426	-	554,770,157
Instructional support	34,669,288	34,762,262	-	69,431,550
Student support	55,427,891	11,258,504	-	66,686,395
Office of principal	58,125,176	10,676	-	58,135,852
General administration	12,010,389	6,433,040	-	18,443,429
Fiscal services	5,887,601	82,663	-	5,970,264
Other support services	49,386,730	126,735	-	49,513,465
Student transportation	22,573,941	3,259,643	-	25,833,584
Plant services	81,314,399	513,233	-	81,827,632
Community service	1,805,206	52,101,513	-	53,906,719
Charter school	111,283,036	-	-	111,283,036
Retiree benefits	34,595,674	-	-	34,595,674
Food service	-	-	88,329,561	88,329,561
Debt Service:				
Principal	72,267	-	-	72,267
Interest and fees	347	-	-	347
Capital outlay	-	-	24,357,514	24,357,514
Total expenditures	949,885,676	180,584,695	112,687,075	1,243,157,446
Excess (deficiency) of revenues over expenditures	23,181,122	3,253,829	(9,650,884)	16,784,067
Other financing sources (uses)				
Transfer to insurance fund	(3,000,000)	-	-	(3,000,000)
Transfer to fiduciary fund	(77,819)	-	-	(77,819)
Sale of capital assets	225,205	30,758	957,341	1,213,304
Net change in fund balance	20,328,508	3,284,587	(8,693,543)	14,919,552
Fund balance - July 1, 2016	176,427,115	6,578,574	40,934,938	223,940,627
Fund balance - June 30, 2017	\$ 196,755,623	\$ 9,863,161	\$ 32,241,395	\$ 238,860,179

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

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

Total net change in fund balances - total governmental funds	\$	14,919,552
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. (Does not include cash proceeds)</p>		
Capital outlay	\$	28,846,972
Depreciation expense		<u>(49,559,346)</u>
		(20,712,374)
<p>Capital assets used in governmental activities are not reported as assets. The gain or loss on the disposal of the assets are also not reported. This is the amount by which cost of the disposed assets exceeds the accumulated depreciation of the disposed assets in the period. Impairment expenses on the Statement of Activities are not recognized in the governmental funds.</p>		
Disposal of capital assets	\$	(3,060,767)
Impairment expense		<u>(10,165,449)</u>
		(13,226,216)
<p>The repayment of the principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of long-term debt principal payments in the current year is:</p>		
		72,267
<p>On the statement of activities the actual and projected long term expenditures for post employment benefits are reported, whereas on the governmental funds only the actual expenditures are recorded for post employment benefits.</p>		
		(54,932,343)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The change in compensated absences totaled:</p>		
		(293,465)
<p>An internal service fund is used by the Board's management to charge the costs of central services, government services, self-insurance health and unemployment claims to the individual funds. The net revenue of the internal service fund is reported with governmental activities.</p>		
		4,739,420
<p>Recognition of unavailable revenue from Shelby County, City of Memphis, and the Municipalities increased the Board's receivable from these entities. This amount is the net change during the period.</p>		
		(354,774)
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		<u>58,525,433</u>
Change in net position of governmental activities	\$	<u>(11,262,500)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
City of Memphis	\$ 1,333,333	\$ 1,333,333	\$ 1,487,282	\$ 153,949
Shelby County	456,703,938	456,703,938	455,925,298	(778,640)
State of Tennessee	473,332,804	484,305,372	482,368,670	(1,936,702)
Federal Government	14,860,566	18,702,574	25,092,423	6,389,849
Other local sources	<u>9,182,410</u>	<u>9,599,786</u>	<u>8,193,125</u>	<u>(1,406,661)</u>
Total revenues	<u>955,413,051</u>	<u>970,645,003</u>	<u>973,066,798</u>	<u>2,421,795</u>
Expenditures				
Current:				
Instruction	481,993,624	477,982,855	482,895,178	(4,912,323)
Instructional support	34,222,002	39,753,336	34,356,441	5,396,895
Student support	53,147,783	67,066,968	54,874,111	12,192,857
Office of principal	59,257,016	60,018,085	58,239,286	1,778,799
General administration	12,961,243	13,543,755	12,459,734	1,084,021
Fiscal services	5,907,122	6,936,067	5,861,534	1,074,533
Other support services	52,445,858	58,219,794	51,817,525	6,402,269
Student transportation	31,994,073	22,003,305	22,254,234	(250,929)
Plant services	79,176,098	83,382,941	83,069,713	313,228
Community service	1,685,239	2,302,304	1,840,198	462,106
Charter schools	112,806,255	112,806,255	111,283,036	1,523,219
Retiree benefits	33,135,196	33,135,196	34,595,674	(1,460,478)
Debt Service:				
Principal	72,267	72,267	72,267	-
Interest and fees	109,275	109,275	347	108,928
Capital outlay	-	-	51,000	(51,000)
Total expenditures	<u>958,913,051</u>	<u>977,332,403</u>	<u>953,670,278</u>	<u>23,662,125</u>
Excess (deficiency) of revenues over expenditures	<u>(3,500,000)</u>	<u>(6,687,400)</u>	<u>19,396,520</u>	<u>26,083,920</u>
Other financing sources (uses)				
Transfer to insurance fund	-	(3,000,000)	(3,000,000)	-
Transfer to fiduciary fund	-	(77,819)	(77,819)	-
Sale of capital assets	-	225,205	225,205	-
Net change in fund balance	<u>\$ (3,500,000)</u>	<u>\$ (9,540,014)</u>	<u>16,543,906</u>	<u>\$ 26,083,920</u>
Change in reserve for encumbrances			<u>3,784,602</u>	
Net change in fund balances (GAAP basis)			20,328,508	
Fund balance - July 1, 2016			<u>176,427,115</u>	
Fund balance - June 30, 2017			<u>\$ 196,755,623</u>	

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE - CATEGORICALLY AIDED FUND
For the Year Ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
State of Tennessee	\$ 13,922,885	\$ 13,342,323	\$ 13,553,306	\$ 210,983
Federal Government	200,988,795	181,853,484	152,782,673	(29,070,811)
Other local sources	26,432,422	29,533,139	18,656,914	(10,876,225)
Total revenues	<u>241,344,102</u>	<u>224,728,946</u>	<u>184,992,893</u>	<u>(39,736,053)</u>
Expenditures				
Current:				
Instruction	110,393,467	99,387,773	74,440,522	24,947,251
Instructional support	43,320,018	41,542,301	33,508,085	8,034,216
Student support	18,159,628	14,073,168	11,694,931	2,378,237
Office of principal	-	10,680	10,676	4
General administration	11,821,460	6,882,175	5,838,652	1,043,523
Fiscal services	300,000	135,000	67,069	67,931
Other support services	217,247	135,850	126,735	9,115
Student transportation	42,803	3,895,487	3,118,291	777,196
Plant services	1,014,871	1,014,871	501,494	513,377
Community service	57,546,367	58,332,140	51,851,047	6,481,093
Total expenditures	<u>242,815,861</u>	<u>225,409,445</u>	<u>181,157,502</u>	<u>44,251,943</u>
Excess (deficiency) of revenues over expenditures	<u>(1,471,759)</u>	<u>(680,499)</u>	<u>3,835,391</u>	<u>4,515,890</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	30,758	30,758
Net change in fund balances	<u>\$ (1,471,759)</u>	<u>\$ (680,499)</u>	3,866,149	<u>\$ 4,546,648</u>
Change in reserve for encumbrances			<u>(581,562)</u>	
Net change in fund balances (GAAP basis)			3,284,587	
Fund balance - July 1, 2016			<u>6,578,574</u>	
Fund balance - June 30, 2017			<u>\$ 9,863,161</u>	

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	<u>Governmental Activities - Internal Service Funds</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 27,987,904
Investments	300,000
Receivable from state	1,056,633
Other receivables	<u>1,312,312</u>
Total assets	<u>30,656,849</u>
Liabilities	
Current liabilities:	
Accounts payable	346,764
Insurance claims and premiums payable	9,708,364
Due to general fund	1,015,900
Accrued vacation	17,671
Noncurrent liabilities:	
Accrued vacation	<u>94,603</u>
Total liabilities	<u>11,183,302</u>
Net Position	
Unrestricted	<u><u>\$ 19,473,547</u></u>

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

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 4,417,079
Employee contributions	40,728,127
Board contributions	<u>51,297,740</u>
Total operating revenues	<u>96,442,946</u>
Operating expenses:	
Personnel services	3,151,109
Material & supplies	1,097,773
Claims incurred	82,774,133
Life insurance premiums	2,152,716
Administrative expenses	<u>2,707,000</u>
Total operating expenses	<u>91,882,731</u>
Operating income	4,560,215
Nonoperating revenues (expenses):	
Interest income	<u>179,205</u>
Total nonoperating revenues (expenses)	179,205
Income (Loss) Before Transfers	4,739,420
Total net position - July 1, 2016	<u>14,734,127</u>
Total net position - June 30, 2017	<u>\$ 19,473,547</u>

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

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Receipts for interfund services provided	\$ 54,919,084
Receipts from employees	40,629,276
Payments to suppliers	(1,300,177)
Payments to employees for salaries and benefits	(3,151,109)
Payments to other division funds	(83,707)
Payments for life insurance premiums	(2,152,716)
Payments for insurance and unemployment claims	(83,224,316)
	<hr/>
Net cash by operating activities	5,636,335
Cash Flows From Investing Activities	
Interest received	179,205
	<hr/>
Net cash provided (used) by investing activities	179,205
	<hr/>
Net decrease in cash and cash equivalents	5,815,540
	<hr/>
Cash and cash equivalents at beginning of year	22,172,365
	<hr/>
Cash and cash equivalents at end of year	\$ 27,987,904
	<hr/> <hr/>
Reconciliation of operating to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 4,560,215
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Receivables	(378,453)
Accrued liabilities	1,454,573
	<hr/>
Net cash by operating activities	\$ 5,636,335
	<hr/> <hr/>

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

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	OPEB Trust Fund	Pension Trust Fund	Internal School Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 98,851	\$ 134,894	\$ 10,111,511
Receivable from State of Tennessee	417,483	-	-
Other receivables	-	5,572	183,705
Investments, at fair value:			
Short-term securities	619,539	15,934	298,256
Common stocks	-	517,193	-
Mutual Funds	39,248,160	-	-
Exchange traded and closed-end funds	22,068,931	-	-
Corporate bonds	-	378,523	-
Total Investments	<u>61,936,630</u>	<u>911,650</u>	<u>298,256</u>
Inventories	-	-	49,334
Total assets	<u><u>62,452,964</u></u>	<u><u>1,052,116</u></u>	<u><u>10,642,806</u></u>
Liabilities			
Accounts payable	516,334	2,824	311,542
Due to student general fund	-	-	6,368,790
Due to student groups	-	-	3,962,474
Total liabilities	<u>516,334</u>	<u>2,824</u>	<u>10,642,806</u>
Net Position			
Net position restricted for post employment benefits	61,936,630	-	-
Net position restricted for pension benefits	-	1,049,292	-
	<u><u>\$ 61,936,630</u></u>	<u><u>\$ 1,049,292</u></u>	<u><u>\$ -</u></u>

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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	OPEB Trust Fund	Pension Trust Fund
	<u> </u>	<u> </u>
Additions		
Contributions:		
State reimbursements for benefit payments and insurance premiums	\$ -	\$ 69,937
State reimbursements for superior plan	2,306,363	-
Employer Contributions	47,260,187	77,819
Retiree Contributions	20,348,426	-
Drug Subsidy	392,000	-
Investment Earnings:		
Interest income	1,509,025	20,637
Net appreciation (depreciation) in fair value of investments	<u>5,150,867</u>	<u>114,017</u>
Total investment earnings	6,659,892	134,655
Less investment expense	<u>100,435</u>	<u>24,243</u>
Net investment earnings	6,559,457	110,412
 Total additions	 76,866,433	 258,168
Deductions		
Benefit payments	64,731,428	276,756
Administrative expenses	<u>484,195</u>	<u>-</u>
Total deductions	<u>65,215,623</u>	<u>276,756</u>
 Net increase (decrease) in net position	 11,650,810	 (18,588)
Net Position		
July 1, 2017	-	1,067,880
Prior period adjustment	<u>50,285,820</u>	<u>-</u>
July 1, 2017 - restated	50,285,820	-
 June 30, 2017	 <u>\$ 61,936,630</u>	 <u>\$ 1,049,292</u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Determination of the Reporting Entity

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

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

Governmental Accounting Standards

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles (GAAP) followed in the United States of America. In the United States the Governmental Accounting Standards Board (GASB) is the established and recognized standard-setting body for governmental accounting and financial reporting. The GASB periodically issues new or revised standards that are implemented by the Board.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. General revenues include internally dedicated resources, non-specific grants and contributions, and investment earnings.

Fund Financial Statements

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

- a. The total of assets and deferred outflows of resources, the total of liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10% of the corresponding total for all funds of that category or type; and

- b. The same element(s) that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

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

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

Capital Projects Fund

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

Proprietary Funds

Internal Service Funds

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

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

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

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

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

Fiduciary Funds (Not included in government-wide statements)

Trust and Agency Funds consist of the following:

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

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

OPEB Trust Fund – Transactions related to resources held in a fiduciary capacity as agent for insurance benefits for retirees and their dependents.

Major and Non-Major Funds

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

Measurement Focus

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

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

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

- a. All governmental funds utilize a “Current Financial Resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources at the end of the period.
- b. The proprietary and fiduciary funds utilize an “Economic Resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating and non-operating income, changes in net position (or cost recovery), financial position, and cash flows (only for proprietary fund). All assets and liabilities (whether current or noncurrent)

associated with their activities are reported. Proprietary and fiduciary fund equities are classified as net position.

- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Budgeting and Budgetary Control

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

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

Basis of Accounting

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

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

- a. In determining availability, the Board considers property taxes associated with the current fiscal year to be available if they are collected within 30 days of the current fiscal year and sales taxes to be available if collected within two months of the end of the current fiscal year. The Board considers wheel taxes from the County associated with the current fiscal year to be available within one year of the end of the current fiscal year.

- b. Grants and subsidies from other governments, to the extent measurable and available are recognized as revenue as soon as all the eligibility requirements by the provider have been met.
- c. Interest earned on investments as of year-end.

The internal service funds, pension and OPEB trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenue is recorded as earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All other revenue is considered non-operating revenue. The agency fund utilizes the accrual basis of accounting for reporting of assets and liabilities only. For budgetary reporting purposes, the encumbrance method of accounting for expenditures is used for the General, Special Revenue and Capital Projects Funds. Under this method, commitments represented by purchase orders, contracts and repair authorizations, except for those related to inventory purchases, are recorded as expenditures in addition to actual expenditures incurred.

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

Receivables

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

Inventories and Prepaid Items

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

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

Realty and Personal Property Taxes

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

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

Cash Equivalents

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

Investments

State statutes authorize the County Trustee to invest in obligations of the U.S. Treasury, obligations issued or guaranteed by the U.S. Government agency, certificates of deposits at Tennessee and federal chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as underlying securities, prime banker's acceptances and prime commercial paper. The maximum maturity is two-years. The District's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

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

Capital Assets

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

Capital Assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2001. Donated Capital Assets are reported at fair value and on a going-forward basis newly acquired donated Capital Assets will be reported at acquisition value. The District capitalizes assets with an initial cost of \$5,000 or more. As a result of the merger, the District is carrying some items that do not meet the criteria because the former Memphis City Schools also capitalized sensitive items regardless of cost.

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

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

Long-Term Obligations

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

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

Compensated Absences

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

Sick Leave - Accumulated sick leave lapses when employees leave the employ of government and, upon separation from service, no monetary obligation exists.

Equity Classifications

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

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

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

- Non-spendable Fund Balance includes amounts that are not in a spendable form such as inventory, prepaid amounts and the long-term amounts of loans and notes receivable, or are legally or contractually required to be maintained intact.
- Restricted Fund Balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling legislations. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed Fund Balance includes amounts that can be used only for the specific purposes determined by formal action (adoption of a resolution) of the Shelby County Schools Board members, the Board's highest level of decision making authority. Commitments may be changed or lifted only by the Shelby County Schools Board members taking the same formal action (adoption of a resolution) that imposed the constraint.

- Assigned Fund Balance includes amounts that the Board intends to use for a specific purpose, but are not restricted or committed. The intent shall be expressed by resolution of the Shelby County Board of Education or official to which the Board has delegated the authority, such as the Superintendent or his designee (e.g. legal contingencies).
- Unassigned Fund Balance is the residual classification for the General Fund and General Purpose School Fund. It includes amounts that are not contained in the other classifications. Unassigned amounts are the portion of fund balance that is not obligated or specifically designated and is available for any purpose. Any deficit balances in the other governmental fund types are reported as unassigned.

Minimum Fund Balance Policy

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

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

Order of Expenditure of Funds

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

Other Post-Employment Benefits

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

Reclassifications

For comparability, certain prior year amounts have been reclassified where appropriate to conform to the presentation in the current year.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of

assets, liabilities, and net position or fund balances. Estimates also affect the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents (excluding fiduciary funds) at June 30, 2017, consist of the following:

Deposit accounts	\$	58,578,127
Investments in state's local government investment pool		25,649,706
	<u>\$</u>	<u>84,227,833</u>

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

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

At June 30, 2017, the deposits held were \$108,449,135. The cash of the Fiduciary funds is not included here.

	<u>Shelby County</u> <u>Trustee</u>	<u>Shelby County</u> <u>Board of Education</u>	<u>Total Cash and Cash</u> <u>Equivalents</u>
LGIP	\$ 25,649,706	\$ -	\$ 25,649,706
PFDs-Regions	38,709,454	-	38,709,454
Liquid CDARs-Metropolitan	30,984,247	-	30,984,247
Liquid CDARs-Iberia	11,619,092	-	11,619,092
Cash-Regions	1,486,636	-	1,486,636
	<u>\$ 108,449,135</u>	<u>\$ -</u>	<u>\$ 108,449,135</u>

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments as of June 30, 2017, are recorded at fair value and consist of the following:

Investment Type	General Fund	Retirement Fund	Health Insurance Fund	OPEB Fund	Internal School Fund	Total	weighted Average Maturity in Years
CDARS	\$ 19,529,751	\$ -	\$ -	\$ -	\$ -	\$ 19,529,751	-
CDs	26,580,806	-	300,000	-	-	26,880,806	-
Agencies	67,474,797	-	-	-	-	67,474,797	-
Commercial Paper	38,601,407	-	-	-	-	38,601,407	-
Pass Through Securities	1,749,036	-	-	-	-	1,749,036	-
Common stocks	558,327	517,193	-	-	-	1,075,520	-
Corporate bonds	-	378,523	-	-	-	378,523	1.37
Mutual Funds	-	-	-	39,248,160	-	39,248,160	-
Exchange-traded and closed-end funds	-	-	-	22,068,931	-	22,068,931	5.36
Short term investments	-	15,934	-	619,539	298,256	933,729	-
	<u>\$ 154,494,124</u>	<u>\$ 911,650</u>	<u>\$ 300,000</u>	<u>\$ 61,936,630</u>	<u>\$ 298,256</u>	<u>\$ 217,940,660</u>	

Custodial Credit Risk:

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

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

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

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

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

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

Shelby County Board of Education has the following recurring fair value measurements as of June 30, 2017:

Investments Measured at Fair Value (\$ in millions)	<u>Fair Value Measurements</u>			Total 6/30/2017
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	
Investments by Fair Value Level				
CDARS	\$ 19.53	\$ -	\$ -	\$ 19.53
CDs	26.88	-	-	26.88
Commercial paper	-	-	38.60	38.60
Pass through securities	-	1.75	-	1.75
Agencies	-	67.47	-	67.47
Corporate bonds	0.38	-	-	0.38
Mutual Funds	39.25	-	-	39.25
Exchange-traded and closed-end funds	22.07	-	-	22.07
Short term investments	0.93	-	-	0.93
Common stocks	1.08	-	-	1.08
Total investments measured at fair value	<u>\$ 110.12</u>	<u>\$ 69.22</u>	<u>\$ 38.60</u>	<u>\$ 217.94</u>

The Board invests in various fixed income debt securities such as agency securities and corporate bonds. Credit quality distributions for investments in fixed income debt securities, with credit risk as a percentage of total investment for the Retirement Fund (Moody's) are as follows as of June 30, 2017:

		<u>Retirement Fund</u>
Aa3	2.73%	24,849
A1	12.74%	116,111
A2	9.93%	90,487
A3	9.51%	86,687
Baa1	1.65%	14,998
Baa2	4.98%	45,391
		<u>378,523</u>

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

NOTE 4 – DISCOUNTED ACCOUNTS RECEIVABLE

The Board reached agreements with each of the municipal school districts whereby payments over a twelve-year period beginning November 2014 are to be submitted to the Board to reduce OPEB obligations incurred as of May 31, 2014. The \$16,730,832 discounted value of the payments, utilizing a 2% discount rate, is included in due from other governments in the government-wide statements.

The former Memphis City Schools obtained a judgment in the amount of \$57.4 million dollars from the City of Memphis in 2009. A settlement agreement was reached by both parties in January 2015. The Board has deferred inflows of \$19,043,172 remaining at the fund level, of which \$15,243,172 is discounted based on the settlement agreement utilizing a 2% discount rate. Please see Note 15 for additional information.

NOTE 5 – ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

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

	<u>General Fund</u>	<u>Categorically Aided Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Accounts payable	\$ 13,932,363	\$ 4,007,821	\$2,280,731	\$ 20,220,915
Accrued payroll and payroll deductions	47,054,096	4,291,858	144,588	51,490,542
Payable to County of Shelby	801,698	-	-	801,698
Accrued vacation	145,545	27,910	12,119	185,574
Total	<u>\$ 61,933,702</u>	<u>\$ 8,327,589</u>	<u>\$2,437,438</u>	<u>\$ 72,698,729</u>

NOTE 6 – GENERAL LONG-TERM OBLIGATIONS

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

At June 30, 2017, the Board is indebted for outstanding general long-term obligations (excluding accrued vacation) with interest rates of 0%. Debt service requirements for principal and interest are paid from the General Fund and there are no designations of fund balance for debt service because each year’s debt service requirements are expected to be paid from that year’s revenue. Other long-term liabilities, compensated absences, and pension liabilities are paid from their respective funds.

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

<u>Year Ending June 30,</u>	<u>Due to State of Tennessee</u>
Principal:	
2018	\$ 72,267
2019	<u>72,265</u>
Total	<u>\$ 144,532</u>

Debt detailed in the above schedule is from Qualified Zone Academy Bonds (QZAB) that are interest free. There are administrative fees other than interest associated with QZAB bonds. All administrative fees for QZAB Bonds are included in interest and fees expenditures in the general fund.

The following is a summary of changes in general long-term obligations for the year June 30, 2017:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Payments and Retirements</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Due to State of Tennessee	\$ 216,799	\$ -	\$ 72,267	\$ 144,532	\$ 72,267
Post Employment Benefits	410,385,658	127,443,209	72,510,866	465,318,001	-
Pension Benefits	5,162,674	66,018,263	-	71,180,937	-
Compensated Absences	9,798,117	1,050,515	1,107,709	9,740,923	1,284,423
	<u>\$ 425,563,248</u>	<u>\$ 194,511,987</u>	<u>\$ 73,690,842</u>	<u>\$ 546,384,393</u>	<u>\$ 1,356,690</u>

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

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

For the governmental activities, the other obligations are generally liquidated from the following:

State of Tennessee QZAB Construction Bonds	General Fund
Net Pension Liability	Fund incurring the related employees' compensation, primarily the General Fund
Other post-employment benefits obligation	Primarily the General Fund
Compensated absences	Fund incurring the related employees' compensation, primarily in the General Fund

NOTE 7 – RETIREMENT PLANS

A. Local Plan

Plan Description

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

Plan Membership – At June 30, 2017, local pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	15
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	15

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

Benefits Provided – The Board paid net benefits of \$206,819 (\$276,756 net of \$69,937 reimbursements from the state) for employees covered by the Local Plan for the year ended June 30, 2017. As provided by State law, the State of Tennessee Consolidated Retirement System (TCRS) pays the Local Plan for distribution to its retired participants amounts necessary to equalize retiree benefits as if they had retired with TCRS benefits. Contributions to the Local Plan from the TCRS were \$69,937 during the year ended June 30, 2017. The on-behalf payments of fringe benefits and salaries provided by TCRS for the local retirees were recognized as revenues and expenses.

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

Contributions – Employees were required to contribute five percent of their individual compensation for the first thirty-five (35) years of service. The Board's annual contribution could not be less than the aggregate employee contributions.

Investments

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

Concentrations – As of June 30, 2017, the pension plan held five percent or more of the plan's fiduciary net position (other than issued or explicitly guaranteed by the U.S. government) in the following:

Ishares Russell 2000 ETF	8.60%
Ishares Russell Midcap ETF	8.61%
Ishares Core S&P 500 ETF	2.00%

Rate of return – For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was (11.86%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net Pension Liability of the Board

The components of the net pension liability of the Board at June 30, 2017 were as follows:

Total pension liability	\$ 1,394,071
Plan fiduciary net position	(1,049,292)
Board's net pension liability	<u>\$ 344,779</u>

Plan fiduciary net position as a percentage of the total pension liability 75.27%

The changes in the net pension liability for the current fiscal year are included in the schedule below:

	<u>2017</u>
Total pension liability	
Interest	\$ 70,223
Difference between expected and actual experience	(33,919)
Changes if assumptions	(34,935)
Benefit payments	<u>(206,819)</u>
Net change in total pension liability	<u>(205,450)</u>
Total pension liability-beginning	<u>1,599,521</u>
Total pension liability-ending	<u><u>1,394,071</u></u>
Plan fiduciary net position	
Contributions - employer	77,819
Net investment income	134,655
Benefit payments	(206,819)
Administrative expense	<u>(24,243)</u>
Net change in plan fiduciary net position	<u>(18,588)</u>
Plan fiduciary net position - beginning	<u>1,067,880</u>
Plan fiduciary net position - ending	<u><u>1,049,292</u></u>
Net pension liability- ending	<u><u>\$ 344,779</u></u>

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2017 (the measurement date), using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.00 percent
Investment rate of return	5.00 percent, net of pension plan investment expense
Municipal bond index rate	3.56 percent
Single equivalent interest rate	5.00 percent

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

Age	Male	Female
65	0.7455%	0.5851%
70	1.2981%	0.8777%
75	2.3298%	1.4410%
80	4.3746%	2.8965%
85	8.4963%	6.0162%
90	15.2905%	11.9196%
95	24.3550%	19.4048%
100	33.8068%	24.5536%

Discount Rate – The discount rate used to measure the total pension liability was 5.00%. The projection of cash flows, used to determine the discount rate, assume Employer contributions will be made equal to the actuarially determined contribution amounts. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, based on the GASB 67 provisions, the long-term expected rate of return on pension plan investments of 5.00% was applied to all periods of projected benefit payments to determine the total pension liability.

For the year ended June 30, 2017, Shelby County Unified School District recognized pension expense of \$344,779.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the System, calculated using the discount rate of 5.00%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.00%) or one-percentage-point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Shelby County School's net pension liability	\$465,241	\$344,779	\$244,484

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

1. Plan Description

Employees of Shelby County Unified School District are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan

administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

2. Benefits Provided

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

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

Employees covered by benefit terms. At the measurement date of June 30, 2016, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3,870
Inactive employees entitled to but not yet receiving benefits	6,499
Active employees	3,449
	13,818

3. Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5% of salary. Shelby County Unified School District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2017, the Actuarially Determined Contribution (ADC) for Shelby County Unified School District were \$12,631,852 based on a rate of 9.27% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Shelby County Unified School District’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

4. Net Pension Liability (Asset)

Shelby County Unified School District net pension liability (asset) was measured as of June 30, 2016, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The total pension liability as of June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5% percent, net of investment expense, including inflation
Cost-of-Living Adjustment	2.5 percent

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

The Actuarial Assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

6. Discount Rate

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

7. Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<i>Changes in the Net Pension Liability (Asset)</i>			
Balance at 6/30/2015	\$ 610,750,951	\$ 646,171,650	\$ (35,420,699)
<i>Changes for the year:</i>			
Service Cost	12,593,541	-	12,593,541
Interest	44,803,667	-	44,803,667
Differences between expected and actual experience	(16,171,778)	-	(16,171,778)
Contributions - employer	-	12,110,593	(12,110,593)
Contributions - employees	-	6,535,391	(6,535,391)
Net investment income	-	16,705,628	(16,705,628)
Benefit payments, including refunds of employee contributions	(36,849,229)	(36,849,229)	-
Administrative expense	-	(256,604)	256,604
Percentage change in allocation	(7,537,643)	(7,974,792)	437,149
Other changes	-	862,717	(862,717)
Net changes	\$ (3,161,441)	\$ (8,866,295)	\$ 5,704,854
Balance at 6/30/2016	<u>\$ 607,589,509</u>	<u>\$ 637,305,354</u>	<u>\$ (29,715,845)</u>

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Shelby County Unified School District's net pension liability (asset)	\$ 41,776,708	\$ (29,715,845)	\$ (89,576,726)

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

Negative pension expense: For the year ended June 30, 2017, Shelby County Unified School District recognized negative pension expense of \$4,765,696.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2017, Shelby County Unified School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,507,449
Net difference between projected and actual earnings on pension plan investments	20,812,658	-
Contributions subsequent to the measurement date of June 30, 2016	12,631,852	(not applicable)
Total	\$ 33,444,510	\$ 31,507,449

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

Year Ended June 30:	
2018	\$ (7,893,980)
2019	(7,893,980)
2020	2,227,677
2021	2,865,493
2022	-
Thereafter	-

10. Payable to the Pension Plan

At June 30, 2017, Shelby County Unified School District reported a payable of \$1,918,058 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2017.

C. Tennessee Consolidated Retirement System (TCRS)-Teachers

1. *Plan Description*

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

2. *Benefits Provided*

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

Teacher Legacy Pension Plan – Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after thirty years of service credit regardless of age. A reduced early retirement benefit is available to members of the Teacher Legacy Pension Plan at age 55 and vested with five years of service credit.

Teacher Retirement Plan – Members of the Teacher Retirement Plan are eligible to retire at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80.

3. *Contributions*

Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5% of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS Teacher Retirement Plan, the employer contribution rate cannot be less than 4%, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan and Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Shelby County Board of Education for the year ended June 30, 2017 to both the Teacher Legacy Pension Plan and Teacher Retirement Plan were \$35,736,041 and \$2,797,633 respectively which is 9.04% and 4.0% of covered payroll, respectively. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Teacher Legacy Pension Plan

Pension Liabilities (Assets) – At June 30, 2017, the Shelby County Board of Education reported a liability of \$70,836,158 for its proportionate share of net pension liability in the Teacher Legacy Pension Plan. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Shelby County Board of Education's proportion of the net pension liability was based on Shelby County Board of Education's employer contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, Shelby County Board of Education's proportion was 11.33%. The proportion measured as of June 30, 2015 was 12.60%.

Negative Pension Expense – For the year ended June 30, 2017, Shelby County Board of Education recognized negative pension expense of \$3,891,773 in the Teacher Legacy Pension Plan.

Teacher Retirement Plan of TCRS

Pension Liabilities (Assets) – At June 30, 2017, Shelby County Board of Education reported an asset of \$1,126,872 for its proportionate share of net pension asset in the Teacher Retirement Plan of TCRS. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. Shelby County Board of Education's proportion of the net pension asset was based on Shelby County Board of Education's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, Shelby County Board of Education's proportion was 10.82%. The proportion measured as of June 30, 2015 was 11.63%.

Pension Expense – For the year ended June 30, 2017, Shelby County Board of Education recognized a pension expense of \$952,782.

5. Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2017, Shelby County Board of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources in the Teacher Legacy Pension Plan and Retirement Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,090,225	\$ 85,889,041
Net difference between projected and actual earnings on pension plan investments	79,274,034	-
Changes in proportion of Net Pension Liability (Asset)	22,710	50,883,042
Contributions subsequent to the measurement date of June 30, 2016	38,533,674	(not applicable)
	<u>\$ 120,920,643</u>	<u>\$ 136,772,083</u>

Shelby County Board of Education's employer contributions of \$38,533,674 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the Teacher Legacy Pension Plan and Teacher Retirement Plan of TCRS:

Year Ended June 30:	<u>Teacher Legacy Plan</u>	<u>Teacher Retirement Plan</u>
2018	(25,494,363)	47,506
2019	(25,494,363)	47,506
2020	12,444,834	47,506
2021	(8,515,208)	38,706
2022	(7,512,490)	(820)
Thereafter	-	6,072

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

6. Actuarial assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates are customized based on the June 30, 2012 actuarial experience study and included some adjustment for expected future improvement in life expectancy. The actuarial assumptions used in the June 30, 2016 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

7. Discount Rate

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

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

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Shelby County Schools' proportionate share of the net pension liability (assets)			
Teacher Legacy Plan	\$ 388,973,524	\$ 70,836,158	\$ (192,694,490)
Teacher Retirement Plan	\$ 532,127	\$ (1,126,872)	\$ (2,349,219)

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

9. Payable to the Pension Plan

At June 30, 2017, Shelby County Board of Education reported a payable of \$7,514,493 for the outstanding amount of contributions to the Teacher Retirement and the Teacher Legacy Pension Plan required at the year ended June 30, 2017.

D. Hybrid Pension Plan (Defined Contribution Component)

1. Plan Description

Teachers and employees with membership in the TCRS after June 30, 2014 are provided with pensions through a hybrid plan which consists of a legally separate plan referred to as the Teacher

Retirement Plan (the defined benefit component) and a 401(k) Defined Contribution Plan as a condition of employment. Teachers and employees are eligible to participate on an optional basis in the 401(k) Defined Contribution Plan. For information on the retirement plan, please visit the plan's website, which, as of July 1, 2014, is <http://treasury.tn.gov/tcrs/> and see Note 7C.

2. Contributions

The Defined Contribution Plan is administered by Great-West Financial. The District is required to contribute five percent to an employee's account and the amount is not subject to any matching employee contributions. New employees are auto enrolled to contribute 2% of salary with the ability to opt out. The total amount contributed to the Defined Contribution Plan by the employee and employer is 100% vested immediately. Employer contribution for fiscal year 2017 was \$ 3,545,518.

3. Payable to the Hybrid Pension Plan

As of June 30, 2017, no payable was reported for the Defined Contribution Pension Plan administered by Great-West Financial.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets follows:

	Balance July 1, 2016	Reclassifications	Additions	Impairment	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:						
Land	\$ 45,075,585	\$ -	\$ 559,804	\$ -	\$ (32,029)	\$ 45,603,360
Construction in progress	28,451,115	(39,255,152)	19,758,679	-	-	8,954,642
Total capital assets, not being depreciated	73,526,700	(39,255,152)	20,318,483	-	(32,029)	54,558,002
Capital assets being depreciated:						
Buildings and improvements	1,607,330,276	39,255,152	3,267,579	(15,496,797)	(8,986,618)	1,625,369,592
Machinery and equipment	202,489,946	-	5,260,911	-	(10,756,242)	196,994,615
Intangible assets	5,671,376	-	-	-	-	5,671,376
Total capital assets, being depreciated	1,815,491,598	39,255,152	8,528,490	(15,496,797)	(19,742,860)	1,828,035,583
Less accumulated depreciation:						
Buildings and improvements	(689,799,841)	-	(41,745,796)	5,331,348	6,132,730	(720,081,559)
Machinery and equipment	(179,427,672)	-	(7,246,412)	-	10,581,392	(176,092,692)
Intangible assets	(1,701,414)	-	(567,138)	-	-	(2,268,552)
Total accumulated depreciation	(870,928,927)	-	(49,559,346)	5,331,348	16,714,122	(898,442,803)
Capital assets being depreciated, net	944,562,671	39,255,152	(41,030,856)	(10,165,449)	(3,028,738)	929,592,780
Total capital assets, net	\$ 1,018,089,371	\$ -	\$ (20,712,373)	\$ (10,165,449)	\$ (3,060,767)	\$ 984,150,782

Depreciation expense was charged to governmental functions as follow:

<u>Function</u>	<u>Depreciation Expense</u>
Instruction	\$ 40,722,338
Instructional support	1,779,685
Student support	230,635
Office of principal	771,607
General administration	2,271,160
Fiscal services	8,986
Other support services	174,644
Student transportation	116,722
Plant services	258,156
Community service	203,763
Food service	3,021,650
Total depreciation expense	<u>\$ 49,559,346</u>

The estimated cost to complete construction in progress at June 30, 2017 is \$2,347,767.

Municipal Schools

The Shelby County Board of Commissioners approved in its regular meeting on May 12, 2014, a resolution to amend the Fiscal Year 2013-2014 Capital Improvement Program Budget for the Shelby County Schools. This approval included funding for capital outlay related to the Municipal School Districts. The Municipal School Districts submit receipts for approval of invoice(s) to the Shelby County Government Finance Department. Shelby County Schools reimburses the Municipal School Districts for approved capital outlay upon receipt of funds from Shelby County Government. No capital assets were recorded on Shelby County School's books for this funding.

Asset Impairment

In accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, impaired capital assets that will no longer be used are reported at the lower of carrying value or fair value. The fair values of vacant buildings and unused land were estimated, and the book values were adjusted if the fair values were lower than the net book values. Assets with a carrying value of approximately \$15.2 million are considered to be idle assets at year-end. An idle asset with a carrying value of \$5.0 million was impaired during 2017 and was written down to \$1.1 million. An asset with a carrying value of \$8.2 million was impaired during 2017 and was written down to \$1.9 million. Both of these impairments were reported as impairment expense under special items in the statement of activities.

Assets Held for Sale

The Board, as of June 30, 2017, held no properties for sale.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Board is a defendant in various lawsuits arising in the normal course of operations seeking awards for property damage, personal injury and certain personnel actions. In this regard, the Board has assigned \$8,000,000 in the General Fund for any future legal claims. Although the monetary exposure, if any, related to the above lawsuits is not presently determinable, it is the Board’s opinion, after discussion with legal counsel, that ultimate settlement of these matters will not exceed the above assignment and, therefore, will not materially affect the financial condition of the Board.

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

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

<u>Fiscal Year</u>	<u>Total Commitments</u>
2018	\$ 28,590,950
2019	890,626
2020	890,289
2021	867,525
2022	81,480
Total Commitments	<u>\$ 31,320,870</u>

Subsequent to June 30, 2017, the Board has entered into school building improvement contracts totaling approximately \$5,551,048.

Encumbrances – Information regarding encumbrances is available to assist in the management of commitments against appropriations. Encumbrance accounting is utilized for budgetary control purposes. Encumbrances, however, are not treated as expenditures in the basic financial statements. Outstanding encumbrances for the governmental funds at June 30, 2017 were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 9,824,616
Categorically Aided Funds	\$ 339,016
Non Major Funds	\$ 5,523,822

NOTE 10 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2017, amounts to be received or paid with current available resources are reported as receivable and payable to other funds. The composition of interfund balances as of June 30, 2017, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Categorically Aided	\$ 18,547,771
	Internal Service	1,015,900
		<u>\$ 19,563,671</u>

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

Interfund receivables and payables occur in the course of ordinary operations and reflect short-term transactions between funds; primarily transactions between the General Fund and the Categorically Aided Funds. The Categorically Aided Fund has grants that are funded on a reimbursable basis; therefore, expenditures are covered in the interim by the General Fund. The payable from the Internal Service fund is due to the General Fund covering expenditures until payments are received from the Achievement School District (ASD). The General Fund also covers retiree expenditures until pension trust investments are liquidated.

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

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Categorically Aided	\$ 106,341,852
	Internal Service	1,709,860
		<u>\$ 108,051,712</u>
Categorically Aided	General Fund	\$ 100,699,768
Internal Service		1,122,227
Pension Trust		25,600
		<u>\$ 101,847,595</u>

In the year ended June 30, 2017, the Board made the following non-reciprocal transfers:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	OPEB Fund	\$ 3,000,000
	Pension Fund	\$ 77,819

Transfers of \$3,000,000 and \$77,819 from the general fund were made to the OPEB and Pension fiduciary funds respectively for post-employment benefits.

NOTE 11 – RISK MANAGEMENT

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

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

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

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

	<u>2017</u>	<u>2016</u>
Unpaid claims, beginning of fiscal year	\$ 8,040,195	\$ 9,844,656
Incurred claims (including IBNRs)	141,245,488	140,207,718
Claim payments	<u>(140,070,520)</u>	<u>(142,012,179)</u>
Unpaid claims, end of fiscal year	<u>\$ 9,215,163</u>	<u>\$ 8,040,195</u>

Includes claims incurred but not reported (IBNR)

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

The transitional reinsurance fee funds ceased after 2016. The Board paid the Affordable Care Act's Transitional Reinsurance Fees accrued in 2016.

NOTE 12 – CHARTER SCHOOLS

In 2002, the State of Tennessee passed the Tennessee Public Charter Schools Act. The Act permits the Board to authorize public charter schools with the primary purpose to improve learning for all students and close the achievement gap between high and low performing students. An agreement is entered between the sponsor of the charter school and the Board. The charter is approved for an initial period of ten years, but can be revoked by the Board or the State if the school violates certain requirements of the Act. Each school must be operated by a not-for-profit organization with exemption from federal taxation under 501(c)(3) of the Internal Revenue Code and is responsible for establishing their own governing body separate from that of the Board. The charter schools are supported by the Board as a pass-through from various funding sources. In 2010, the State of Tennessee amended the Charter Schools Act requiring the State to distribute the BEP for capital outlay directly to the charter schools. For the year ended June 30, 2017, total funds remitted to the charter schools totaled \$111,283,036.

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

NOTE 13 – FUND BALANCES BY PURPOSE

Following is more detailed information on the governmental fund balances:

	<u>General Fund</u>	<u>Categorically Aided Fund</u>	<u>Non Major Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Nonspendable:				
Inventories	\$ 6,781,775	\$ -	\$ 3,053,418	\$ 9,835,193
Prepays	-	247,153	-	247,153
Restricted for:				
Capital projects	-	-	6,218,216	6,218,216
Education	29,588,855	337,689	-	29,926,544
Instruction - career ladder	14,250	-	-	14,250
Operation of non-instructional services	-	7,675,531	22,969,761	30,645,292
Committed For:				
Operation of non-instructional services	-	1,602,788	-	1,602,788
Assigned to:				
Capital projects	33,000,000	-	-	33,000,000
Encumbrances from prior year	9,824,616	-	-	9,824,616
Inventory encumbrances	330,151	-	-	330,151
Legal liability	8,000,000	-	-	8,000,000
Other post employment benefits	3,000,000	-	-	3,000,000
Other purposes - planned use (1)	18,000,000	-	-	18,000,000
Unassigned:				
General purpose	88,215,976	-	-	88,215,976
Total fund balances	<u>\$ 196,755,623</u>	<u>\$ 9,863,161</u>	<u>\$ 32,241,395</u>	<u>\$ 238,860,179</u>

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

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

Plan administration. The Shelby County Schools (the Board) administers the Shelby County Schools Retiree Benefits Plan (SCSRBP) - a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all permanent full-time employees of Shelby County Schools. The Plan provides for continuation of medical and life insurance benefits for certain retirees and their spouses.

Management of the SCSRBP is vested in the SCS Board of Commissioners (the Board), which consists of nine members – elected by the citizens who reside in the geographical districts served by SCS.

The OPEB plan does not issue a stand-alone financial report.

Plan membership. At June 30, 2017, SCSRBP membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	9,551
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>10,133</u>
	<u>19,684</u>

At the time of retirement, participating employees of Shelby County Schools qualify for retiree health care benefits (including their spouses and current dependents) and life insurance coverage under the Plan if they have at least 15 years of service (5 years for Memphis City Schools Legacy employees hired prior to January 1, 2007 and 10 years if hired on or after January 1, 2007). Eligible participants are required to be receiving a benefit from the Tennessee Consolidated Retirement System. The OPEB plan is not closed to new entrants.

Benefits provided and Funding Policy.

Funding Policy – The obligations of the plan members, employers and other entities are established by action of the School Board pursuant to employment agreements. The required contribution rates of the employer and the members vary depending on the retiree’s length of service and whether single or family coverage is elected. The School Board currently contributes enough money to the plan to satisfy current obligations on a cash basis as benefits are paid as well as contribute to an OPEB trust. The costs of administering the plan are paid by the School Board. Current assets of \$61.9 million have been segregated and are restricted to provide postretirement benefits.

Eligibility and Benefits Provided – SCSRBP provides healthcare and life insurance benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. Section 49-2-209 of the Tennessee code annotated grants authority to establish and amend the benefit terms to the Board. There are no automatic postemployment benefit changes, including automatic cost-of-living adjustments (automatic COLAs); including ad hoc cost-of-living adjustments; ad hoc postemployment benefit changes; and the sharing of benefit related costs with inactive plan members. Ad hoc benefit changes are made at the discretion of the Board.

Pension plan specific eligibility and benefits are as follows:

Tennessee Consolidated Retirement System

Retirement: Legacy Plan employees (hired prior to July 1, 2014) who retire at age 55 with 5 years of credited service or at any age with 25 years of service will receive health care and life insurance benefits for life. Hybrid Plan employees (hired on or after July 1, 2014) who retire at age 60 with 5 years of credited service or meet the Rule of 80 (where age plus years of service total 80) will receive health care and life insurance benefits for life. Spouses of retirees may be covered at the retirees' option, provided the election is made on the date the employee leaves active service.

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

Disability: Employees who become disabled at any age with at least 5 years of service receive health care and life insurance benefits for life. Spouses of retirees may be covered at the retirees' option, provided the election is made on the date the employee leaves active service.

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

Affordable Care Act

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances. Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

Contributions. Section 49-2-209 of the Tennessee code annotated grants the authority to establish and amend the contribution requirements of the Board and plan members to the SCS Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the Board's actual contribution rate was 8.34 percent of covered-employee payroll. Plan members are required to contribute to the plan. The required contribution rates of the employer and the members vary depending on the retiree's length of service and whether single or family coverage is elected.

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

Effective January 1, 2017, retiree contributions towards health care were increased to 50% of the full cost for all Pre-Medicare coverage options and the Medicare Surround coverage option.

Eligible retirees may continue life insurance coverage provided the retiree elected life insurance coverage as an active employee prior to retirement. Coverage amount is the lesser of 50% of the active coverage amount or \$50,000. Prior to September 1, 2013, the \$50,000 cap did not apply. Effective January 1, 2017, retirees are responsible for 25% of the costs if the coverage amount is greater than \$10,000, an increase from 0%; there is no cost to retirees if the coverage amount is \$10,000 or less. Retirees may voluntarily reduce their life insurance coverage to \$10,000.

For the year ended June 30, 2017, general fund costs were \$34,595,674 of \$47,260,187 Board contributions for the 11,240 retirees and dependents.

COST OF COVERAGE

Monthly Health Care Premiums

The following chart details the monthly health care premiums for retirees, spouses, and dependents as of January 1, 2017. Shelby County Schools subsidizes a portion of the full premium rates as shown below. All surviving spouses are required to pay the full, applicable premium rate.

Medical Coverage Tier	OAP Plus Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$299.56	\$299.56	\$599.12
Single + One	\$599.11	\$599.11	\$1,198.22
Family	\$835.76	\$835.75	\$1,671.51

Medical Coverage Tier	OAP Basic Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$271.87	\$271.86	\$543.73
Single + One	\$543.73	\$543.72	\$1,087.45
Family	\$758.49	\$758.49	\$1,516.98

Medical Coverage Tier	Choice Fund HRA Pre-Medicare Healthcare Plan		
	Retiree	Board	Total
Single	\$246.27	\$246.26	\$492.53
Single + One	\$492.52	\$492.52	\$985.04
Family	\$687.07	\$687.06	\$1,374.13

Medical Coverage Tier	Medicare Surround Healthcare Plan		
	Retiree	Board	Total
Single	\$187.65	\$187.65	\$375.30
Single + One	\$375.29	\$375.29	\$750.58
Family	\$562.94	\$562.94	\$1,125.88

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

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

Grandfathered Retirees

The census data included 92 grandfathered Memphis City Schools legacy retirees who are Medicare eligible but covered under the OAP Basic Plan and not required to be enrolled in Medicare. We have assumed that these retirees are enrolled in neither Medicare Part A nor Medicare Part B. We have assumed that there are no other grandfathered retirees in the census data besides the ones identified for this valuation. Grandfathered retirees pay the following premiums for coverage. These amounts are not assumed to increase in the future.

Medical Coverage Tier	Grandfathered Premiums		
	Retiree	Board	Total
Single	\$163.18	\$380.55	\$543.73
Single + One in OAP Basic	\$401.21	\$686.24	\$1,087.45
Family (OAP Basic)	\$559.68	\$957.30	\$1,516.98

Monthly Life Insurance Premiums

Eligible retirees covered under the life insurance program are required to pay 25% of the monthly premiums for retiree life insurance coverage if the coverage amount is greater than \$10,000. The total cost is \$2.044 per \$1,000 of coverage.

Investments

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

Investment policy. SCSRBP assets are pooled assets with the assets of other school districts through the Tennessee School Boards Association (TSBA) Trust. The Shelby County School Board retains the authority to contribute and withdraw funds from the Trust at its discretion. The board of the TSBA sets the investment policy. The Trust's investment philosophy is that assets should be allocated with the goal of producing the highest total return consistent with prudent financial management unless otherwise specified by individual fund objectives, this philosophy should be adhered to within the constraints of the specified asset allocation ranges. There were no significant investment policy

changes during the fiscal year. The following was the TSBA's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Maximum Allocation</u>	<u>Minimum Allocation</u>
Equity investments	65%	35%
Fixed income Investments	65%	20%
Cash & equivalents	35%	0%

Exception for individual funds. In cases where individual fund objectives require an exception to the above asset allocation ranges, written statements detailing the policy for each specific fund will be provided as supplements to this investment policy.

Asset Allocation targets. From time to time the Finance Committee will determine specific asset allocation targets that it feels are best suited for accomplishing the above total return objective. These specific asset allocation targets will be communicated to individual investment managers in writing, and within a reasonable time frame, managers are expected to reallocate assets in order to comply with the target ranges established by the Committee. In the absence of specific asset allocation targets from the Trust, individual managers will have direct responsibility for settling and maintaining an asset mix that they feel will best accomplish the Trust's total return objective.

At all times, and in all cases, however, the above maximum and minimum limits, are to be adhered to.

Concentrations. The OPEB plan held investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent five percent or more of the OPEB plan's fiduciary net position (FNP) in the following:

<u>Investment</u>	<u>Concentration</u>
American Europacific GRW F2	5.03%
Ishares MSCI EAFE ETF	6.02%
Ishares S&P 500 Growth ETF	6.01%
Ishares S&P 500 VAL ETF	5.03%
Oakmark I	8.12%
Pioneer Bond Y	9.93%
Prudential Jennison Growth Z	7.96%
Prudential SHT TRM CORP	16.83%
BD Z	
Vanguard Index FDS S&P 500 ETF	7.00%

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.19 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Net OPEB Liability of the School District

The net OPEB liability (NOL) is equal to the total OPEB liability (TOL) minus the fiduciary net position (FNP). The components of the net OPEB liability of the School District at June 30, 2017, were as follows (\$ thousands):

Measurement Date of June 30, 2017	
TOL	\$1,053,334
FNP	61,937
NOL	\$991,397
Ratio of FNP to TOL	5.88%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.71% - 8.97%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	6.00%
Municipal Bond Index Rate at Prior Measurement Date	3.01%
Municipal Bond Index Rate at Measurement Date	3.56%
Year FNP is projected to be depleted	2036
Single Equivalent Interest Rate at Prior Measurement Date	3.59%
Single Equivalent Interest Rate at Measurement Date	4.10%
Health Care Cost Trends	
Pre-Medicare	7.75% for 2017 decreasing to an ultimate rate of 5.00% by 2023
Medicare	5.75% for 2017 decreasing to an ultimate rate of 5.00% by 2020

The district participates in the Tennessee Consolidated Retirement System (TCRS) pension plan which is composed of a legacy plan and a hybrid plan. For members of the Tennessee Consolidated Retirement System (TCRS) Legacy Plan (date of hire prior to July 1, 2014), the mortality rates for non-disabled beneficiaries are the same as those used by TCRS Legacy Plan, but with an additional 5 years of mortality improvements using the Society of Actuaries' Scale AA. The mortality rates for disabled beneficiaries are the same as those used by TCRS and reflect the sex distinct table in IRS Revenue Ruling 96-7 for disabled lives, increased by 10%.

For members of the TCRS Hybrid Plan (date of hire on or after July 1, 2014), the mortality rates for non-disabled beneficiaries are the same as those used by TCRS Hybrid Plan with generational mortality improvements using the Society of Actuaries' Scale AA. The mortality rates for disabled beneficiaries are the same as those used by TCRS and reflect the sex distinct table in IRS Revenue Ruling 96-7 for disabled lives, increased by 10%.

The rates of retirement, mortality, termination, and disability reflect an experience study conducted by the Tennessee Consolidated Retirement System (TCRS) for the period July 1, 2008 through June 30, 2012 for Legacy Plan members. For Hybrid Plan members, taken from the Tennessee Consolidated Retirement System's Hybrid Plan actuarial valuation report as of June 30, 2015.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

The long-term expected rate of return on OPEB plan investments was determined by considering several factors including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans, which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of SCRBP's investment policy) are summarized in the following table:

Asset Class	Target Allocation	7-year Strategic Return Estimate	7 to 20 Year Secular Return Estimate
US Large Growth	18.00%	4.60%	8.90%
US Large Value	17.00%	5.30%	8.90%
US Mid Growth	2.00%	4.90%	9.50%
US Mid Value	2.00%	5.30%	9.50%
US Small Growth	2.00%	5.60%	10.00%
US Small Value	2.00%	6.60%	10.00%
Europe	12.00%	6.40%	7.50%
Japan	2.00%	6.10%	7.40%
Asia Ex-Japan	3.00%	5.80%	9.40%
Emerging Markets	5.00%	7.50%	10.50%
Short term Fixed Income	7.0%*	1.90%	3.70%
US Fixed Income	23.00%	3.00%	4.90%
International Fixed Income	1.00%	1.30%	4.50%
Inflation Protected Notes	3.00%	2.20%	5.30%
High Yield Fixed Income	0.00%	3.50%	6.90%
Emerging Market Fixed Income	1.00%	4.70%	5.80%
Total	100.00%	7.40%	7.40%

Expected Rate of Return
 $50\% \times 4.6\% + 50\% \times 7.4\% = 6.00\%$

Discount rate (SEIR) – The discount rate used to measure the total OPEB liability as of the Measurement Date was 4.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2017. In addition to the actuarial methods and assumptions of the June 30, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- In all years, it is assumed benefits are paid directly to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods after the trust is deleted.
- In addition, future annual contributions of \$7,200,000 through the fiscal year ending June 30, 2026 and \$5,100,000 for fiscal years ending June 30, 2027 through June 30, 2031 were assumed. This assumption was provided by the Board.

- For future plan members, contribution inflows were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's FNP was projected to be depleted in 2036 and, as a result, the Municipal Bond Index Rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 6.00% on Plan investments was applied to periods through 2036 and the Municipal Bond Index Rate at the Measurement Date (3.56%) was applied to periods on and after 2036, resulting in an SEIR at the Measurement Date (4.10%).

The FNP projections are based upon the Plan's financial status on the Valuation Date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan's ability to make benefit payments in future years.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10 percent) or 1-percentage-point higher (5.10 percent) than the current discount rate (\$ thousands):

	1% Decrease	Discount Rate	1% Increase
	(3.10%)	(4.10%)	(5.10%)
Net OPEB liability (asset)	\$1,163,990	\$991,397	\$852,467

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower segregated by whether employees are Pre- Medicare or Medicare. For Pre-Medicare: 1-percentage-point lower (6.75 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.75% decreasing to 6.0 percent) than the current healthcare cost trend rates and for Medicare: 1-percentage-point lower (4.75 percent decreasing to 4.0 percent) or 1-percentage-point higher (6.75% decreasing to 6.0 percent) than the current healthcare cost trend rates (\$ thousands):

	1% Decrease	Discount Rate	1% Increase
Pre-Medicare	(6.75 percent decreasing to 4.0 percent)	7.75 percent decreasing to 5.0 percent)	(8.75 percent decreasing to 6.0 percent)
Medicare	(4.75 percent decreasing to 4.0 percent)	(5.75 percent decreasing to 5.0 percent)	(6.75 percent decreasing to 6.0 percent)
Net OPEB liability (asset)	\$867,299	\$991,397	\$1,147,991

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2017. An expected TOL is determined as of June 30, 2016 using standard roll-back techniques. The roll-back calculation begins with the TOL, as of June 30, 2017, adds the actual benefit payments (net of retiree contributions) for the year, applies interest at the discount rate for the year, and then subtracts the annual normal cost (also called the Service Cost). Actuarial gains and losses arising from the difference between estimates and actual experience (excluding amounts related to benefit changes and changes in assumptions or other inputs) are reconciled to the TOL as of the Measurement Date. Last, the changes of assumptions or other inputs include the change in the SEIR from 3.59 percent on the Prior Measurement Date to 4.10 percent on the Measurement Date. The procedure used to determine the TOL, as of June 30, 2017, is shown in the following table (\$ thousands):

TOL Roll-Back	
(a) TOL as of June 30, 2016*	\$ 1,383,641
(b) Actual Benefit Payments and Refunds for the Year July 1, 2016 – June 30, 2017	(41,777)
(c) Interest on TOL = [(a) x (0.03590)] + [(b) x (0.01795)]	48,923
(d) Service Cost for the Year July 1, 2016 – June 30, 2017 at the End of the Year	39,550
(e) Changes of Benefit Terms	(295,145)
(f) Differences Between Expected and Actual Experience at the End of the Year	17,073
(g) Changes of Assumptions or Other Inputs	<u>(98,931)</u>
(h) TOL Rolled Forward to June 30, 2017 = (a) + (b) + (c) + (d) + (e) + (f) + (g)	\$ 1,053,334

* The TOL used in the roll-back as of June 30, 2016 is calculated using the discount rate as of the Prior Measurement Date.

Annual OPEB Cost and Net Obligation. The Shelby County Schools annual other post - employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). Shelby County Government has engaged an actuary on behalf of Shelby County Schools to calculate the ARC and related information per the provisions of GASB 45 for employers in plans with more than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of Shelby County Schools' annual OPEB cost, the amount contributed to the plan, and the School District's net OPEB obligation of the Retiree Health and Life Plan at June, 30, 2017, and the preceding two years:

Annual OPEB Cost	Fiscal Year Ending June 30		
	2017	2016	2015
Normal Cost at beginning of the year	34,050,336	41,748,803	38,983,017
Amortization of UAAL	76,977,447	79,170,511	85,471,140
Interest	-	-	-
ARC	111,027,783	120,919,314	124,454,157
Interest on net OPEB Obligation	16,415,426	13,912,195	11,744,496
Adjustment to ARC	(25,259,165)	(20,924,244)	(17,288,840)
OPEB Expense	102,184,044	113,907,265	118,909,813
NET OPEB contributions made during the fiscal year	(47,251,701)	(51,326,481)	(64,717,332)
Increase in Net OPEB Obligation	54,932,343	62,580,784	54,192,481
Net OPEB Obligation, beginning of year	410,385,658	347,804,874	293,612,393
Net OPEB Obligation, end of year	465,318,001	410,385,658	347,804,874
Percentage of expense contributed	46.24%	45.06%	54.43%
Unfunded actuarial accrued liability	1,006,994,669	1,250,652,565	1,315,980,143 +
Covered Payroll	547,632,353	501,212,249	596,273,841
Ratio	183.88%	249.53%	220.70%

+ Revised to reflect adjusted retiree life insurance census.

Funded Status and Funding Progress. As of June 30, 2017, the actuarial accrued liability for benefits was \$1,068,931,300 of which \$1,006,994,669 was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$547,632,353 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 183.88%.

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

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

Actuarial Methods and assumptions used in the valuation of the ARC.

Valuation date	June 30, 2017	
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar, Closed	
Remaining amortization period	24 Years	
Asset valuation method	Market Value of Assets	
Actuarial assumptions:		
Investment Rate of Return*	4.00%	
*Includes inflation at	3.00%	
	<u>Pre-Medicare</u>	<u>Medicare</u>
Health care cost trend rate	7.75%	5.75%
Ultimate trend rate	5.00%	5.00%
Year of Ultimate trend rate	2023	2020

HEALTH CARE COST TREND RATES – Following is a chart detailing the trend assumptions applied to annual per capita health care costs and contributions. It is assumed that grandfathered retirees' contributions and life insurance premiums do not increase.

Year Beginning July 1	Medical and Prescription Cost Trend	
	Pre-Medicare	Medicare
2017	7.75%	5.75%
2018	7.00%	5.50%
2019	6.50%	5.25%
2020	6.00%	5.00%
2021	5.50%	5.00%
2022	5.25%	5.00%
2023 and beyond	5.00%	5.00%

ANNUAL EXPECTED MEDICAL/RX CLAIMS (MEDICAL AND RX ARE AGE ADJUSTED TO AGE 65) – Following is a chart detailing expected medical and prescription claims age adjusted to age 65 for adult coverage for the year following the valuation date. The assumed health care claims costs are based on the premium rates provided by the Shelby County Schools and are assumed to include administrative expenses.

	Future Retirees	HRA	Current Retirees		Memphis City Schools Legacy
			OAP Basic	OAP Plus	
Pre-Medicare	\$10,858	\$11,209	\$9,896	\$11,350	\$9,896
Medicare	\$3,556	\$3,556	\$3,556	\$3,556	\$9,896

SCHEDULE D - OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

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

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

SPOUSE COVERAGE IN HEALTH CARE PLANS – Use of actual census data, where identified, and current plan elections for spouses of current retirees. For spouses of select current retirees and future retirees, it is assumed that female spouses are four years younger than their male spouse.

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

Benefit	Future Retirees Currently Covered by SCS Health Plan	Future Retirees Currently Not Covered by SCS Health Plan	Future Retiree Spouses
Health Care	80%	25%	25% of Participating Retirees
Life Insurance*	90%	90%	N/A

*15% of future retirees electing continue life insurance coverage are assumed to elect a benefit amount of \$10,000

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

Plan	Applicability	Election Rate
HRA	Pre-Medicare	3%
OAP Basic	Pre-Medicare	45%
OAP Plus	Pre-Medicare	52%
Medicare Surround	Medicare	98%
Medicare Advantage	Medicare	2%

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

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

RATES OF RETIREMENT, MORTALITY, TERMINATION, AND DISABILITY – Taken from the Tennessee Consolidated Retirement System’s Legacy Plan actuarial valuation report as of June 30, 2015. The rates of retirement, mortality, termination, and disability reflect an experience study conducted by the Tennessee Consolidated Retirement System (TCRS) for the period July 1, 2008 through June 30, 2012 for Legacy Plan members (date of hire prior to July 1, 2014). For Hybrid Plan members (date of hire on or after July 1, 2014), taken from the Tennessee Consolidated Retirement System’s Hybrid Plan actuarial valuation report as of June 30, 2015.

RETIREMENT – Members are assumed to retire at the representative annual rates shown in the following table. An additional increment of 8.0% is applied for retirees who have fifteen or more years of service at retirement on or after age 60 and an additional increment of 12.5% is applied for retirees in the year in which they are first eligible for unreduced retirement prior to age 60. All members who have attained age 75 in active service are assumed to retire immediately.

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

SEPARATIONS FROM SERVICE (LEGACY PLAN): Representative values of the assumed rates of death, disability, and withdrawal are as follows:

Age	Annual Rate of						
	Death		Disability	Withdrawal			
	Male	Female		Year 1	Year 2	Years 3+	
						Male	Female
20	0.02%	0.01%	0.01%	18.0%	13.5%	10.0%	10.5%
25	0.03%	0.01%	0.01%	18.0%	13.5%	8.5%	10.0%
30	0.04%	0.02%	0.01%	18.0%	13.5%	6.0%	7.6%
35	0.07%	4.00%	0.03%	18.0%	13.5%	3.6%	4.6%
40	0.09%	0.05%	0.08%	18.0%	13.5%	2.0%	2.3%
45	0.11%	0.07%	0.14%	18.4%	13.5%	1.5%	1.1%
50	0.13%	0.11%	0.17%	19.7%	14.2%	2.0%	1.6%
55	0.18%	0.20%	0.17%	22.1%	16.8%	3.1%	3.8%
60	0.32%	0.34%	0.00%	25.5%	21.6%	4.7%	5.0%
65	0.52%	0.51%	0.00%	28.0%	23.5%	0.0%	0.0%
70	0.66%	0.66%	0.00%	28.0%	23.5%	0.0%	0.0%
75	1.69%	1.45%	0.00%	28.0%	23.5%	0.0%	0.0%

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

SEPARATIONS FROM SERVICE (HYBRID PLAN): Representative values of the assumed rates of death, disability, and withdrawal are as follows:

Age	Annual Rate of						
	Death		Disability	Withdrawal			
	Male	Female		Year 1	Year 2	Years 3+	
						Male	Female
20	0.02%	0.01%	0.01%	18.0%	13.5%	10.0%	10.5%
25	0.03%	0.01%	0.01%	18.0%	13.5%	8.5%	10.0%
30	0.04%	0.02%	0.01%	18.0%	13.5%	6.0%	7.6%
35	0.07%	0.04%	0.03%	18.0%	13.5%	3.6%	4.6%
40	0.09%	0.05%	0.08%	18.0%	13.5%	2.0%	2.3%
45	0.11%	0.07%	0.14%	18.4%	13.5%	1.5%	1.1%
50	0.13%	0.11%	0.17%	19.7%	14.2%	2.0%	1.6%
55	0.18%	0.20%	0.17%	22.1%	16.8%	3.1%	3.8%
60	0.32%	0.34%	0.00%	25.5%	21.6%	4.7%	5.0%
65	0.52%	0.51%	0.00%	28.0%	23.5%	0.0%	0.0%
70	0.66%	0.66%	0.00%	28.0%	23.5%	0.0%	0.0%
75	1.69%	1.45%	0.00%	28.0%	23.5%	0.0%	0.0%

*Pre-retirement mortality based upon the IRS 2012 Generational Mortality Tables which includes generational projection of mortality improvements after year 2012 using Scale AA.

SCHEDULE D - OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

DEATHS AFTER RETIREMENT (Legacy Plan): The mortality rates for non-disabled beneficiaries are the same as those used by TCRS Legacy Plan, but with an additional 5 years of mortality improvements using the Society of Actuaries' Scale AA. The mortality rates for disabled beneficiaries are the same as those used by TCRS and reflect the sex distinct table in IRS Revenue Ruling 96-7 for disabled lives, increased by 10%. Representative values of the assumed rates of beneficiary mortality are as follows:

Age	Annual Rate of Beneficiary Mortality			
	Non-Disabled		Disabled	
	Male	Female	Male	Female
40	0.1%	0.1%	1.8%	1.4%
50	0.2	0.1	2.6	1.8
55	0.3	0.2	3.2	2.1
60	0.4	0.4	4.0	2.5
65	0.7	0.6	4.9	3.0
70	1.3	0.9	6.3	3.6
75	2.3	1.4	8.5	4.9
80	4.4	2.9	10.9	6.6
85	8.5	6.0	14.2	9.2
90	15.3	11.9	18.9	13.5
95	24.4	19.4	25.7	20.3

DEATHS AFTER RETIREMENT (Hybrid Plan): The mortality rates for non-disabled beneficiaries are the same as those used by TCRS Hybrid Plan with generational mortality improvements using the Society of Actuaries' Scale AA. The mortality rates for disabled beneficiaries are the same as those used by TCRS and reflect the sex distinct table in IRS Revenue Ruling 96-7 for disabled lives, increased by 10%. Representative values of the assumed rates of beneficiary mortality are as follows:

Age	Annual Rate of Beneficiary Mortality			
	Non-Disabled (Base Rates)		Disabled	
	Male	Female	Male	Female
40	0.1%	0.1%	1.8%	1.4%
50	0.3	0.2	2.6	1.8
55	0.3	0.2	3.2	2.1
60	0.4	0.4	4.0	2.5
65	0.8	0.6	4.9	3.0
70	1.5	0.9	6.3	3.6
75	2.6	1.6	8.5	4.9
80	4.7	3.1	10.9	6.6
85	8.9	6.3	14.2	9.2
90	15.7	12.2	18.9	13.5
95	24.7	19.7	25.7	20.3

NOTE 15 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The former Memphis City Schools obtained a judgment in the amount of \$57.4 million dollars from the City of Memphis in 2009. The judgment was affirmed by the Court of Appeals, but the Trial Court withheld enforcement of the judgment pending resolution of a claim that the former Memphis City Schools owed the City approximately \$160 million dollars. The settlement agreement also included capital funding in an amount not to exceed \$3.8 million for qualifying capital expenditures in public

educational facilities owned by the City or situated on property owned by the City. The Board has deferred inflows remaining at the fund level of \$19,043,171 based on the settlement agreement.

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

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the 2016-2017 fiscal year, the District implemented GASB Statement No. 74. As a result, it was determined that the District has fiduciary responsibilities with respect to its assets deposited with the TSBA Trust. Therefore, the District has recorded a prior period adjustment of \$50,285,820 for the value of the OPEB assets held in the TSBA Trust.

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Required Supplementary Information



REQUIRED SUPPLEMENTARY INFORMATION
Schedules of Funding Progress and Employer Contributions
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Schedules of Funding Progress

Post Retirement Benefits
(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2017	\$ 61,937	\$ 1,068,931	\$ 1,006,995	5.79%	\$ 547,632	183.88%
6/30/2016	50,286	1,300,938	1,250,653	3.87%	501,212	249.53%
6/30/2015	43,323	1,359,304 +	1,315,980 +	3.19%	596,274	220.70%

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

+ Revised to reflect adjusted retiree life insurance census.

Schedule of Employer Contributions

Post Retirement Benefits
(Dollar amounts in thousands)

Fiscal Year Ended	Annual Required Contributions	Actual Contributions	Percentage Contributed
6/30/2017	\$ 111,027	\$ 47,252	42.56%
6/30/2016	119,154	51,326	43.08%
6/30/2015	124,454	64,717 *	52.00%

* Revised to reflect actual contributions.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Investment Returns
Last 10 Fiscal Years
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	(11.86%)	(10.75%)	2.81%	13.47%

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

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net Pension Liability and Related Ratios
Local Pension Plan
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Interest	\$ 70,223	\$ 79,951	\$ 82,688	\$ 92,830
Difference between expected and actual experience	(33,919)	20,448	101,950	-
Changes if assumptions	(34,935)	44,004	(43,233)	-
Benefit payments	(206,819)	(284,324)	(304,154)	(311,148)
Net change in total pension liability	<u>(205,450)</u>	<u>(139,921)</u>	<u>(162,749)</u>	<u>(218,318)</u>
Total pension liability-beginning	<u>1,599,521</u>	<u>1,739,442</u>	<u>1,902,191</u>	<u>2,120,509</u>
Total pension liability-ending	<u>1,394,071</u>	<u>\$ 1,599,521</u>	<u>\$ 1,739,442</u>	<u>\$ 1,902,191</u>
Plan fiduciary net position				
Contributions - employer	\$ 77,819	\$ -	\$ -	\$ -
Net investment income	134,655	\$ (23,740)	\$ 59,719	\$ 235,749
Benefit payments	(206,819)	(284,324)	(304,154)	(311,148)
Administrative expense	(24,243)	(29,640)	(20,215)	(29,254)
Net change in plan fiduciary net position	<u>(18,588)</u>	<u>(337,704)</u>	<u>(264,650)</u>	<u>(104,653)</u>
Plan fiduciary net position - beginning	1,067,880	1,405,584	1,670,234	1,774,887
Plan fiduciary net position - ending	<u>1,049,292</u>	<u>\$ 1,067,880</u>	<u>\$ 1,405,584</u>	<u>\$ 1,670,234</u>
Net pension liability- ending	<u>\$ 344,779</u>	<u>\$ 531,641</u>	<u>\$ 333,858</u>	<u>\$ 231,957</u>
Plan fiduciary net position as a percentage of the total pension liability	75.27%	66.76%	80.81%	87.81%
Covered payroll	-	-	-	-
Net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

Notes to Schedule:

Valuation Date

June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Actuarial Funding Method
Inflation	3%
Salary increases	N/A
Investment rate of Return	5%
Municipal Bond Index Rate	3.56%
Single Equivalent Interest Rate	5.00%

Mortality

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

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Net Pension Liability (Asset) and Related
Ratios Based on Participation in the Non-Teacher Pension Plan of TCRS
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	<u>2016</u> 89.63%	<u>2015</u> 90.75%	<u>2014</u> 93.93%
Total pension liability			
Service Cost	\$ 12,593,541	\$ 12,995,488	\$ 16,450,681
Interest	44,803,667	44,010,023	46,958,430
Changes in benefit terms	-	-	-
Differences between actual and expected experience	(16,171,778)	(933,606)	(37,762,265)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(36,849,231)	(38,251,547)	(43,201,780)
Net change in total pension liability	<u>\$ 4,376,199</u>	<u>\$ 17,820,358</u>	<u>\$ (17,554,934)</u>
Total pension liability - beginning	610,750,951	613,707,665	631,262,599
Change in allocation percentage	(7,537,642)	(20,777,072)	-
Total pension liability - ending (a)	<u>\$ 607,589,508</u>	<u>\$ 610,750,951</u>	<u>\$ 613,707,665</u>
Plan fiduciary net position			
Contributions - employer	\$ 12,110,593	\$ 11,999,510	\$ 14,238,116
Contributions - employee	6,535,391	6,473,390	7,968,014
Net investment income	16,705,628	19,630,955	96,760,233
Benefit payments, including refunds of employee contributions	(36,849,231)	(38,251,547)	(43,201,780)
Administrative expense	(256,604)	(175,295)	(201,820)
Other	862,717	325	-
Net change in plan fiduciary net position	<u>\$ (891,506)</u>	<u>\$ (322,662)</u>	<u>\$ 75,562,763</u>
Plan fiduciary net position - beginning	646,171,650	669,148,327	593,585,564
Change in allocation percentage	(7,974,791)	(22,654,015)	-
Plan fiduciary net position - ending (b)	<u>\$ 637,305,353</u>	<u>\$ 646,171,650</u>	<u>\$ 669,148,327</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ (29,715,845)</u>	<u>\$ (35,420,699)</u>	<u>\$ (55,440,662)</u>
Plan fiduciary net position as a percentage of total pension liability	104.89%	105.80%	109.03%
Covered payroll	\$ 131,199,744	\$ 129,830,056	\$ 158,448,724
Net pension liability (asset) as a percentage covered payroll	22.66%	27.28%	34.99%

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

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Teacher Legacy Pension Plan of TCRS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required	\$ 35,736,041	\$ 36,988,344	\$ 42,650,593	\$ 57,458,551
Contribution in relation to the contractually required contribution	(35,736,041)	(36,988,344)	(42,650,593)	(57,458,551)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 395,310,240	\$ 409,160,280	\$ 471,925,786	\$ 647,055,750
Contributions as a percentage of covered payroll	9.04%	9.04%	9.04%	8.88%

Teacher Retirement Plan of TCRS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required	\$ 2,797,633	\$ 1,905,144	\$ 617,052
Contribution in relation to the contractually required contribution	(2,797,633)	(1,905,144)	(987,290)
Contribution deficiency (excess)	\$ -	\$ -	\$ (370,238)
Covered payroll	\$ 69,940,799	\$ 47,624,002	\$ 24,682,091
Contributions as a percentage of covered payroll	4.00%	4.00%	4.00%

NonTeacher Pension Plan of TCRS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required	\$ 12,631,852	\$ 12,162,217	\$ 12,031,030	\$ 14,238,116
Contribution in relation to the contractually required contribution	(12,631,852)	(12,162,217)	(12,031,030)	(14,238,116)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 136,265,933	\$ 131,199,744	\$ 129,830,056	\$ 158,448,724
Contributions as a percentage of covered payroll	9.27%	9.27%	9.27%	8.99%

Notes to Non-Teacher Plan

Valuation date: Actuarially determined contribution rates for 2017 were calculated based on the June 30, 2015 actuarial valuation.

Methods and assumptions used to determine contribution rates:

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

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

Note: The amounts for prior years reflect updated contributions.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability (Asset)
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Teacher Legacy Pension Plan of TCRS

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Proportion of the net pension liability (asset)	11.33%		12.60%		16.49%
Proportion share of the net pension liability (asset)	70,836,158	\$	5,162,674	\$	(2,678,822)
Covered payroll	409,163,341	\$	471,925,786	\$	647,055,750
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	17.31%		1.09%		(0.41)%
Plan fiduciary net position as a percentage of the total pension liability	97.14%		99.81%		100.08%

Teacher Retirement Plan of TCRS

	<u>2017</u>		<u>2016</u>
Proportion of the net pension liability (asset)	10.82%		11.88%
Proportion share of the net pension liability (asset)	(1,126,872)	\$	(477,904)
Covered payroll	47,628,577	\$	24,682,091
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	(2.37)%		(1.94)%
Plan fiduciary net position as a percentage of the total pension liability	127.88%		127.46%

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

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

REQUIRED SUPPLEMENTARY INFORMATION
OPEB Schedule of Changes in the Net OPEB Liability
and Related Ratios
Last 10 Fiscal Years
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

(Dollar amounts in thousands)

	2017	2016
Total OPEB Liability		
Service Cost at end of year	\$ 39,550	
Interest	48,923	
Changes of benefit terms	(295,145)	
Difference between expected and actual experience	17,073	
Changes of assumptions or other inputs	(98,931)	
Benefit payments	(41,777)	
Net change in total OPEB liability	<u>(330,307)</u>	
Total OPEB liability – beginning	1,383,641	
Total OPEB liability – ending (a)	<u>\$ 1,053,334</u>	
Plan fiduciary net position		
Contributions – employer	\$ 47,252	
Net investment income	6,660	
Benefit payments	(41,777)	
Administrative expense	(484)	
Net change in plan fiduciary net position	<u>11,651</u>	
Plan fiduciary net position – beginning	50,286	
Plan fiduciary net position – ending (b)	<u>\$ 61,937</u>	
Net OPEB liability – ending (a) – (b)	991,397	
Plan fiduciary net position as a percentage of the total OPEB liability	5.88%	3.63%
Covered -employee payroll	\$ 547,632	\$ 501,212
Net OPEB Liability as a percentage of covered payroll	181.03%	266.03%

Notes to schedule:

Changes to benefit terms:

June 30, 2017 (Valuation Date: July 30, 2017)

- Effective January 1, 2017, retiree contributions towards health care were increased to 50% of the full cost for all Pre-Medicare coverage options and the Medicare Surround coverage option.
- Effective January 1, 2017, any retiree that has a life insurance coverage amount greater than \$10,000 is required to begin paying 25% of the premiums, increased from 0%. Any retiree with a life insurance coverage amount equal to or less than \$10,000 will continue to pay 0% of the premiums. Existing retirees as of January 1, 2017 were given the option to reduce voluntarily their life insurance coverage to \$10,000 if desired. Future retirees will have the option upon retirement of voluntarily reducing life insurance coverage to \$10,000 if desired. Future retirees will have the option upon retirement of voluntarily reducing life insurance coverage to \$10,000 if desired.

Changes to assumptions or other inputs:

June 30, 2017 (Valuation Date: June 30, 2017)

- The SEIR was increased from 3.59% to 4.10% to reflect the changes to the Municipal Bond Index Rate from 3.01% on the Prior Measurement Date to 3.56% on the Measurement Date.
- Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and health care plan election rates based upon recent experience and current expectations.

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

REQUIRED SUPPLEMENTARY INFORMATION
OPEB Schedule of Contributions
Last 10 Fiscal Years
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

(Dollar amounts in thousands)

Year Ending June 30	2017	2016	2015	2014
Actuarially Determined Employer Contribution	\$ 111,028	\$ 120,919	\$ 124,454	\$ 124,454
Contributions in relation to the Actuarially Determined Contribution	44,562	51,326	64,717	63,973
	<u>\$ 66,466</u>	<u>\$ 69,593</u>	<u>\$ 59,737</u>	<u>\$ 60,481</u>
Annual contribution deficiency (excess)	\$ 66,466	\$ 69,593	\$ 59,737	\$ 60,481
Covered Payroll	\$ 547,632	\$ 501,212	\$ 596,274	\$ 451,583
Actual contributions as a percentage of covered payroll	8.34%	10.24%	10.85%	14.17%

Notes to Schedule

Methods and assumptions used in the calculation of Actuarially Determined Amounts.

Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (above) are calculated as of the prior valuation date. The following actuarial methods and assumptions (from the June 30, 2016 actuarial valuation) were used to determine contribution rates reported in that schedule for the year ending June 30, 2017:

Actuarial cost method	Entry Age Normal
Actuarial cost method	Level percentage of payroll
Amortization period	25 years, closed
Asset valuation method	Market value of assets
Price inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.71% to 8.97%
Initial health care cost trend rates	
CIGNA Plans	7.75%
Medicare Supplement Plans	5.75%
Ultimate health care cost trend rates	
CIGNA Plans	5.00%
Medicare Supplement Plans	5.00%
Year of ultimate trend rates	
CIGNA Plans	2022
Medicare Supplement Plans	2019
Long-term investment rate of return, net of OPEB plan investment	4.00%

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

REQUIRED SUPPLEMENTARY INFORMATION
OPEB Schedule of Investment Returns
Last 10 Fiscal Years
June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

2017

Annual money-weighted rate of return, net of investment expense	13.19%
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Note: The intent of this schedule is to fulfill the requirement to provide information for 10 years of historical data. However, until a full 10-year trend is compiled, the District is presenting information for the years available.

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**COMBINING INFORMATION
NONMAJOR FUNDS**



**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Assets			
Cash and cash equivalents	\$ 4,773,785	\$ 14,831,897	\$ 19,605,682
Due from other governments	3,800,000	-	3,800,000
Other receivables	-	9,269,634	9,269,634
Inventories	-	3,053,418	3,053,418
Total assets	<u>11,424,568</u>	<u>27,154,949</u>	<u>38,579,517</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	1,406,352	1,031,086	2,437,438
Unearned revenue - other	-	100,684	100,684
Total liabilities	<u>1,406,352</u>	<u>1,131,770</u>	<u>2,538,122</u>
Deferred Inflows of Resources			
Unavailable revenue - settlement	3,800,000	-	3,800,000
Total deferred inflows of resources	<u>3,800,000</u>	<u>-</u>	<u>3,800,000</u>
Fund balances			
Nonspendable	-	3,053,418	3,053,418
Restricted	6,218,216	22,969,761	29,187,977
Total fund balances	<u>6,218,216</u>	<u>26,023,179</u>	<u>32,241,395</u>
Total liabilities and fund balances	<u>\$ 11,424,568</u>	<u>\$ 27,154,949</u>	<u>\$ 38,579,517</u>

See independent auditor's report

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Capital Projects Fund	Special Revenue Fund Food Service	Total Non-Major Governmental Funds
Revenues			
Shelby County	\$ 21,070,908	\$ -	\$ 21,070,908
State of Tennessee	-	653,697	653,697
Federal Government	-	77,384,101	77,384,101
Other local sources	244,853	3,682,632	3,927,485
	-	-	-
Total revenues	<u>21,315,761</u>	<u>81,720,430</u>	<u>103,036,191</u>
Expenditures			
Current:			
Food service	-	88,329,561	88,329,561
Capital outlay	24,357,514	-	24,357,514
Total expenditures	<u>24,357,514</u>	<u>88,329,561</u>	<u>112,687,075</u>
Excess (deficiency) of revenues over expenditures	<u>(3,041,753)</u>	<u>(6,609,131)</u>	<u>(9,650,884)</u>
Other financing sources (uses)			
Sale of capital assets	<u>842,012</u>	<u>115,329</u>	<u>957,341</u>
Net change in fund balance	(2,199,741)	(6,493,802)	(8,693,543)
Fund balance - July 1, 2016	<u>8,417,957</u>	<u>32,516,981</u>	<u>40,934,938</u>
Fund balance - June 30, 2017	<u>\$ 6,218,216</u>	<u>\$ 26,023,179</u>	<u>\$ 32,241,395</u>

See independent auditor's report

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Shelby County	\$ 39,556,267	\$ 27,267,679	\$ 21,070,908	\$ (6,196,771)
Other local sources	150,530	150,530	244,853	94,323
Total revenues	<u>39,706,797</u>	<u>27,418,209</u>	<u>21,315,761</u>	<u>(6,102,448)</u>
Expenditures				
Capital Outlay	46,896,303	32,656,572	16,846,062	15,810,510
Total expenditures	<u>46,896,303</u>	<u>32,656,572</u>	<u>16,846,062</u>	<u>15,810,510</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (7,189,506)</u>	<u>\$ (5,238,363)</u>	<u>\$ 4,469,699</u>	<u>\$ (21,912,958)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	863,744	842,012	(21,732)
Net change in fund balance	<u>\$ (7,189,506)</u>	<u>\$ (4,374,619)</u>	5,311,711	<u>\$ (21,934,690)</u>
Change in reserve for encumbrances			<u>(7,511,452)</u>	
Net change in fund balances (GAAP basis)			(2,199,741)	
Fund balance - July 1, 2016			<u>8,417,957</u>	
Fund balance - June 30, 2017			<u>\$ 6,218,216</u>	

See independent auditor's report

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
For the year ended June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues				
State of Tennessee	\$ 680,000	\$ 680,000	\$ 653,697	\$ (26,303)
Federal Government	73,696,378	73,696,378	77,384,101	3,687,723
Other local sources	10,976,864	10,101,238	3,682,632	(6,418,606)
Total revenues	<u>85,353,242</u>	<u>84,477,616</u>	<u>81,720,430</u>	<u>(2,757,186)</u>
Expenditures				
Current				
Labor	35,528,576	34,631,642	31,458,389	3,173,253
Food	32,630,400	33,410,400	35,025,928	(1,615,528)
Supplies	2,662,685	2,373,120	2,387,687	(14,567)
Equipment	3,978,549	3,936,190	1,095,747	2,840,443
Other	10,969,632	18,028,646	16,124,449	1,904,197
Total expenditures	<u>85,769,842</u>	<u>92,379,998</u>	<u>86,092,200</u>	<u>6,287,798</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (416,600)</u>	<u>\$ (7,902,382)</u>	(4,371,770)	<u>\$ 3,530,612</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	115,330	115,330
Net change in fund balance	<u>\$ (416,600)</u>	<u>\$ (7,902,382)</u>	(4,256,440)	<u>\$ 3,645,942</u>
Change in reserve for encumbrances			<u>(2,237,361)</u>	
Net change in fund balances (GAAP basis)			(6,493,801)	
Fund balance - July 1, 2016			<u>32,516,981</u>	
Fund balance - June 30, 2017			<u>\$ 26,023,180</u>	

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

**COMBINING INFORMATION
INTERNAL SERVICE FUNDS**



**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Group Insurance Fund	Unemployment Fund	Printing Fund	Supply Chain Fund	Achievement School District Fund	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 24,489,698	\$ 2,413,462	\$ 545,352	\$ 539,392	\$ -	\$ 27,987,904
Investments	300,000	-	-	-	-	300,000
Receivable from state	1,056,633	-	-	-	-	1,056,633
Receivable from other	61,555	-	-	-	1,250,756	1,312,312
Total assets	<u>25,907,886</u>	<u>2,413,462</u>	<u>545,352</u>	<u>539,392</u>	<u>1,250,756</u>	<u>30,656,849</u>
Liabilities						
Current liabilities:						
Accounts payable and other accrued liabilities	273,322	24,322	27,622	21,498	-	346,764
Insurance claims and premiums payable	9,708,364	-	-	-	-	9,708,364
Due to general fund	-	-	-	-	1,015,900	1,015,900
Accrued vacation	5,385	-	6,545	5,741	-	17,671
Noncurrent liabilities:	-	-	-	-	-	-
Accrued vacation	<u>24,534</u>	<u>1,864</u>	<u>20,725</u>	<u>47,480</u>	<u>-</u>	<u>94,603</u>
Total liabilities	<u>10,011,606</u>	<u>26,186</u>	<u>54,891</u>	<u>74,719</u>	<u>1,015,900</u>	<u>11,183,302</u>
Net Position						
Unrestricted	<u>\$ 15,896,280</u>	<u>\$ 2,387,277</u>	<u>\$ 490,461</u>	<u>\$ 464,673</u>	<u>\$ 234,856</u>	<u>\$ 19,473,547</u>

See independent auditor's report

**COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2017**

	Group Insurance Fund	Unemployment Fund
	<u> </u>	<u> </u>
Operating revenues		
Charges for services	\$ 141,593	\$ -
Employee contributions	40,728,127	-
Board contributions	51,297,740	-
Total operating revenues	<u>92,167,460</u>	<u>-</u>
Operating expenses		
Personnel services	779,390	75,445
Material and supplies	-	-
Claims incurred	82,166,834	607,299
Life insurance premiums	2,152,716	-
Administrative expenses	1,880,266	-
Total operating expenses	<u>86,979,206</u>	<u>682,743</u>
Operating income (loss)	5,188,254	(682,743)
Nonoperating revenues (expenses)		
Interest income	<u>158,693</u>	<u>-</u>
Change in net position	5,346,947	(682,743)
Net position		
July 1, 2016	<u>10,549,333</u>	<u>3,070,020</u>
June 30, 2017	<u>\$ 15,896,280</u>	<u>\$ 2,387,277</u>

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**SHELBY COUNTY
BOARD OF EDUCATION**

Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 907,731	\$ 1,693,689	\$ 1,674,065	\$ 4,417,079
-	-	-	40,728,127
-	-	-	51,297,740
<u>907,731</u>	<u>1,693,689</u>	<u>1,674,065</u>	<u>96,442,946</u>
419,057	1,031,626	845,592	3,151,109
377,587	526,800	193,386	1,097,773
-	-	-	82,774,133
-	-	-	2,152,716
<u>68,860</u>	<u>86,534</u>	<u>671,340</u>	<u>2,707,000</u>
<u>865,504</u>	<u>1,644,959</u>	<u>1,710,318</u>	<u>91,882,731</u>
42,228	48,730	(36,253)	4,560,215
<u>3,707</u>	<u>16,804</u>	<u>-</u>	<u>179,205</u>
45,935	65,534	(36,253)	4,739,420
<u>444,526</u>	<u>399,139</u>	<u>271,109</u>	<u>14,734,127</u>
<u>\$ 490,461</u>	<u>\$ 464,673</u>	<u>\$ 234,856</u>	<u>\$ 19,473,547</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2017**

	Group Insurance Fund	Unemployment Fund
Cash Flows From Operating Activities		
Receipts for interfund services provided	\$ 51,191,928	\$ -
Receipts from employees	40,629,276	-
Payments to suppliers	-	-
Payments to employees for salaries and benefits	(779,390)	(75,445)
Payments to other division funds	-	-
Payments for life insurance premiums	(2,152,716)	-
Payments for insurance and unemployment claims	(82,634,481)	(589,835)
Net cash provided (used) by operating activities	<u>6,254,617</u>	<u>(665,280)</u>
Cash Flows From Investing Activities		
Interest received	158,693	-
Net cash provided (used) by investing activities	<u>158,693</u>	<u>-</u>
Net Increase (Decrease) in cash and cash equivalents	6,413,310	(665,280)
Cash and cash equivalents at beginning of year	18,076,388	3,078,742
Cash and cash equivalents at end of year	<u>\$ 24,489,698</u>	<u>\$ 2,413,462</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating gain (loss)	\$ 5,188,254	\$ (682,743)
Adjustments to reconcile operating gain (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Receivables	170,078	-
Accrued liabilities	896,285	17,464
Net cash provided (used) by operating activities	<u>\$ 6,254,617</u>	<u>\$ (665,280)</u>

See independent auditor's report

**SHELBY COUNTY
BOARD OF EDUCATION**

Printing Fund	Supply Chain Fund	Achievement District Fund	Total
\$ 910,580	\$ 1,693,890	\$ 1,122,685	\$ 54,919,084
-	-		40,629,276
(437,816)	(668,974)	(193,386)	(1,300,177)
(419,057)	(1,031,626)	(845,592)	(3,151,109)
-	-	(83,707)	(83,707)
-	-	-	(2,152,716)
-	-	-	(83,224,316)
<u>53,707</u>	<u>(6,708)</u>	<u>-</u>	<u>5,636,335</u>
 3,707	 16,804	 -	 179,205
 <u>3,707</u>	 <u>16,804</u>	 <u>-</u>	 <u>179,205</u>
 57,414	 10,096.48	 -	 5,815,540
 487,938	 529,297	 -	 22,172,365
<u>\$ 545,352</u>	<u>\$ 539,392</u>	<u>\$ -</u>	<u>\$ 27,987,904</u>
 \$ 42,228	 \$ 48,730	 \$ (36,253)	 \$ 4,560,215
 2,849	 -	 (551,380)	 (378,453)
 8,630	 (55,439)	 587,633	 1,454,573
<u>\$ 53,707</u>	<u>\$ (6,708)</u>	<u>\$ -</u>	<u>\$ 5,636,335</u>

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Other Supplementary Statements and Schedules



STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
INTERNAL SCHOOL FUND
For the year ended June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

	Balance June 30, 2016 (Restated)	Additions	Reductions	Balance June 30, 2017
Assets				
Cash and cash equivalents	\$ 9,856,302	\$ 22,488,852	\$ 22,233,643	\$ 10,111,511
Investments	383,813	298,256	383,813	298,256
Other receivables	241,707	183,705	241,707	183,705
Inventories	60,110	49,334	60,110	49,334
Total assets	<u>10,541,932</u>	<u>23,020,147</u>	<u>22,919,273</u>	<u>10,642,806</u>
Liabilities				
Accounts payable	229,775	311,542	229,775	311,542
Due to student general fund	6,400,662	4,046,551	4,078,423	6,368,790
Due to student groups	3,911,495	18,298,742	18,247,764	3,962,474
Total liabilities	<u>\$ 10,541,932</u>	<u>\$ 22,656,835</u>	<u>\$ 22,555,961</u>	<u>\$ 10,642,806</u>

Note: June 30, 2016 restated due to the removal of Raineswood Residential.

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**SCHEDULE OF GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
June 30, 2017**

**SHELBY COUNTY
BOARD OF EDUCATION**

	Construction in					Totals
	Land	Progress	Intangibles	Buildings and Improvements	Machinery and Equipment	
Cost:						
Unallocated	\$ 336,895	\$ 8,954,642	\$ -	\$ -	\$ -	\$ 9,291,537
Instruction	41,323,126	-	-	1,450,680,225	119,630,858	1,611,634,209
Instructional support	-	-	-	11,081,996	9,738,636	20,820,632
Student support	807	-	-	4,688,606	1,315,778	6,005,191
Office of principal	21,417	-	-	21,344,811	4,780,466	26,146,694
General administration	3,256,387	-	5,671,376	33,819,621	31,992,745	74,740,129
Fiscal services	-	-	-	-	290,464	290,464
Other support services	-	-	-	-	1,711,532	1,711,532
Student transportation	-	-	-	137,735	17,627	155,362
Plant services	63,112	-	-	4,722,088	11,384,339	16,169,539
Community service	559,804	-	-	3,175,659	1,556,072	5,291,535
Food service	41,812	-	-	95,718,851	14,576,098	110,336,761
Totals	<u>\$ 45,603,360</u>	<u>\$ 8,954,642</u>	<u>\$ 5,671,376</u>	<u>\$ 1,625,369,592</u>	<u>\$ 196,994,615</u>	<u>\$ 1,882,593,585</u>
Accumulated depreciation:						
Unallocated	-	-	-	-	-	-
Instruction	-	-	-	634,099,802	108,624,799	742,724,601
Instructional support	-	-	-	10,529,339	8,164,762	18,694,101
Student support	-	-	-	2,097,025	1,028,683	3,125,708
Office of principal	-	-	-	9,350,108	4,638,519	13,988,627
General administration	-	-	2,268,552	19,355,313	30,273,256	51,897,121
Fiscal services	-	-	-	-	290,464	290,464
Other support services	-	-	-	-	1,376,462	1,376,462
Student transportation	-	-	-	137,735	17,627	155,362
Plant services	-	-	-	3,598,385	10,018,374	13,616,759
Community service	-	-	-	128,906	1,204,078	1,332,984
Food service	-	-	-	40,784,946	10,455,668	51,240,614
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,268,552</u>	<u>\$ 720,081,559</u>	<u>\$ 176,092,692</u>	<u>\$ 898,442,803</u>
Net book value:						
Unallocated	336,895	8,954,642	-	-	-	9,291,537
Instruction	41,323,126	-	-	816,580,423	11,006,059	868,909,608
Instructional support	-	-	-	552,657	1,573,874	2,126,531
Student support	807	-	-	2,591,581	287,095	2,879,483
Office of principal	21,417	-	-	11,994,703	141,947	12,158,067
General administration	3,256,387	-	3,402,824	14,464,308	1,719,489	22,843,008
Fiscal services	-	-	-	-	-	-
Other support services	-	-	-	-	335,070	335,070
Student transportation	-	-	-	-	-	-
Plant services	63,112	-	-	1,123,703	1,365,965	2,552,780
Community service	559,804	-	-	3,046,753	351,994	3,958,551
Food service	41,812	-	-	54,933,905	4,120,430	59,096,147
Totals	<u>\$ 45,603,359</u>	<u>\$ 8,954,642</u>	<u>\$ 3,402,824</u>	<u>\$ 905,288,032</u>	<u>\$ 20,901,923</u>	<u>\$ 984,150,782</u>

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**SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
For the year ended June 30, 2017**

Function	Balance July 1, 2016	Reclassifications	Additions	Impairment	Disposals and Adjustments	Balance June 30, 2017
Unallocated						
Land	\$ 336,895	\$ -	\$ -	\$ -	\$ -	\$ 336,895
Construction in Progress	28,451,115	(39,255,152)	19,758,679	-	-	8,954,642
Totals	<u>28,788,010</u>	<u>(39,255,152)</u>	<u>19,758,679</u>	<u>-</u>	<u>-</u>	<u>9,291,537</u>
Instruction						
Land	41,355,155	-	-	-	(32,029)	41,323,126
Buildings and Improvements	1,421,566,094	37,063,110	50,659	-	(7,999,638)	1,450,680,225
Machinery and Equipment	124,260,290	-	2,601,337	-	(7,230,769)	119,630,858
Totals	<u>1,587,181,539</u>	<u>37,063,110</u>	<u>2,651,996</u>	<u>-</u>	<u>(15,262,436)</u>	<u>1,611,634,209</u>
Instructional support						
Buildings and Improvements	17,925,867	-	-	(6,843,871)	-	11,081,996
Machinery and Equipment	11,058,203	-	-	-	(1,319,567)	9,738,636
Totals	<u>28,984,070</u>	<u>-</u>	<u>-</u>	<u>(6,843,871)</u>	<u>(1,319,567)</u>	<u>20,820,632</u>
Student support						
Land	807	-	-	-	-	807
Buildings and Improvements	4,659,945	28,661	-	-	-	4,688,606
Machinery and Equipment	1,408,227	-	3,504	-	(95,953)	1,315,778
Totals	<u>6,068,979</u>	<u>28,661</u>	<u>3,504</u>	<u>-</u>	<u>(95,953)</u>	<u>6,005,191</u>
Office of principal						
Land	21,417	-	-	-	-	21,417
Buildings and Improvements	20,887,168	727,782	4,651	-	(274,790)	21,344,811
Machinery and Equipment	4,836,951	-	48,347	-	(104,832)	4,780,466
Totals	<u>25,745,536</u>	<u>727,782</u>	<u>52,998</u>	<u>-</u>	<u>(379,622)</u>	<u>26,146,694</u>
General administration						
Land	3,256,387	-	-	-	-	3,256,387
Buildings and Improvements	51,164,886	-	8,530	(8,652,926)	(8,700,869)	33,819,621
Machinery and Equipment	31,445,839	-	1,154,393	-	(607,487)	31,992,745
Intangible Assets	5,671,376	-	-	-	-	5,671,376
Totals	<u>91,538,488</u>	<u>-</u>	<u>1,162,923</u>	<u>(8,652,926)</u>	<u>(9,308,355)</u>	<u>74,740,129</u>
Fiscal services						
Machinery and Equipment	412,473	-	-	-	(122,009)	290,464
Totals	<u>412,473</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(122,009)</u>	<u>290,464</u>
Other support services						
Machinery and Equipment	1,610,739	-	169,547	-	(68,754)	1,711,532
Totals	<u>1,610,739</u>	<u>-</u>	<u>169,547</u>	<u>-</u>	<u>(68,754)</u>	<u>1,711,532</u>
Student transportation						
Land	-	-	-	-	-	-
Buildings and Improvements	155,501	-	1,623	-	(19,389)	137,735
Machinery and Equipment	10,281	-	7,346	-	-	17,627
Totals	<u>165,782</u>	<u>-</u>	<u>8,969</u>	<u>-</u>	<u>(19,389)</u>	<u>155,362</u>
Plant services						
Land	63,112	-	-	-	-	63,112
Buildings and Improvements	4,722,088	-	-	-	-	4,722,088
Machinery and Equipment	11,780,718	-	488,141	-	(884,520)	11,384,339
Totals	<u>16,565,918</u>	<u>-</u>	<u>488,141</u>	<u>-</u>	<u>(884,520)</u>	<u>16,169,539</u>
Community service						
Land	-	-	559,804	-	-	559,804
Buildings and Improvements	-	-	3,175,659	-	-	3,175,659
Machinery and Equipment	1,512,676	-	232,734	-	(189,338)	1,556,072
Totals	<u>1,512,676</u>	<u>-</u>	<u>3,968,197</u>	<u>-</u>	<u>(189,338)</u>	<u>5,291,535</u>
Food service						
Land	41,812	-	-	-	-	41,812
Buildings and Improvements	86,248,727	1,435,599	26,457	-	8,008,068	95,718,851
Machinery and Equipment	14,153,549	-	555,562	-	(133,013)	14,576,098
Totals	<u>100,444,088</u>	<u>1,435,599</u>	<u>582,019</u>	<u>-</u>	<u>7,875,055</u>	<u>110,336,761</u>
Grand Totals						
Land	\$ 45,075,585	\$ -	\$ 559,804	\$ -	\$ (32,029)	\$ 45,603,360
Construction in progress	28,451,115	(39,255,152)	19,758,679	-	-	8,954,642
Buildings and Improvements	1,607,330,276	39,255,152	3,267,579	(15,496,797)	(8,986,618)	1,625,369,592
Machinery and Equipment	202,489,946	-	5,260,911	-	(10,756,242)	196,994,615
Intangible Assets	5,671,376	-	-	-	-	5,671,376
Totals	<u>\$ 1,889,018,298</u>	<u>\$ -</u>	<u>\$ 28,846,973</u>	<u>\$ (15,496,797)</u>	<u>\$ (19,774,889)</u>	<u>\$ 1,882,593,585</u>

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**SHELBY COUNTY
BOARD OF EDUCATION**

Balance July 1, 2016	Reclassifications	Additions	Impairment	Disposals and Adjustments	Balance June 30, 2017	Net book value June 30, 2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336,895
-	-	-	-	-	-	8,954,642
-	-	-	-	-	-	9,291,537
-	-	-	-	-	-	41,323,126
603,041,743	229,963	36,386,911	-	(5,558,815)	634,099,802	816,580,423
111,425,204	11,257	4,335,427	-	(7,147,089)	108,624,799	11,006,059
714,466,947	241,220	40,722,337	-	(12,705,905)	742,724,601	868,909,608
12,551,515	-	899,405	(2,921,581)	-	10,529,339	552,657
8,588,370	-	880,280	-	(1,303,888)	8,164,762	1,573,874
21,139,885	-	1,779,685	(2,921,581)	(1,303,888)	18,694,101	2,126,531
-	-	-	-	-	-	807
1,974,512	-	122,513	-	-	2,097,025	2,591,581
1,011,554	-	108,122	-	(90,993)	1,028,683	287,095
2,986,066	-	230,635	-	(90,993)	3,125,708	2,879,483
-	-	-	-	-	-	21,417
8,963,955	-	541,662	-	(155,509)	9,350,108	11,994,703
4,512,440	-	229,945	-	(103,866)	4,638,519	141,947
13,476,395	-	771,607	-	(259,375)	13,988,627	12,158,067
-	-	-	-	-	-	3,256,387
22,850,097	-	1,355,714	(2,409,767)	(2,440,731)	19,355,313	14,464,308
30,501,766	-	348,308	-	(576,818)	30,273,256	1,719,489
1,701,414	-	567,138	-	-	2,268,552	3,402,824
55,053,277	-	2,271,160	(2,409,767)	(3,017,549)	51,897,121	22,843,008
403,925	(442)	8,986	-	(122,005)	290,464	-
403,925	(442)	8,986	-	(122,005)	290,464	-
1,270,196	-	174,644	-	(68,378)	1,376,462	335,070
1,270,196	-	174,644	-	(68,378)	1,376,462	335,070
-	-	-	-	-	-	-
264,707	(229,963)	114,851	-	(11,860)	137,735	-
26,571	(10,815)	1,871	-	-	17,627	-
291,278	(240,778)	116,722	-	(11,860)	155,362	-
-	-	-	-	-	-	63,112
3,598,385	-	-	-	-	3,598,385	1,123,703
10,624,778	-	258,156	-	(864,560)	10,018,374	1,365,965
14,223,163	-	258,156	-	(864,560)	13,616,759	2,552,780
-	-	-	-	-	-	559,804
-	-	128,906	-	-	128,906	3,046,753
1,316,892	-	74,857	-	(187,671)	1,204,078	351,994
1,316,892	-	203,763	-	(187,671)	1,332,984	3,958,551
-	-	-	-	-	-	41,812
36,554,927	-	2,195,834	-	2,034,185	40,784,946	54,933,905
9,745,976	-	825,816	-	(116,124)	10,455,668	4,120,430
46,300,903	-	3,021,650	-	1,918,062	51,240,614	59,096,147
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,603,360
-	-	-	-	-	-	8,954,642
689,799,841	-	41,745,796	(5,331,348)	(6,132,730)	720,081,559	905,288,033
179,427,672	-	7,246,412	-	(10,581,392)	176,092,692	20,901,923
1,701,414	-	567,138	-	-	2,268,552	3,402,824
<u>\$ 870,928,927</u>	<u>\$ -</u>	<u>\$ 49,559,346</u>	<u>\$ (5,331,348)</u>	<u>\$ (16,714,122)</u>	<u>\$ 898,442,803</u>	<u>\$ 984,150,782</u>

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
For the year ended June 30, 2017

Description/ Maturity Date	Interest Rate	Original Issue	Outstanding July 1, 2016
Due to State of Tennessee December 2002 to December 2015	0.00%	\$ 6,651,638	\$ 216,799
Accrued Vacation			9,798,117
Post Employment Benefits			410,385,658
Pension Benefits			5,162,674
Total Long-term Obligations		\$ 6,651,638	\$ 425,563,248

See Independent Auditor's Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Issued</u>	<u>Payments and Retirements</u>	<u>Outstanding June 30, 2017</u>	<u>Current Portion</u>
\$ -	\$ (72,267)	\$ 144,532	\$ 72,267
1,050,515	(1,107,709)	9,740,923	1,284,423
127,443,209	(72,510,866)	465,318,001	-
<u>65,673,484</u>	<u>-</u>	<u>70,836,158</u>	<u>-</u>
<u>\$ 194,167,208</u>	<u>\$ (73,690,842)</u>	<u>\$ 546,039,614</u>	<u>\$ 1,356,690</u>

DEBT INFORMATION
SCHEDULE OF GENERAL LONG-TERM OBLIGATIONS
PRINCIPAL AND INTEREST REQUIREMENTS **SHELBY COUNTY**
June 30, 2017 **BOARD OF EDUCATION**

<u>Year Ending June 30,</u>	<u>Due to State of Tennessee</u>	<u>Total</u>
Principal:		
2018	\$ 72,267	\$ 72,267
2019	<u>72,265</u>	<u>72,265</u>
Total	<u>\$ 144,532</u>	<u>\$ 144,532</u>

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

See independent auditor's report.

Statistical Section (unaudited)



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

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

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

Demographic and Economic Information

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

Operating Information

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

Sources

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

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Financial Trends

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

Net Position	2017	2016	2015	2014 (1)	2013
Net investment in capital assets	\$ 984,006,250	\$ 1,017,872,572	\$ 1,035,129,637	\$ 1,095,398,461	\$ 395,800,108
Restricted for:					
Capital projects	6,218,216	8,417,957	12,488,134	11,998,630	105,723
Insurance Claims	-	-	-	-	2,254,559
Student Activities	-	-	-	-	-
Contracted grant programs	8,013,220	6,578,574	3,770,961	3,075,832	-
Food service	26,023,179	32,516,981	30,467,986	23,056,506	3,888,773
Education	29,603,105	29,360,894	34,442,225	28,469,654	11,072,259
Unrestricted	(290,474,995)	(207,317,473)	(348,614,268)	(33,468,688)	(225,599,235)
	<u>\$ 763,388,975</u>	<u>\$ 774,651,475</u>	<u>\$ 767,684,675</u>	<u>\$ 1,128,530,395</u>	<u>\$ 187,522,187</u>

Note:

- (1) Prior year amounts have been restated for the implementation of GASB Statement 68.
(2) 2016 changed due to aggregating net pension liability and net pension asset which is reflected in Unrestricted.

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 401,963,845	\$ 391,964,327	\$ 375,685,630	\$ 376,442,501	\$ 364,559,286
710,469	2,987,803	-	-	-
3,976,350	9,886,051	12,296,837	15,050,314	12,495,771
6,344,750	5,954,246	5,505,780	5,109,906	5,244,728
-	-	-	-	-
3,710,791	3,117,887	-	-	-
10,793,684	11,018,457	-	-	-
(187,003,125)	(145,756,475)	(72,619,489)	(36,674,608)	51,601,141
<u>\$ 240,496,764</u>	<u>\$ 279,172,296</u>	<u>\$ 320,868,758</u>	<u>\$ 359,928,113</u>	<u>\$ 433,900,926</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses				
Governmental activities:				
Instruction	\$ 611,919,772	\$ 597,472,639	\$ 648,328,804	\$ 1,096,495,154
Instructional support	73,370,070	68,332,710	87,621,804	60,741,347
Student support	69,102,286	67,948,438	65,093,403	113,550,075
Office of principal	61,950,907	63,512,954	67,794,495	94,262,960
General administration	68,931,316	22,290,624	24,830,863	25,945,874
Fiscal Services	6,173,518	6,061,221	5,938,485	8,428,601
Other support services	50,438,867	43,518,961	41,594,932	35,303,585
Student transportation	26,052,020	27,981,073	36,004,590	37,650,956
Plant services	83,341,347	82,263,525	92,771,794	110,525,399
Community service	54,979,073	50,728,987	43,152,157	23,778,501
Charter schools	111,283,036	94,408,523	81,234,455	66,987,992
Food service	47,089,961	85,229,311	78,916,667	96,956,709
Interest on long-term debt	347	2,628	2,628	111,556
Total government expenses	<u>1,264,632,520</u>	<u>1,209,751,594</u>	<u>1,273,285,077</u>	<u>1,770,738,709</u>
Revenues				
Governmental activities:				
Charges for services				
Instruction	630,816	589,588	520,359	832,927
Food service	3,554,136	3,514,739	835,426	18,810,070
Total charges for services	<u>4,184,952</u>	<u>4,104,327</u>	<u>1,355,785</u>	<u>19,642,997</u>
Operating grants and contributions:				
Instruction	422,376,211	405,523,486	419,364,465	530,446,090
Instructional support	51,162,763	47,587,032	51,822,650	64,860,058
Student support	27,506,201	27,527,860	27,235,359	33,792,538
Office of principal	11,421,167	19,830,653	20,242,173	24,734,319
General administration	8,105,488	8,275,807	11,169,211	2,040,439
Fiscal Services	530,232	472,225	482,907	412,071
Other support services	4,391,798	2,588,669	1,537,805	1,367,383
Student transportation	23,274,875	18,421,013	17,922,763	20,541,742
Plant services	88,119,707	75,671,383	81,586,484	97,960,601
Community service	54,422,633	50,454,463	41,493,458	20,932,425
Food service	78,153,125	78,798,457	79,875,631	58,280,508
Total operating grants and contributions	<u>769,464,200</u>	<u>735,151,048</u>	<u>752,732,906</u>	<u>855,368,174</u>
Capital grants and contributions				
Plant Services	21,415,501	33,321,219	5,066,684	5,753,509
Total capital grants and contributions	<u>21,415,501</u>	<u>33,321,219</u>	<u>5,066,684</u>	<u>5,753,509</u>
General Revenues and Special Items				
Shelby County	334,346,944	316,067,610	306,525,759	422,599,533
Local option and state sales taxes	120,757,018	121,423,104	118,473,827	159,752,215
Other local sources	11,011,903	5,755,594	5,830,798	5,410,727
Gain on Sale of capital assets	710,668	-	3,570,476	-
Unrestricted investment earnings	1,644,283	895,492	411,950	20,122
Special items	(10,165,449)	-	(29,806,789)	-
Total general revenues and special items	<u>458,305,367</u>	<u>444,141,800</u>	<u>405,006,021</u>	<u>587,782,597</u>
Total government revenues	<u>1,253,370,020</u>	<u>1,216,718,394</u>	<u>1,164,161,396</u>	<u>1,468,757,277</u>
Change in Net Position	<u>\$ (11,262,500)</u>	<u>\$ 6,966,800</u>	<u>\$ (109,123,681)</u>	<u>\$ (301,981,432)</u>

Notes:

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

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 278,662,284	\$ 285,400,355	\$ 285,666,544	\$ 281,573,590	\$ 297,446,055	\$ 258,245,547
-	-	-	-	-	-
793,703	14,703,893	14,418,064	13,167,287	12,730,436	12,817,333
-	-	-	-	-	-
49,521,741	44,088,193	40,652,337	37,749,659	38,336,298	65,180,856
-	-	-	-	-	-
58,631,337	66,474,643	61,614,184	57,387,741	63,771,411	38,091,575
17,406,176	18,492,591	17,436,714	14,511,725	17,763,536	14,855,058
29,540,909	29,503,650	29,702,578	28,574,903	37,440,159	37,577,451
-	-	-	-	-	-
-	-	-	-	-	-
20,414,717	19,788,229	20,417,615	18,655,802	22,641,606	16,948,161
-	-	-	-	-	-
<u>454,970,867</u>	<u>478,451,554</u>	<u>469,908,036</u>	<u>451,620,707</u>	<u>490,129,501</u>	<u>443,715,981</u>
19,386,822	58,876,008	28,378,425	24,044,448	23,779,653	10,682,099
<u>10,349,814</u>	<u>8,710,711</u>	<u>8,837,432</u>	<u>9,360,007</u>	<u>9,965,659</u>	<u>8,798,034</u>
29,736,636	67,586,719	37,215,857	33,404,455	33,745,312	19,480,133
211,372,876	191,168,644	211,130,943	204,441,495	192,229,762	196,740,189
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>211,372,876</u>	<u>191,168,644</u>	<u>211,130,943</u>	<u>204,441,495</u>	<u>192,229,762</u>	<u>196,740,189</u>
8,728,662	7,992,816	8,815,568	7,725,811	6,856,395	6,028,044
<u>8,728,662</u>	<u>7,992,816</u>	<u>8,815,568</u>	<u>7,725,811</u>	<u>6,856,395</u>	<u>6,028,044</u>
120,421,197	113,303,620	123,693,489	115,749,031	130,350,062	144,980,432
36,228,227	42,445,709	41,681,158	40,354,509	41,371,984	41,552,519
1,977,774	19,278,514	5,674,559	6,686,244	11,603,173	8,738,645
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>158,627,198</u>	<u>175,027,843</u>	<u>171,049,206</u>	<u>162,789,784</u>	<u>183,325,219</u>	<u>195,271,596</u>
<u>408,465,372</u>	<u>439,776,022</u>	<u>428,211,574</u>	<u>408,361,545</u>	<u>416,156,688</u>	<u>417,519,962</u>
<u>\$ (46,505,495)</u>	<u>\$ (38,675,532)</u>	<u>\$ (41,696,462)</u>	<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net (expense)/revenue:			
Total primary government net expense	\$ (469,567,867)	\$ (437,175,000)	\$ (514,489,702)
General revenues and other changes in net position:			
Governmental activities:			
Shelby County	334,346,944	316,067,610	306,525,759
Local option and state sales taxes	120,757,018	121,423,104	118,473,827
Other local sources	11,011,903	5,755,594	5,830,798
Gain on sale of capital assets	710,668	-	3,570,476
Unrestricted investment earnings	1,644,283	895,492	411,950
Special items	<u>(10,165,449)</u>	<u>-</u>	<u>(29,806,789)</u>
Total primary government	<u>458,305,367</u>	<u>444,141,800</u>	<u>405,006,021</u>
Changes in net position:			
Total primary government	<u>\$ (11,262,500)</u>	<u>\$ 6,966,800</u>	<u>\$ (109,483,681)</u>

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ (889,974,029)	\$ (205,132,693)	\$ (213,703,375)	\$ (212,745,668)	\$ (206,048,946)	\$ (257,298,032)	\$ (221,467,615)
422,599,533	120,421,197	113,303,620	123,693,489	115,749,031	130,350,062	144,980,432
159,752,215	36,228,227	42,445,709	41,681,158	40,354,509	41,371,984	41,552,519
5,410,727	1,977,774	19,278,514	5,674,559	6,686,244	11,603,173	8,738,645
-	-	-	-	-	-	-
230,122	-	-	-	-	-	-
-	-	-	-	-	-	-
587,992,597	158,627,198	175,027,843	171,049,206	162,789,784	183,325,219	195,271,596
<u>\$ (301,981,432)</u>	<u>\$ (46,505,495)</u>	<u>\$ (38,675,532)</u>	<u>\$ (41,696,462)</u>	<u>\$ (43,259,162)</u>	<u>\$ (73,972,813)</u>	<u>\$ (26,196,019)</u>

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

Fund Balances, Governmental Funds

Last ten fiscal years as of June 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	<u>6,781,775</u>	<u>5,804,694</u>	<u>6,799,292</u>	<u>7,636,851</u>
Restricted	29,603,105	29,360,894	34,442,225	28,469,654
Assigned	72,154,767	30,631,209	54,883,849	34,547,426
Unassigned	<u>88,215,976</u>	<u>110,630,318</u>	<u>59,927,330</u>	<u>108,369,481</u>
Total general fund	<u>196,755,623</u>	<u>176,427,115</u>	<u>156,052,696</u>	<u>179,023,412</u>
All other governmental funds:				
Reserved	-	-	-	-
Nonspendable	3,300,571	3,575,342	5,693,585	6,330,708
Restricted	37,201,197	42,294,389	39,332,405	31,800,260
Committed	1,602,788	1,643,781	1,701,091	-
Total all other governmental funds	<u>42,104,556</u>	<u>47,513,512</u>	<u>46,727,081</u>	<u>38,130,968</u>
Total fund balance	<u>\$ 238,860,179</u>	<u>\$ 223,940,627</u>	<u>\$ 202,779,777</u>	<u>\$ 217,154,380</u>

Note:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010 (1)</u>	<u>2009 (1)</u>	<u>2008 (1)</u>
\$ -	\$ -	\$ -	\$ 18,597,932	\$ 33,347,378	\$ 32,696,069
-	-	-	40,578,285	37,785,903	46,354,662
<u>2,811,900</u>	<u>4,792,583</u>	<u>3,405,416</u>	-	-	-
11,072,259	10,793,684	11,018,457	-	-	-
-	6,491,029	5,000,000	-	-	-
<u>4,359,928</u>	<u>6,581,657</u>	<u>20,839,274</u>	-	-	-
<u>18,244,087</u>	<u>28,658,953</u>	<u>40,263,147</u>	<u>59,176,217</u>	<u>71,133,281</u>	<u>79,050,731</u>
-	-	-	17,927,077	23,952,700	30,009,892
688,959	676,195	787,743	-	-	-
3,994,496	10,766,010	12,059,936	-	-	-
-	-	-	-	-	-
<u>4,683,455</u>	<u>11,442,205</u>	<u>12,847,679</u>	<u>17,927,077</u>	<u>23,952,700</u>	<u>30,009,892</u>
<u>\$ 22,927,542</u>	<u>\$ 40,101,158</u>	<u>\$ 53,110,826</u>	<u>\$ 77,103,294</u>	<u>\$ 95,085,981</u>	<u>\$ 109,060,623</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues				
City of Memphis	\$ 1,487,282	\$ 2,057,999	\$ 8,225,000	\$ 193,746
Shelby County	476,996,206	470,850,728	436,419,011	557,773,447
State of Tennessee	496,575,673	496,372,684	506,266,991	634,426,006
Federal Government	254,104,828	212,776,689	217,151,945	201,163,016
Other local sources	30,777,524	37,578,871	38,658,960	45,249,153
Other Financing Sources				
Sale of capital assets	1,213,304	1,162,517	9,876,840	-
Transfer	-	2,476,301	-	-
Total revenues and other financing sources	<u>1,261,154,817</u>	<u>1,223,275,789</u>	<u>1,216,598,747</u>	<u>1,438,805,368</u>
Expenditures				
Current:				
Instruction	554,770,157	534,066,290	579,675,810	768,659,704
Instructional support	69,431,550	63,228,036	80,727,562	52,124,810
Student support	66,686,395	65,442,003	61,607,873	106,787,831
Office of principal	58,135,852	59,716,869	62,360,125	82,887,768
General administration	18,443,429	20,041,160	22,072,062	26,488,469
Fiscal services	5,970,264	5,830,201	5,566,517	7,855,712
Other support services	49,513,465	42,585,209	40,666,176	33,621,393
Student transportation	25,833,584	27,805,235	30,278,585	34,924,072
Plant services	81,827,632	80,500,375	90,225,740	105,716,725
Community service	53,906,719	49,889,659	41,943,284	22,176,468
Charter school	111,283,036	94,408,523	81,234,455	66,987,992
Retiree benefits	34,595,674	34,700,842	31,961,282	30,164,526
Food service	88,329,561	80,474,957	73,398,313	76,549,491
Debt Service:				
Principal	72,267	547,385	547,383	547,383
Interest	347	2,628	2,628	111,556
Capital outlay	24,357,514	37,466,921	9,205,555	11,195,512
Other Financing Uses				
Transfer	3,077,819	5,408,646	19,500,000	-
Total expenditures and other financing uses	<u>1,246,235,265</u>	<u>1,202,114,939</u>	<u>1,230,973,350</u>	<u>1,426,799,412</u>
Net change in fund balances	<u>\$ 14,919,552</u>	<u>\$ 21,160,850</u>	<u>\$ (14,374,603)</u>	<u>\$ 12,005,956</u>
Debt service as a percentage of noncapital expenditures	0.01%	0.05%	0.05%	0.05%

Source: Shelby County Schools Financial Statements

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
121,482,108	128,191,254	124,721,112	114,999,020	126,992,203	141,072,601
188,985,681	185,490,183	181,536,876	177,946,262	172,343,479	166,457,012
31,115,853	40,212,975	36,918,593	33,548,078	26,260,572	23,069,928
49,953,953	68,922,213	71,111,264	68,756,853	75,284,517	72,265,054
-	-	-	-	-	-
-	-	-	-	-	-
<u>391,537,595</u>	<u>422,816,625</u>	<u>414,287,845</u>	<u>395,250,213</u>	<u>400,880,771</u>	<u>402,864,595</u>
241,436,952	245,510,326	241,646,844	242,803,311	229,570,364	219,055,449
-	-	-	-	-	-
26,072,011	13,298,824	13,737,572	12,609,467	12,730,436	12,817,333
9,907,762	25,531,111	25,622,652	24,870,680	24,457,874	22,206,918
5,471,541	9,411,529	10,551,602	11,001,290	9,989,857	15,802,139
51,488,014	4,810,908	4,506,823	4,181,690	3,916,373	3,478,641
13,599,321	55,757,634	53,469,473	51,626,205	49,100,493	33,919,912
26,523,343	13,821,831	16,473,843	13,547,018	12,861,583	15,261,734
1,156,041	27,587,135	27,345,262	26,383,747	26,548,983	25,531,497
-	1,232,331	1,191,489	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,668,835	16,145,023	17,174,955	15,796,977	15,888,590	14,885,498
-	-	-	-	-	-
-	-	-	-	-	-
9,038,510	23,510,909	27,234,560	14,426,192	30,294,003	31,323,342
-	-	-	-	-	-
<u>402,362,330</u>	<u>436,617,561</u>	<u>438,955,075</u>	<u>417,246,577</u>	<u>415,358,556</u>	<u>394,282,463</u>
<u>\$ (10,824,735)</u>	<u>\$ (13,800,936)</u>	<u>\$ (24,667,230)</u>	<u>\$ (21,996,364)</u>	<u>\$ (14,477,785)</u>	<u>\$ 8,582,132</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Fiscal Year</u>	<u>Unreserved General Fund Balance (1)</u>	<u>Unassigned General Fund Balance</u>	<u>Expenditures and other uses</u>	<u>Unreserved General Fund Balance as percentage of expenditures and other uses</u>	<u>Unassigned General Fund Balance as a percentage of expenditures and other uses</u>
2008	46,354,662	-	322,811,112	14.36%	
2009	37,785,903	-	345,030,016	10.95%	
2010	40,578,285	-	356,569,488	11.38%	
2011	-	20,839,274	361,832,220		5.76%
2012	-	6,581,657	357,903,038		1.84%
2013	-	4,359,928	353,614,591		1.23%
2014	-	108,369,481	1,169,051,189		9.27%
2015	-	59,927,330	980,279,789		6.11%
2016	-	110,630,318	927,370,840		11.93%
2017	-	88,215,976	952,963,495		9.26%

Note:

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

Revenue Capacity

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

Fiscal Year	Tax Year	Real Property		Personal Property
		Farm and Residential (25%)	Commercial and Industrial (40%)	Commercial and Industrial (30%)
		Assessed Value	Assessed Value	Assessed Value
2008	2007	10,018,623,775	5,439,860,370	1,286,578,685
2009	2008	10,259,997,845	5,530,133,410	1,402,492,320
2010	(d) 2009	10,954,449,590	6,285,548,950	1,468,617,700
2011	2010	10,794,438,245	6,116,755,995	1,388,887,495
2012	2011	10,721,303,794	5,828,574,575	1,380,179,795
2013	2012	10,649,905,970	5,660,543,555	1,438,945,120
2014	(d) 2013	9,588,110,655	5,919,308,700	1,533,153,805
2015	2014	9,553,959,920	5,650,045,415	1,473,774,000
2016	2015	9,595,800,610	5,701,519,115	1,426,582,015
2017	2016	9,658,521,795	5,751,939,895	1,461,401,325

Percentage of Total

2008	56.54%	30.70%	7.26%
2009	56.72%	30.57%	7.75%
2010	55.73%	31.98%	7.47%
2011	55.89%	31.67%	7.19%
2012	56.43%	30.68%	7.26%
2013	56.50%	30.03%	7.63%
2014	52.78%	32.58%	8.44%
2015	53.18%	31.45%	8.20%
2016	53.49%	31.78%	7.95%
2017	53.35%	31.77%	8.07%

- (a) Public Utilities information is based on information received from the State of Tennessee Comptroller of the Treasury assessments.
- (b) Assessed value is the most current tax value prepared by the County Assessor of Property as of each year-end.
- (c) The State of Tennessee tax statutes classify property as follows for computing assessed valuations:

Real Estate-Residential and Farms	25% of actual value
Real Estate-Commercial and Industrial	40% of actual value
Personal Property-Commercial and Industrial	30% of actual value
Public Utilities	55% of actual value
- (d) The effect of property reappraisals are reflected in FY 2010, 2014.

**SHELBY COUNTY
BOARD OF EDUCATION**

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

Public Utilities		Total			
Assessed Value (a)	Assessed Value (b)	Estimated Actual Value	Assessed Value as a % of Actual Value	Total Direct Tax Rate	
975,529,145	17,720,591,975	59,900,899,755	29.58%	4.04	
896,680,554	18,089,304,129	61,383,315,080	29.47%	4.04	
948,762,385	19,657,378,625	66,374,654,928	29.62%	4.02	
1,012,006,455	19,312,088,190	65,216,500,736	29.61%	4.02	
1,069,425,931	18,999,484,095	64,287,973,983	29.55%	4.02	
1,098,465,902	18,847,860,547	63,834,911,731	29.53%	4.02	
1,125,314,171	18,165,887,331	60,586,935,365	29.98%	4.38	
1,289,100,925	17,966,880,260	59,884,233,964	30.00%	4.37	
1,215,978,130	17,939,879,870	59,897,289,027	29.95%	4.37	
1,230,992,434	18,102,855,449	60,418,966,162	29.96%	4.37	
5.50%	100.00%	100.00%			
4.96%	100.00%	100.00%			
4.82%	100.00%	100.00%			
5.25%	100.00%	100.00%			
5.63%	100.00%	100.00%			
5.84%	100.00%	100.00%			
6.20%	100.00%	100.00%			
7.17%	100.00%	100.00%			
6.78%	100.00%	100.00%			
6.81%	100.00%	100.00%			

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

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal Year	Tax Rates Per \$100 Assessed Value				Shelby County Schools Percent of County Allocation	Tax Levies
	Tax Year	County	County Allocation to Schools	County		
2007	2006	4.04	2.02	29.18%	700,035,777	
2008	2007	4.04	2.02	30.43%	712,198,714	
2009	2008	4.04	2.02	30.78%	727,370,529	
2010	2009	4.02	1.98	31.34%	756,953,165	
2011	2010	4.02	1.90	30.94%	748,242,682	
2012	2011	4.02	1.91	30.76%	748,024,787	
2013	2012	4.02	1.91	31.06%	747,755,679	
2014	2013	4.38	2.14	100.00%	775,676,738	
2015	2014	4.37	2.14	79.25%	778,641,703	
2016	2015	4.37	2.14	78.62%	780,513,345	
2017	2016	4.37	2.14	77.92%	787,557,182	

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

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

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

Name of Taxpayer	2017		Percentage of Total Taxable Assessed Value
	Taxable Assessed Value	Rank	
FedEx Express Corporation	\$ 737,048,659	1	4.07%
Bellsouth Telecommunications Inc.	102,091,881	2	0.56%
AMISUB (SFH) Inc.	66,712,445	3	0.37%
AT&T Mobility LLC	64,055,701	4	0.35%
Highwoods Realty LP	63,746,880	5	0.35%
Kroger Companies	61,126,400	6	0.34%
G&I VII Retail Carriage LLC (and related divs)	60,166,600	7	0.33%
Galleria at Wolfchase, LLC	58,308,260	8	0.32%
Lightman Michael A (and affiliated LPs)	57,292,330	9	0.32%
Smith & Nephews Inc.	51,279,601	10	0.28%
Belz Investco GP			
Prolois			
Wal-Mart			
Cingular Wireless			
Carriage Avenue			
Mid-America Apts LP			
Total Assessed Valuation of Top Ten Taxpayers	1,321,828,757		7.30%
Balance of Assessed Valuation	16,781,026,692		92.70%
Total Assessed Valuation	<u>\$ 18,102,855,449</u>		<u>100.00%</u>

**SHELBY COUNTY
BOARD OF EDUCATION**

Name of Taxpayer	2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
FedEx Express Corporation	\$ 449,118,508	1	2.53%
Bellsouth Telecommunications Inc.	158,907,924	2	0.90%
AMISUB (SFH) Inc.	38,720,000	9	0.22%
AT&T Mobility LLC			0.00%
Highwoods Realty LP			0.00%
Kroger Companies			0.00%
G&I VII Retail Carriage LLC (and related divs)			0.00%
Galleria at Wolfchase, LLC	53,311,870	4	0.30%
Lightman Michael A (and affiliated LPs)			0.00%
Smith & Nephews Inc.			0.00%
Belz Investco GP	76,971,365	3	0.43%
Prolois	44,018,240	5	0.25%
Wal-Mart	43,631,640	6	0.25%
Cingular Wireless	43,424,027	7	0.25%
Carriage Avenue	40,934,165	8	0.23%
Mid-America Apts LP	37,152,040	10	0.21%
Total Assessed Valuation of Top Ten Taxpayers	986,189,779		5.57%
Balance of Assessed Valuation	16,734,402,196		94.43%
Total Assessed Valuation	<u>\$ 17,720,591,975</u>		<u>100.00%</u>

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Debt Capacity



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

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal year	Governmental activities			Total primary government	Percentage of personal income	Per capita
	ENA Claims	State of Tennessee QZAB (Bonds)	Capital leases			
2014	\$ 6,870,022	\$ 1,311,568	-	\$ 8,181,590	N/A	N/A
2015	-	764,184	-	764,184	N/A	N/A
2016	-	216,799	-	216,799	N/A	N/A
2017	-	144,532	-	144,532	N/A	N/A

Notes: N/A = not available

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

DEBT CAPACITY

Comparison of Bonded Debt to

Assessed Value, Estimated Actual Value and Population

Last ten fiscal years ending June 30

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Fiscal year</u>	<u>Bonded debt</u>	<u>Assessed Value</u>	<u>Percent of bonded debt to assessed value</u>	<u>Estimated Actual Value</u>	<u>Percent of bonded debt to estimated actual value</u>	<u>Population</u>	<u>Per capita bonded debt</u>
2008	-	17,720,591,975	—	59,900,899,755	—	920,685	—
2009	-	18,089,304,129	—	61,383,315,080	—	922,541	—
2010	-	19,657,378,625	—	66,374,654,928	—	928,618	—
2011	-	19,312,088,190	—	65,216,500,736	—	933,529	—
2012	-	18,999,484,095	—	64,287,973,983	—	939,672	—
2013	-	18,847,860,547	—	63,834,911,731	—	939,074	—
2014	1,311,568	18,165,887,331	0.01	60,586,935,365	0.00	938,405	N/A
2015	764,184	17,966,880,260	0.00	59,884,233,964	0.00	938,069	N/A
2016	216,799	17,939,879,870	0.00	59,897,289,027	0.00	934,603	N/A
2017	144,532	18,102,855,449	0.00	60,418,966,162	0.00	N/A	N/A

Notes: N/A = not available

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Fiscal Year</u>	<u>Debt Service Expenditures</u>	<u>Non-Capital Expenditures</u>	<u>Percentage of Debt Service to Non-Capital Expenditures</u>
2008	\$ -	\$ 360,009,011	0.00%
2009	-	324,388,914	0.00%
2010	-	368,898,224	0.00%
2011	-	405,372,539	0.00%
2012	-	388,062,941	0.00%
2013	-	370,786,207	0.00%
2014	658,939	1,418,058,610	0.05%
2015	550,011	1,221,331,140	0.05%
2016	550,013	1,164,192,833	0.05%
2017	72,614	1,217,388,292	0.01%

Source: Shelby County Schools Financial Statements

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Demographic and Economic Information



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

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal Year	Population	Personal income (in thousands)	Per Capita Personal Income	Unemployment Rate
2008	920,685	36,928,724	40,110	7.0%
2009	922,541	35,471,764	38,450	10.1%
2010	928,618	36,711,896	39,534	10.1%
2011	933,529	38,439,044	41,176	9.9%
2012	939,672	40,257,876	42,842	9.1%
2013	939,074	39,873,746	42,461	9.7%
2014	938,405	41,016,892	43,709	7.9%
2015	938,069	42,356,302	45,153	6.6%
2016	934,603	N/A	N/A	5.5%
2017	N/A	N/A	N/A	4.4%

Notes: N/A = not available

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
DEMOGRAPHIC AND ECONOMIC INFORMATION
Principal Employers
Current Year and Nine Years Ago

Name of Employer	2017		
	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	4.7%
Tennessee State Government	14,800	2	2.3%
United States Government	13,500	3	2.1%
Shelby County Schools (a)	12,700	4	2.0%
Methodist Le Bonheur Healthcare	10,967	5	1.7%
Naval Support Activity Mid-South	7,500	6	1.2%
Baptist Memorial Health Care Corp.	7,081	7	1.1%
The Kroger Company	6,781	8	1.1%
City of Memphis	6,475	9	1.0%
Wal-Mart Stores Inc.	5,600	10	0.9%
Shelby County Government			
Memphis City Schools (a)			
Harrah's Entertainment, Inc.			
Total	<u>115,404</u>		<u>18.10%</u>

Notes:

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2008			
Name of Employer	Employees	Rank	Percentage of Total City Employment
FedEx Corp	30,000	1	5.14%
Tennessee State Government	5,000	12	0.86%
United States Government	15,000	3	2.57%
Shelby County Schools (a)	5,200	11	0.89%
Methodist Le Bonheur Healthcare	7,369	4	1.26%
Naval Support Activity Mid-South	6,372	8	1.09%
Baptist Memorial Health Care Corp.	6,463	7	1.11%
The Kroger Company	3,500	16	0.60%
City of Memphis	6,667	5	1.14%
Wal-Mart Stores Inc.	6,000	9	1.03%
Shelby County Government	6,513	6	1.12%
Memphis City Schools (a)	15,240	2	2.61%
Harrah's Entertainment, Inc.	5,541	10	0.95%
Total	118,865		20.37%

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Operating Information

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

Fiscal Year	Weighted Full-time Equivalent Average Daily Attendance	Operating Expenditures	Cost Per Pupil	Percentage Change
2008	56,799	362,959,121	6,390	0.10
2009	56,503	385,064,553	6,815	0.07
2010	56,905	402,820,385	7,079	0.04
2011	56,162	411,720,515	7,331	0.04
2012	54,823	413,106,652	7,535	0.03
2013	54,887	393,323,820	7,166	(0.05)
2014	195,359	1,347,956,969	6,900	(0.04)
2015	141,916	1,139,983,329	6,366	(0.08)
2016	139,755	1,069,689,482	6,018	(0.05)
2017	134,203	1,110,522,101	8,275	0.38

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>Expenses</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil-Teacher Ratio</u>
443,715,981	7,812	0.32	2,944	19.29
490,129,501	8,674	0.11	2,998	18.85
451,620,707	7,936	(0.09)	3,066	18.56
469,908,036	8,367	0.05	3,036	18.50
478,451,554	8,727	0.04	3,040	18.03
454,970,867	8,289	(0.05)	2,930	18.73
1,770,738,709	9,064	0.09	6,808	28.70
1,273,645,077	8,975	(0.01)	7,355	19.30
1,209,751,594	8,656	(0.04)	6,380	21.91
1,264,632,521	9,423	0.09	6,423	20.89

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

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

**SHELBY COUNTY
BOARD OF EDUCATION**

Fiscal Year	Shelby County Schools		Memphis City / Municipal Schools	
	Weighted Full-time Equivalent Average Daily Attendance	Percent of Total	Weighted Full-time Average Daily Attendance	Percent of Total
2008	56,799	30.43%	129,872	69.57%
2009	56,503	30.78%	127,073	69.22%
2010	56,905	31.34%	124,691	68.66%
2011	56,162	30.94%	125,369	69.06%
2012	54,823	30.76%	123,400	69.24%
2013	54,887	31.06%	121,806	68.94%
2014	195,359	100.00%	N/A	N/A
2015	141,916	79.25%	37,164	20.75%
2016	139,755	78.62%	37,997	21.38%
2017	134,203	77.92%	38,026	22.08%

Notes:

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

STATISTICAL AND OTHER INFORMATION (UNAUDITED)
OPERATING INFORMATION

Staff by Type

Last ten fiscal years ending June 30

	<u>2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013</u>
Full Time Staff					
Officials/Administration/Management	166	156	138	179	29
Principals	159	168	178	226	51
Assistant Principals, Non-Teachers	173	183	188	301	119
Elementary Classroom Teachers	2,355	2,380	2,486	3,401	2,063
Secondary Classroom Teachers	1,859	1,912	2,037	3,069	836
Other Classroom Teachers	2,209	2,087	2,070	2,740	31
Guidance	243	263	255	348	125
Psychological	44	47	48	63	9
Librarian/Audiovisual	158	174	191	244	55
Consultants/Supervisors	75	70	49	54	35
Other Professional	384	343	298	354	186
Teachers Aides	739	626	636	872	574
Technicians	111	118	120	138	-
Clerical/Secretarial	693	689	694	1,068	320
Service Workers	100	99	99	100	759
Skilled Crafts	118	130	146	225	156
Laborers Unskilled	172	184	209	472	-
Totals	<u>9,758</u>	<u>9,630</u>	<u>9,841</u>	<u>13,852</u>	<u>5,348</u>
Part-Time Staff					
Totals	86	13	22	68	57
New Hires					
Totals	N/A	N/A	N/A	N/A	488

N/A - Not available

Note:

(1) Updated for actual staffing levels.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
28	23	161	27	26
51	51	52	51	51
121	120	123	124	117
2,145	2,141	2,199	2,153	2,144
868	867	835	813	774
28	28	32	31	27
123	122	122	118	105
9	9	9	8	8
58	59	60	58	56
36	30	27	23	13
186	152	153	145	133
606	614	624	607	553
-	-	-	-	-
384	354	360	361	338
679	594	659	740	684
158	147	151	151	155
-	-	-	-	-
<u>5,480</u>	<u>5,311</u>	<u>5,567</u>	<u>5,410</u>	<u>5,184</u>
56	65	92	94	84
N/A	N/A	N/A	N/A	N/A

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
A. B. Hill ES (2002)				
Square Feet	79,293	79,293	79,293	79,293
Classrooms	43	43	43	43
Design Capacity	860	860	860	860
Enrollment	207	296	229	243
A. Maceo Walker MS (2002)				
Square Feet	136,253	136,253	136,253	136,253
Classrooms	47	47	47	47
Design Capacity	1116	1116	1116	1116
Enrollment	651	665	631	419
Administration Building (1962)				
Square Feet	172,942	172,942	172,942	172,942
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Airways MS (1968)				
Square Feet	139,338	139,338	139,338	139,338
Classrooms	33	33	33	33
Design Capacity	Functions as Alternative School	Functions as Alternative School	823	823
Enrollment	Functions as Alternative School	Functions as Alternative School	289	260
Alcy ES (1965)				
Square Feet	60,313	60,313	60,313	60,313
Classrooms	30	30	30	30
Design Capacity	600	600	600	600
Enrollment	212	226	284	293
Alton ES (1969)				
Square Feet	55,934	55,934	55,934	55,934
Classrooms	30	30	30	30
Design Capacity	600	600	600	600
Enrollment	242	278	311	301
Alturia ES (1976)				
Square Feet	Municipal School	Municipal School	Municipal School	88,321
Classrooms	Municipal School	Municipal School	Municipal School	55
Design Capacity	Municipal School	Municipal School	Municipal School	1,100
Enrollment	Municipal School	Municipal School	Municipal School	799
American Way MS (2003)				
Square Feet	140,970	140,970	140,970	140,970
Classrooms	46	46	46	46
Design Capacity	1093	1093	1093	1093
Enrollment	685	671	683	672
Appling MS (1995)				
Square Feet	Municipal School	Municipal School	Municipal School	96,000
Classrooms	Municipal School	Municipal School	Municipal School	50
Design Capacity	Municipal School	Municipal School	Municipal School	1,250
Enrollment	Municipal School	Municipal School	Municipal School	590
Arlington ES (1972)				
Square Feet	Municipal School	Municipal School	Municipal School	87,949
Classrooms	Municipal School	Municipal School	Municipal School	58
Design Capacity	Municipal School	Municipal School	Municipal School	1,160
Enrollment	Municipal School	Municipal School	Municipal School	936

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
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88,321	88,321	88,321	88,321	88,321	88,321
55	55	55	55	55	55
1,100	1,100	1,100	1,100	1,100	1,100
787	750	759	753	772	812

96,000	96,000	96,000	96,000	96,000	96,000
50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250
652	706	744	745	706	885

87,949	87,949	87,949	87,949	87,949	87,949
58	58	58	58	58	58
1,160	1,160	1,160	1,160	1,160	1,160
920	935	920	890	1,200	1,133

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Arlington HS (2004)				
Square Feet	Municipal School	Municipal School	Municipal School	327,069
Classrooms	Municipal School	Municipal School	Municipal School	116
Design Capacity	Municipal School	Municipal School	Municipal School	2,320
Enrollment	Municipal School	Municipal School	Municipal School	2,168
Arlington MS (2000)				
Square Feet	Municipal School	Municipal School	Municipal School	91,097
Classrooms	Municipal School	Municipal School	Municipal School	56
Design Capacity	Municipal School	Municipal School	Municipal School	1,400
Enrollment	Municipal School	Municipal School	Municipal School	1,247
Avon-Lennox ES (1956)				
Square Feet	33,242	33,242	33,242	33,242
Classrooms	23	23	23	23
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	138	0	0	0
B.T. Washington HS (1949)				
Square Feet	202,918	202,918	202,918	202,918
Classrooms	37	37	37	37
Design Capacity	834	834	834	964
Enrollment	544	551	570	385
Bailey Station ES (2005)				
Square Feet	Municipal School	Municipal School	Municipal School	113,691
Classrooms	Municipal School	Municipal School	Municipal School	64
Design Capacity	Municipal School	Municipal School	Municipal School	1,280
Enrollment	Municipal School	Municipal School	Municipal School	847
Barret's ES (1960)				
Square Feet	81,021	81,021	81,021	81,021
Classrooms	33	33	33	33
Design Capacity	860	860	860	740
Enrollment	608	638	651	304
Bartlett ES (1990)				
Square Feet	Municipal School	Municipal School	Municipal School	104,630
Classrooms	Municipal School	Municipal School	Municipal School	65
Design Capacity	Municipal School	Municipal School	Municipal School	1,300
Enrollment	Municipal School	Municipal School	Municipal School	872
Bartlett HS (1962)				
Square Feet	Municipal School	Municipal School	Municipal School	220,160
Classrooms	Municipal School	Municipal School	Municipal School	109
Design Capacity	Municipal School	Municipal School	Municipal School	2,180
Enrollment	Municipal School	Municipal School	Municipal School	2,009
Bellevue MS (1928)				
Square Feet	93,972	93,972	93,972	93,972
Classrooms	29	29	29	29
Design Capacity	724	724	724	724
Enrollment	521	478	466	481
Belle Forest Community School (2013)				
Square Feet	106,000	106,000	106,000	106,000
Classrooms	56	56	56	56
Design Capacity	1180	1180	1142	1142
Enrollment	1121	1113	1079	866

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
327,069	327,069	327,069	327,069	327,069	327,069
116	116	116	116	116	116
2,320	2,320	2,320	2,320	2,320	2,320
2,314	2,356	2,408	2,200	2,016	1,880
91,097	91,097	91,097	91,097	91,097	91,097
56	56	56	56	56	56
1,400	1,400	1,400	1,400	1,400	1,400
1,201	1,139	1,115	1,098	1,094	1,359
113,691	113,691	113,691	113,691	113,691	113,691
64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280
909	907	955	901	860	871
81,021	81,021	81,021	81,021	81,021	81,021
33	33	33	33	33	33
660	660	660	660	660	660
302	293	274	264	266	269
104,630	104,630	104,630	104,630	104,630	104,630
65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300
877	841	776	811	889	908
220,160	220,160	220,160	220,160	220,160	220,160
109	109	109	109	109	109
2,180	2,180	2,180	2,180	2,180	2,180
1,840	1,660	1,538	1,478	1,434	1,560
106,000					
56					
1142					
884					

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Berclair ES (1952)				
Square Feet	46,139	46,139	46,139	46,139
Classrooms	27	27	27	27
Design Capacity	940	540	540	540
Enrollment	572	560	580	596
Bethel Grove ES (1932)				
Square Feet	54,324	54,324	54,324	54,324
Classrooms	31	31	31	31
Design Capacity	620	620	620	620
Enrollment	233	233	261	265
Bolton HS (1960)				
Square Feet	293,200	293,200	293,200	293,200
Classrooms	106	106	106	106
Design Capacity	2,450	2,450	2,450	2,597
Enrollment	1167	1497	1860	1,943
Bond Building (1984)				
Square Feet	57,600	57,600	57,600	57,600
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Bon Lin ES (2005)				
Square Feet	Municipal School	Municipal School	Municipal School	110,658
Classrooms	Municipal School	Municipal School	Municipal School	63
Design Capacity	Municipal School	Municipal School	Municipal School	1,260
Enrollment	Municipal School	Municipal School	Municipal School	837
Bon Lin MS (2008)				
Square Feet	Municipal School	Municipal School	Municipal School	111,442
Classrooms	Municipal School	Municipal School	Municipal School	52
Design Capacity	Municipal School	Municipal School	Municipal School	1,300
Enrollment	Municipal School	Municipal School	Municipal School	614
Brookmeade ES (1960)				
Square Feet	52,991	52,991	52,991	52,991
Classrooms	27	27	27	27
Design Capacity	ASD School	ASD School	540	540
Enrollment	ASD School	ASD School	294	281
Brownsville Rd ES (1964)				
Square Feet	66,545	66,545	66,545	66,545
Classrooms	44	44	44	44
Design Capacity	880	880	880	880
Enrollment	566	544	587	607
Bruce ES (1999)				
Square Feet	68,491	68,491	68,491	68,491
Classrooms	37	37	37	37
Design Capacity	740	740	740	740
Enrollment	450	320	314	337
Caldwell ES (1956)	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School
Square Feet	104656	104656	104656	104,656
Classrooms	66	66	66	66
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed Leased to Charter School

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
293,200	293,200	293,200	293,200	293,200	293,200
103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060
1,942	1,940	1,956	1,847	1,877	1,975
110,658	110,658	110,658	110,658	110,658	110,658
63	63	63	63	63	63
1,260	1,260	1,260	1,260	1,260	1,260
830	808	874	833	766	762
111,442	111,442	111,442	111,442	111,442	
52	52	52	52	52	
1,300	1,300	1,300	1,300	1,300	
613	654	673	669	549	

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.	Caldwell ES combined with Guthrie ES in 2011.
Caldwell-Guthrie ES (2000)				
Square Feet	78,829	78,829	78,829	78,829
Classrooms	42	42	42	42
Design Capacity	ASD School	840	840	840
Enrollment	ASD School	432	460	287
Carnes ES (1951)				
Square Feet	74,000	74,000	74,000	74,000
Classrooms	38	38	38	38
Design Capacity	760	760	760	760
Enrollment	259	240	242	250
Carver HS (1958)	Converted to Alternative			
Square Feet	167,088	167,088	167,088	167,088
Classrooms	43	43	43	43
Design Capacity	Functions as Alternative School	1068	1068	1120
Enrollment	Functions as Alternative School	189	237	326
Central HS (1911)				
Square Feet	283,230	283,230	283,230	283,230
Classrooms	71	71	71	71
Design Capacity	1740	1740	1740	1740
Enrollment	1563	1585	1637	1595
Central Office East (1965)				
Square Feet	13,642	13,642	13,642	13,642
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Central Office Grays Creek (2012)				
Square Feet	225,586	225,586	225,586	225,586
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Central Office West (1968)				
Square Feet	27,364	27,364	27,364	27,364
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Charjean ES (1950)				
Square Feet	39,352	39,352	39,352	39,352
Classrooms	24	24	24	24
Design Capacity	480	480	480	480
Enrollment	409	344	386	415
Cherokee ES (1951)				
Square Feet	61,286	61,286	61,286	61,286
Classrooms	43	43	43	43
Design Capacity	860	860	860	860
Enrollment	462	513	477	431
Chickasaw MS (1971)				
Square Feet	138,044	138,044	138,044	138,044
Classrooms	32	32	32	32
Design Capacity	798	798	798	798
Enrollment	241	396	434	472

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
Caldwell ES combined with Guthrie ES in 2011.					
13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration	13,642 N/A Not Available Administration
225,586 N/A Not Available Administration	225,586 N/A Not Available Administration				
27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration	27,364 N/A Not Available Administration

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Chimneyrock ES				
Square Feet	90,611	90,611	90,611	90,611
Classrooms	50	50	50	50
Design Capacity	1,240	1,000	1,000	1,000
Enrollment	838	739	797	809
Coleman ES (1910)				
Square Feet	118,617	118,617	118,617	118,617
Classrooms	32	32	32	32
Design Capacity	ASD School	ASD School	ASD School	653
Enrollment	ASD School	ASD School	ASD School	449
Collierville ES (1968)				
Square Feet	Municipal School	Municipal School	114,081	114,081
Classrooms	Municipal School	Municipal School	66	66
Design Capacity	Municipal School	Municipal School	Municipal School	1,320
Enrollment	Municipal School	Municipal School	Municipal School	759
Collierville HS (1975)				
Square Feet	Municipal School	Municipal School	Municipal School	281,172
Classrooms	Municipal School	Municipal School	Municipal School	107
Design Capacity	Municipal School	Municipal School	Municipal School	2,140
Enrollment	Municipal School	Municipal School	Municipal School	1,922
Collierville MS (2011)				
	New building constructed in 2011.	New building constructed in 2011.	New building constructed in 2011.	New building constructed in 2011.
Square Feet	Municipal School	Municipal School	Municipal School	114,865
Classrooms	Municipal School	Municipal School	Municipal School	54
Design Capacity	Municipal School	Municipal School	Municipal School	1,350
Enrollment	Municipal School	Municipal School	Municipal School	843
Colonial MS (2009)				
Square Feet	153,438	153,438	153,438	153,438
Classrooms	52	52	52	52
Design Capacity	1,235	1,235	1,235	1,235
Enrollment	1056	1045	1078	1,043
Cordova ES (2002)				
				Includes Middle School enrollment in early years
Square Feet	88,164	88,164	88,164	88,164
Classrooms	46	46	46	46
Design Capacity	1120	920	920	920
Enrollment	817	637	673	628
Cordova HS				
				Annexed by the City of Memphis in 2005.
Square Feet	278,000	278,000	278,000	278,000
Classrooms	107	107	107	107
Design Capacity	2,548	2,548	2,548	2,622
Enrollment	2289	2035	2011	1,694
Cordova MS (1993)				
				Was K-8 until elementary school built in 2002-03
Square Feet	147,873	147,873	147,873	147,873
Classrooms	62	62	62	62
Design Capacity	1,473	1,473	1,473	1,473
Enrollment	663	692	763	784

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
114,081	114,081	114,081	114,081	114,081	114,081
66	66	66	66	66	66
1,320	1,320	1,320	1,320	1,320	1,320
754	762	775	756	799	783
281,172	281,172	281,172	281,172	281,172	281,172
107	107	107	107	107	107
2,140	2,140	2,140	2,140	2,140	2,140
1,973	1,939	1,884	1,953	1,989	2,045
114,865	114,865	114,865	114,865	114,865	114,865
54	54	54	54	54	54
1,350	1,350	1,350	1,350	1,350	1,350
890	878	901	915	891	925

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Corning ES (1968)	ASD School	ASD School	ASD School	ASD School
Square Feet	47,149	47,149	47,149	47,149
Classrooms	22	22	22	22
Design Capacity	ASD School	ASD School	ASD School	ASD School
Enrollment	ASD School	ASD School	ASD School	ASD School
Corry MS (1959)	ASD School	ASD School	ASD School	
Square Feet	101,247	101,247	101,247	101,247
Classrooms	34	34	34	34
Design Capacity	ASD School	ASD School	ASD School	813
Enrollment	ASD School	ASD School	ASD School	268
Craigmont HS (1973)				
Square Feet	324,517	324,517	324,517	324,517
Classrooms	63	63	63	63
Design Capacity	1,589	1,589	1,589	1,641
Enrollment	860	914	1025	984
Craigmont MS (2001)				
Square Feet	148,352	148,352	148,352	148,352
Classrooms	48	48	48	48
Design Capacity	1140	1140	1140	1140
Enrollment	557	601	654	663
Cromwell ES (1963)				
Square Feet	45,580	45,580	45,580	45,580
Classrooms	39	39	39	39
Design Capacity	780	780	780	780
Enrollment	506	542	492	589
Crosswind ES (1993)				
Square Feet	Municipal School	Municipal School	Municipal School	90,629
Classrooms	Municipal School	Municipal School	Municipal School	52
Design Capacity	Municipal School	Municipal School	Municipal School	1,040
Enrollment	Municipal School	Municipal School	Municipal School	722
Crump ES (1978)				
Square Feet	60,483	60,483	60,483	60,483
Classrooms	49	49	49	49
Design Capacity	980	980	980	980
Enrollment	584	693	756	818
Cummings ES (1961)				
Square Feet	120,729	120,729	120,729	120,729
Classrooms	38	38	38	38
Design Capacity	760	760	760	760
Enrollment	371	494	540	556
Cypress MS (1966)	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	
Square Feet	216,171	216,171	216,171	216,171
Classrooms	56	56	56	56
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	1,338
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	232
Delano ES (1957)				
Square Feet	34,000	34,000	34,000	34,000
Classrooms	16	16	16	16
Design Capacity	320	320	320	320
Enrollment	276	222	242	215

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SHELBY COUNTY
BOARD OF EDUCATION

2013

2012

2011

2010

2009

2008

90,629
52
1,040
711

90,629
52
1,040
733

90,629
52
1,040
770

90,629
52
1,040
770

90,629
52
1,040
764

90,629
52
1,040
760

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Denver ES (1957)				
Square Feet	47,093	47,093	47,093	47,093
Classrooms	46	46	46	46
Design Capacity	ASD School	ASD School	920	920
Enrollment	ASD School	ASD School	561	567
Dexter ES (2002)				
Square Feet	119,082	119,082	119,082	119,082
Classrooms	62	62	62	65
Design Capacity	1,240	1,240	1,240	1,240
Enrollment	904	729	659	574
Dexter MS (2002)				
Square Feet	112,072	112,072	112,072	112,072
Classrooms	50	50	50	50
Design Capacity	1,248	1,248	1,248	1,248
Enrollment	375	478	516	386
Dogwood ES (1976)				
Square Feet	Municipal School	Municipal School	Municipal School	88,000
Classrooms	Municipal School	Municipal School	Municipal School	50
Design Capacity	Municipal School	Municipal School	Municipal School	1,000
Enrollment	Municipal School	Municipal School	Municipal School	623
Donelson ES (2009)				
Square Feet	Municipal School	Municipal School	Municipal School	113,202
Classrooms	Municipal School	Municipal School	Municipal School	65
Design Capacity	Municipal School	Municipal School	Municipal School	1,300
Enrollment	Municipal School	Municipal School	Municipal School	601
Double Tree ES (1977)				
Square Feet	51,144	51,144	51,144	51,144
Classrooms	Open Classroom	Open Classroom	Open Classroom	Open Classroom
Design Capacity	560	560	560	640
Enrollment	316	304	340	413
Douglass ES (1965)				
Square Feet	93,447	93,447	93,447	93,447
Classrooms	42	42	42	44
Design Capacity	840	840	840	929
Enrollment	398	398	458	353
	310			
Douglass HS (2008)				
Square Feet	146,568	146,568	146,568	146,568
Classrooms	35	35	35	35
Design Capacity	912	912	912	912
Enrollment	482	454	515	560
Downtown ES (2003)				
Square Feet	84,070	84,070	84,070	84,070
Classrooms	45	45	45	45
Design Capacity	900	900	900	900
Enrollment	686	541	528	567
Driver Ed Building (2006)				
Square Feet	3,200	3,200	3,200	3,200
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
119,082	119,082	119,082	119,082	119,082	119,082
65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300
568	552	594	936	960	962
112,072	112,072	112,072	112,072	112,072	112,072
53	53	53	53	53	53
1,325	1,325	1,325	1,325	1,325	1,325
411	452	618	668	698	681
88,000	88,000	88,000	88,000	88,000	88,000
50	50	50	50	50	50
1,000	1,000	1,000	1,000	1,000	1,000
597	586	620	634	654	709
113,202	113,202	113,202	113,202		
65	65	65	65		
1,300	1,300	1,300	1,300		
613	592	591	533		

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Dunbar ES (1956)				
Square Feet	55,155	55,155	55,155	55,155
Classrooms	30	30	30	30
Design Capacity	600	600	600	600
Enrollment	280	295	286	329
	312			
Dunn ES (1952)	Facility Sold	Facility Sold	Facility Sold	
Square Feet	Facility Sold	Facility Sold	Facility Sold	41,233
Classrooms	Facility Sold	Facility Sold	Facility Sold	22
Design Capacity	Facility Sold	Facility Sold	Facility Sold	Not Available
Enrollment	Facility Sold	Facility Sold	Facility Sold	Vacant
East HS (1948)				
Square Feet	189,493	189,493	189,493	189,493
Classrooms	61	61	61	61
Design Capacity	1,589	1,589	1,589	1,589
Enrollment	436	553	581	763
East Career & Technology				
Square Feet	53,200	53,200	53,200	53,200
Classrooms	22	22	22	22
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Not Available	Not Available	Not Available	Not Available
Egypt ES (1964)				
Square Feet	57,636	57,636	57,636	57,636
Classrooms	41	41	41	41
Design Capacity	820	820	820	820
Enrollment	497	536	610	623
Ellendale ES (1976)				
Square Feet	Municipal School	Municipal School	Municipal School	84,693
Classrooms	Municipal School	Municipal School	Municipal School	53
Design Capacity	Municipal School	Municipal School	Municipal School	1,060
Enrollment	Municipal School	Municipal School	Municipal School	554
Elmore Park MS (1957)				
Square Feet	Municipal School	Municipal School	Municipal School	109,746
Classrooms	Municipal School	Municipal School	Municipal School	52
Design Capacity	Municipal School	Municipal School	Municipal School	1,300
Enrollment	Municipal School	Municipal School	Municipal School	714
Evans ES (1966)				
Square Feet	67,246	67,246	67,246	67,246
Classrooms	36	36	36	36
Design Capacity	720	720	720	720
Enrollment	450	441	426	591
Fairley ES (1960)				
Square Feet	69,501	69,501	69,501	69,501
Classrooms	39	39	39	39
Design Capacity	Closed 2015-16	780	780	780
Enrollment	Closed 2015-16	499	509	349
Fairley HS (1968)	ASD School	ASD School	ASD School	
Square Feet	189,299	189,299	189,299	189,299
Classrooms	52	52	52	52
Design Capacity	ASD School	ASD School	ASD School	1,253
Enrollment	ASD School	ASD School	ASD School	684

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
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84,693	84,693	84,693	84,693	84,693	84,693
53	53	53	53	53	53
1,060	1,060	1,060	1,060	1,060	1,060
539	555	558	567	564	580
69,943	69,943	69,943	69,943	69,943	69,943
52	52	52	52	52	52
1,300	1,300	1,300	1,300	1,300	1,300
645	639	657	663	661	640

SHELBY COUNTY
BOARD OF EDUCATION

2013	2012	2011	2010	2009	2008
73,908	73,908	73,908	73,908	73,908	73,908
48	48	48	48	48	48
960	960	960	960	960	960
752	740	736	708	672	676

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Georgia Avenue ES (1960)	Closed 2011-2012	Closed 2011-2012	Closed 2011-2012	
Square Feet	143,577	143,577	143,577	143,577
Classrooms	72	72	72	72
Design Capacity	Closed 2011-2012	Not Available	Not Available	Not Available
Enrollment	Closed 2011-2012	A Portion Leased to Charter School	A Portion Leased to Charter School	Closed School
Georgian Hills ES (1951)	ASD School	ASD School	ASD School	ASD School
Square Feet	44,786	44,786	44,786	44,786
Classrooms	24	24	24	24
Design Capacity	ASD School	ASD School	ASD School	ASD School
Enrollment	ASD School	ASD School	ASD School	ASD School
Georgian Hills MS (1959)				
Square Feet	87,069	87,069	87,069	87,069
Classrooms	26	26	26	26
Design Capacity	649	649	649	649
Enrollment	272	287	296	323
Germanshire ES (2001)				
Square Feet	89,228	89,228	89,228	89,228
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	823	775	741	694
Germantown ES (1975)				
Square Feet	84,584	84,584	84,584	84,584
Classrooms	42	42	42	42
Design Capacity	900	900	900	920
Enrollment	632	635	621	755
Germantown HS (1964)				
Square Feet	231,717	231,717	231,717	231,717
Classrooms	104	104	104	104
Design Capacity	2,548	2,548	2,548	2,548
Enrollment	2047	2074	1979	2,009
Germantown MS (1979)				
Square Feet	81,834	81,834	81,834	81,834
Classrooms	41	41	41	41
Design Capacity	974	974	974	974
Enrollment	656	650	615	654
Getwell ES (2001)				
Square Feet	87,025	87,025	87,025	87,025
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	304	361	374	379
Goodlett ES (1964)				
Square Feet	51,813	51,813	51,813	51,813
Classrooms	25	25	25	25
Design Capacity	500	500	500	500
Enrollment	455	459	460	423
Gordon ES (1992)				
Square Feet	86,387	86,387	86,387	86,387
Classrooms	45	45	45	45
Design Capacity	Functions as Alternative School	Functions as Alternative School	Functions as Alternative School	918
Enrollment	Functions as Alternative School	Functions as Alternative School	Functions as Alternative School	255

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
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84,584	84,584	84,584	84,584	84,584	84,584
42	42	42	42	42	42
840	840	840	840	840	840
759	749	791	709	740	755
231,717	231,717	231,717	231,717	231,717	231,717
101	101	101	101	101	101
2,020	2,020	2,020	2,020	2,020	2,020
2,029	2,046	2,000	1,731	1,687	1,664
81,834	81,834	81,834	81,834	81,834	81,834
44	44	44	44	44	44
1,100	1,100	1,100	1,100	1,100	1,100
672	708	697	621	776	779

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Graceland ES (1958)				
Square Feet	Demolished	Demolished	Demolished	Demolished
Classrooms	Demolished	Demolished	Demolished	Demolished
Design Capacity	Demolished	Demolished	Demolished	Demolished
Enrollment	Demolished	Demolished	Demolished	Demolished
Gragg/North Area Office				
Square Feet	85,642	85,642	85,642	85,642
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Grahamwood ES (1953)				
Square Feet	87,612	87,612	87,612	87,612
Classrooms	55	55	55	55
Design Capacity	1,100	1,100	1,100	1,100
Enrollment	975	1019	1007	984
Grandview Hts. ES (1953)	Middle School			
Square Feet	87,612	87,612	87,612	85,810
Classrooms	55	55	55	39
Design Capacity	923	923	1,100	879
Enrollment	411	592	688	533
Graves ES (1953)	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	
Square Feet	52,321	52,321	52,321	52,321
Classrooms	29	29	29	29
Design Capacity	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	592
Enrollment	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	237
E. A. Harrold ES (1961)				
Square Feet	Municipal School	Municipal School	Municipal School	50,200
Classrooms	Municipal School	Municipal School	Municipal School	22
Design Capacity	Municipal School	Municipal School	Municipal School	440
Enrollment	Municipal School	Municipal School	Municipal School	360
Hamilton ES (1964)				
Square Feet	81,740	81,740	81,740	81,740
Classrooms	43	43	43	43
Design Capacity	720	720	720	860
Enrollment	296	474	543	525
Hamilton HS (1972)				
Square Feet	136,797	136,797	136,797	336,151
Classrooms	64	64	64	74
Design Capacity	1,876	1,876	1,597	1,928
Enrollment	741	636	711	808
Hamilton MS (1942)				
Square Feet	136,797	136,797	136,797	136,797
Classrooms	64	64	64	64
Design Capacity	1,597	1,597	1,597	413
Enrollment	251	407	409	252
	276			
Hanley ES (1960)	ASD School	ASD School	ASD School	ASD School
Square Feet	104,224	104,224	104,224	104,224
Classrooms	57	57	57	57
Design Capacity	ASD School	ASD School	ASD School	ASD School
Enrollment	ASD School	ASD School	ASD School	ASD School

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SHELBY COUNTY
BOARD OF EDUCATION

2013

2012

2011

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2008

50,200
22
440
399

50,200
22
440
391

50,200
22
440
392

50,200
22
440
419

50,200
22
440
432

50,200
22
440
399

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Havenview MS (1960)				
Square Feet	104,745	104,745	104,745	104,745
Classrooms	44	44	44	44
Design Capacity	1,045	1,045	1,045	1,045
Enrollment	672	714	717	792
Hawkins Mill ES (1965)				
Square Feet	67,350	67,350	67,350	67,350
Classrooms	36	36	36	36
Design Capacity	720	720	720	720
Enrollment	299	314	315	326
Hickory Ridge ES (2001)				
Square Feet	83,060	83,060	83,060	83,060
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	815	841	853	799
Hickory Ridge MS (2001)				
Square Feet	139,685	139,685	139,685	139,685
Classrooms	47	47	47	47
Design Capacity	1,116	1,116	1,116	1,116
Enrollment	841	866	883	814
Highland Oaks ES (1993)				
Square Feet	107,971	107,971	107,971	107,971
Classrooms	66	66	66	66
Design Capacity	1,260	1,260	1,260	1,260
Enrollment	802	872	963	941
Highland Oaks MS (2009)				
Square Feet	118,130	118,130	118,130	118,130
Classrooms	55	55	55	55
Design Capacity	1,306	1,306	1,306	1,306
Enrollment	753	726	769	835
Hillcrest HS (1962)	ASD School			
Square Feet	169,973	169,973	169,973	169,973
Classrooms	59	59	59	59
Design Capacity	ASD School	1,485	1,485	1,537
Enrollment	ASD School	505	506	561
Hollywood ES (1933)	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	
Square Feet	67,804	67,804	67,804	67,804
Classrooms	34	34	34	34
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Not Available
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Charter School
Holmes Road ES (2001)				
Square Feet	84,633	84,633	84,633	84,633
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	715	550	512	521
Houston HS (1989)				
Square Feet	Municipal School	Municipal School	Municipal School	263,689
Classrooms	Municipal School	Municipal School	Municipal School	111
Design Capacity	Municipal School	Municipal School	Municipal School	2,220
Enrollment	Municipal School	Municipal School	Municipal School	1,865

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
107,971	107,971	107,971	107,971	107,971	107,971
66	66	66	66	66	66
1,320	1,320	1,320	1,320	1,320	1,320
984	960	1,046	1,034	855	875
118,130	118,130	118,130	118,130		
57	57	57	57		
1,425	1,425	1,425	1,425		
895	947	952	953		
263,689	263,689	263,689	263,689	263,689	263,689
111	111	111	111	111	111
2,220	2,220	2,220	2,220	2,220	2,220
1,787	1,678	1,681	1,761	1,953	2,146

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Houston MS (1992)				
Square Feet	Municipal School	Municipal School	Municipal School	92,750
Classrooms	Municipal School	Municipal School	Municipal School	50
Design Capacity	Municipal School	Municipal School	Municipal School	1,250
Enrollment	Municipal School	Municipal School	Municipal School	848
Humes MS (1925)	ASD School	ASD School	ASD School	ASD School
Square Feet	131,301	131,301	131,301	131,301
Classrooms	61	61	61	61
Design Capacity	ASD School	ASD School	ASD School	ASD School
Enrollment	ASD School	ASD School	ASD School	ASD School
Ida B. Wells (1963)				
Square Feet	Alternative School	Alternative School	Alternative School	71,059
Classrooms	Alternative School	Alternative School	Alternative School	17
Design Capacity	Alternative School	Alternative School	Alternative School	Not Available
Enrollment	Alternative School	Alternative School	Alternative School	Not Available
Idlewild ES (1903)				
Square Feet	65,025	65,025	65,025	65,025
Classrooms	33	33	33	33
Design Capacity	660	660	660	660
Enrollment	456	480	471	456
E.E. Jeter ES (1949)				
Square Feet	70,058	70,058	70,058	70,058
Classrooms	27	27	27	27
Design Capacity	540	540	540	540
Enrollment	379	349	330	186
Jackson ES (1957)				
Square Feet	44,568	44,568	44,568	44,568
Classrooms	24	24	24	24
Design Capacity	480	480	480	480
Enrollment	336	346	380	348
John P. Freeman MS (1973)				
Square Feet	98,000	98,000	98,000	98,000
Classrooms	38	38	38	38
Design Capacity	760	760	760	760
Enrollment	539	550	537	592
Kansas Career & Technology (1976)				
Square Feet	49,000	49,000	49,000	49,000
Classrooms	18	18	18	18
Design Capacity	Closed 2015-16	Not Available	Not Available	Not Available
Enrollment	Closed 2015-16			Not Available
Kate Bond ES (1993)				
Square Feet	107,748	107,748	107,748	107,748
Classrooms	58	58	58	58
Design Capacity	1,160	1,160	11,160	1160
Enrollment	949	1097	1061	1,091
Kate Bond MS (2011)				
Square Feet	165,749	165,749	165,749	165,749
Classrooms	64	64	64	64
Design Capacity	1,520	1,520	1,520	1,520
Enrollment	1110	1146	1194	1,213

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
92,750	92,750	92,750	92,750	92,750	92,750
50	50	50	50	50	50
1,250	1,250	1,250	1,250	1,250	1,250
859	890	858	848	803	789

70,058	70,058	70,058	70,058	70,058	70,058
28	28	28	28	28	28
560	560	560	560	560	560
180	175	188	212	213	226

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Keystone ES (1991)				
Square Feet	84,641	84,641	84,641	84,641
Classrooms	39	39	39	39
Design Capacity	780	780	780	780
Enrollment	498	362	399	362
King Cultural Center (1953)				
Square Feet	102,207	102,207	102,207	102,207
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Closed 2015-16	Alternative School	Not Available	Not Available
Enrollment	Closed 2015-16	Alternative School	Not Available	Not Available
Kingsbury ES (1959)				
Square Feet	65,250	65,250	65,250	65,250
Classrooms	36	36	36	36
Design Capacity	720	720	720	720
Enrollment	549	562	555	552
Kingsbury MS				
Square Feet	See Kingsbury HS	See Kingsbury HS	See Kingsbury HS	See Kingsbury HS
Classrooms	29	29	29	29
Design Capacity	736	736	736	689
Enrollment	599	597	646	623
Kingsbury HS (1950)				
Square Feet	219,201	219,201	219,201	219,201
Classrooms	63	63	63	63
Design Capacity	1,563	1,563	1,593	1,641
Enrollment	1365	1173	1132	1,129
Kingsbury Career Technology Center (1976)	Students counted in HS.	Students counted in HS.	Students counted in HS.	Students counted in HS
Square Feet	51,000	51,000	51,000	51,000
Classrooms	21	21	21	21
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment				Not Available
Kirby HS (1980)				
Square Feet	206,224	206,224	206,224	206,224
Classrooms	70	70	70	70
Design Capacity	1,693	1,693	1,693	1,824
Enrollment	1003	991	1114	1,284
Kirby MS (1987)				
Square Feet	85,050	85,050	85,050	85,050
Classrooms	51	51	51	51
Design Capacity	ASD School	1,272	1,272	1,272
Enrollment	ASD School	538	584	604
Klondike ES (1939)		ASD School	ASD School	
Square Feet	85,050	85,050	90,835	90,835
Classrooms	51	51	46	46
Design Capacity	ASD Closed 2015-16	ASD School	ASD School	938
Enrollment	ASD Closed 2015-16	ASD School	ASD School	94
Knight Road ES (1959)				
Square Feet	53,093	53,093	53,093	53,093
Classrooms	35	35	35	35
Design Capacity	700	700	700	700
Enrollment	521	470	476	469

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Lakeland ES (2001)				
Square Feet	Municipal School	Municipal School	Municipal School	115,780
Classrooms	Municipal School	Municipal School	Municipal School	65
Design Capacity	Municipal School	Municipal School	Municipal School	1,300
Enrollment	Municipal School	Municipal School	Municipal School	836
Lakeview ES (1959)	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	
Square Feet	38,793	38,793	38,793	38,793
Classrooms	21	21	21	21
Design Capacity	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	420
Enrollment	Closed. Leased to Charter School	Closed. Leased to Charter School	Closed. Leased to Charter School	Charter School
Lanier MS (1970)	Facility Sold	Facility Sold	Facility Sold	
Square Feet	Facility Sold	Facility Sold	Facility Sold	135,959
Classrooms	Facility Sold	Facility Sold	Facility Sold	29
Design Capacity	Facility Sold	Facility Sold	Facility Sold	693
Enrollment	Facility Sold	Facility Sold	Facility Sold	389
Larose ES (1963)				
Square Feet	94,426	94,426	94,426	94,426
Classrooms	34	34	34	34
Design Capacity	680	680	680	680
Enrollment	340	396	387	392
Lester ES (1955)				
Square Feet	107,896	107,896	107,896	107,896
Classrooms	45	45	45	45
Design Capacity	ASD School	ASD School	1130	1130
Enrollment	ASD School	ASD School	156	257
Levi ES (1992)				
Square Feet	71,179	71,179	71,179	71,179
Classrooms	31	31	31	31
Design Capacity	620	620	620	620
Enrollment	483	491	434	340
Lincoln ES (1923)				
Square Feet	80,080	80,080	80,080	80,080
Classrooms	39	39	39	39
Design Capacity	Closed 2014-2015	Closed 2014-2015	Closed 2014-2015	620
Enrollment	Closed 2014-2015	Closed 2014-2015	Closed 2014-2015	255
Lincoln MS (1922)				
Square Feet	Demolished	Demolished	Demolished	Demolished
Classrooms	Demolished	Demolished	Demolished	Demolished
Design Capacity	Demolished	Demolished	Demolished	Demolished
Enrollment	Demolished	Demolished	Demolished	Demolished
Locke Elementary (1953)				
Square Feet	Demolished	Demolished	Demolished	Demolished
Classrooms	Demolished	Demolished	Demolished	Demolished
Design Capacity	Demolished	Demolished	Demolished	Demolished
Enrollment	Demolished	Demolished	Demolished	Demolished
Longview MS (1954)	Closed 2006-2007	Closed 2006-2007	Closed 2006-2007	
Square Feet	76,211	76,211	76,211	76,211
Classrooms	33	33	33	33
Design Capacity	Closed 2006-2007	Closed 2006-2007	Closed 2006-2007	Not Available
Enrollment	Closed 2006-2007	Closed 2006-2007	Closed 2006-2007	Closed

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BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
115,780	115,780	115,780	115,780	115,780	115,780
65	65	65	65	65	65
1,300	1,300	1,300	1,300	1,300	1,300
805	832	845	864	1,051	1,005

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Lowrance ES (1995)				School name changed from Southwind MS to Lowrance ES in 2010.
Square Feet	112,374	112,374	112,374	112,374
Classrooms	62	62	62	62
Design Capacity	1,240	1,240	1,240	1,240
Enrollment	793	800	833	912
Lucie E. Campbell ES (2003)				
Square Feet	84,740	84,740	84,740	84,740
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	471	503	305	352
Lucy ES (1921)				
Square Feet	102,446	102,446	102,446	102,446
Classrooms	49	49	49	49
Design Capacity	980	980	980	980
Enrollment	338	458	504	686
Macon ES (1955)	Alternative School	Alternative School	Alternative School	
Square Feet	33,051	33,051	33,051	33,051
Classrooms	17	17	17	17
Design Capacity	Alternative School	Alternative School	Alternative School	Not Available
Enrollment	Alternative School	Alternative School	Alternative School	Closed
Macon Hall ES (1997)				
Square Feet	110,481	110,481	110,481	10,481
Classrooms	63	63	63	63
Design Capacity	1,260	1,260	1,260	1,260
Enrollment	1136	1146	1136	1,208
Magnolia ES (1950)				
Square Feet	76,804	76,804	76,804	76,804
Classrooms	43	43	43	43
Design Capacity	860	860	860	860
Enrollment	217	234	267	298
Maintenance (1945)				
Square Feet	389,988	389,988	389,988	389,988
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Mallory Warehouse (1945)				
Square Feet	See Maintenance	See Maintenance	See Maintenance	See Maintenance
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Manassas HS-Old (1936)				
Square Feet	Demolished	Not Available	Not Available	Not Available
Classrooms	Demolished	Not Available	Not Available	Not Available
Design Capacity	Demolished	Not Available	Not Available	Not Available
Enrollment	Demolished	Not Available	Not Available	Not Available
Manassas HS-New (2008)				
Square Feet	151,754	151,754	151,754	151,754
Classrooms	38	38	38	38
Design Capacity	990	990	990	1042
Enrollment	512	340	439	492

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
112,374 65 1,300 897	112,374 65 1,300 896	112,374 65 1,300 896	112,374 65 1,300 895		
102,446 48 960 687	102,446 48 960 630	102,446 48 960 558	102,446 48 960 554	102,446 48 960 570	102,446 48 960 580
93,481 66 1,320 1,151	93,481 66 1,320 1,148	93,481 66 1,320 1,188	93,481 66 1,320 1,110	93,481 66 1,320 1,065	93,481 66 1,320 1,051

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Manor Lake ES (1971)				
Square Feet	65,640	65,640	65,640	65,640
Classrooms	35	35	35	35
Design Capacity	700	700	700	700
Enrollment	281	280	308	354
Maxine Smith STEAM Academy/MCHS	Merged with Middle Collg Merged with Middle Collge (Previously Fairview Middle School)			
Square Feet	95345	95345		
Classrooms	54	54		
Design Capacity	875	875		
Enrollment	339	252	138	
Melrose HS (1970)				
Square Feet	280,000	280,000	280,000	280,000
Classrooms	59	59	59	53
Design Capacity	1,407	1,407	1,407	1,537
Enrollment	575	642	738	859
Messick Career & Technology (1930)				
Square Feet	104,118	104,118	104,118	104,118
Classrooms	44	44	44	44
Design Capacity	Closed 2015-16	Not Available	Not Available	Not Available
Enrollment	Closed 2015-16	Adult	Adult	Not Available
Millington ES (1997)				
Square Feet	Municipal School	Municipal School	Municipal School	115,104
Classrooms	Municipal School	Municipal School	Municipal School	63
Design Capacity	Municipal School	Municipal School	Municipal School	1,260
Enrollment	Municipal School	Municipal School	Municipal School	565
Millington HS (1971)				
Square Feet	Municipal School	Municipal School	Municipal School	309,026
Classrooms	Municipal School	Municipal School	Municipal School	103
Design Capacity	Municipal School	Municipal School	Municipal School	2,060
Enrollment	Municipal School	Municipal School	Municipal School	1,270
Millington MS (1971)				
Square Feet	Municipal School	Municipal School	Municipal School	80,784
Classrooms	Municipal School	Municipal School	Municipal School	30
Design Capacity	Municipal School	Municipal School	Municipal School	750
Enrollment	Municipal School	Municipal School	Municipal School	486
Mitchell HS (1957,2002)				
Square Feet	117,630	117,630	117,630	117,630
Classrooms	45	45	45	45
Design Capacity	1,146	1,146	1,172	1,172
Enrollment	506	516	540	524
Mt. Pisgah MS (2007)				New building constructed in 2007
Square Feet	125,900	125,900	125,900	125,900
Classrooms	59	59	59	59
Design Capacity	1,472	1,472	1,472	1,472
Enrollment	481	488	509	533
Newberry ES (1970)				
Square Feet	45,170	45,170	45,170	45,170
Classrooms	24	24	24	24
Design Capacity	480	480	480	480
Enrollment	441	390	414	416

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
115,104	115,104	115,104	115,104	115,104	115,104
63	63	63	63	63	63
1,260	1,260	1,260	1,260	1,260	1,260
581	598	577	625	617	638
309,026	309,026	309,026	309,026	309,026	309,026
103	103	103	103	103	103
2,060	2,060	2,060	2,060	2,060	2,060
1,347	1,324	1,386	1,456	1,522	1,625
80,784	80,784	80,784	80,784	80,784	80,784
30	30	30	30	30	30
750	750	750	750	750	750
480	469	440	510	505	556
125,900	125,900	125,900	125,900	125,900	125,900
65	65	65	65	65	65
1,625	1,625	1,625	1,625	1,625	1,625
541	600	1,146	1,288	1,232	1,242

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Norris ES (1960)	Closed. Leased to Charter	Closed. Leased to Charter	Closed. Leased to Charter	
Square Feet	52,000	52,000	52,000	52,000
Classrooms	25	25	25	25
Design Capacity	Closed. Leased to Charter	Closed. Leased to Charter	Closed. Leased to Charter	Closed
Enrollment	Closed. Leased to Charter	Closed. Leased to Charter	Closed. Leased to Charter	Closed
North Area Office (1958)				
Square Feet	85,642	85,642	85,642	85,642
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Northhaven ES (1978)				
Square Feet	84,468	84,468	84,468	84,468
Classrooms	43	43	43	44
Design Capacity	860	860	860	860
Enrollment	284	291	472	371
North Side HS (1967)				
Square Feet	293,868	293,868	293,868	293,868
Classrooms	77	77	77	77
Design Capacity	Closed 2015-16	1,980	1,980	2,006
Enrollment	Closed 2015-16	268	284	289
Nutrition Services (2003)				
Square Feet	300,000	300,000	300,000	300,000
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Oak ES (1986)				
Square Feet	Municipal School	Municipal School	Municipal School	106,420
Classrooms	Municipal School	Municipal School	Municipal School	69
Design Capacity	Municipal School	Municipal School	Municipal School	1,380
Enrollment	Municipal School	Municipal School	Municipal School	585
Oak Forest ES (1993)				
Square Feet	87,550	87,550	87,550	87,550
Classrooms	43	43	43	43
Design Capacity	860	860	860	860
Enrollment	465	499	482	499
Oakhaven ES (1956)				
Square Feet	74,500	74,500	74,500	74,500
Classrooms	41	41	41	41
Design Capacity	820	820	820	820
Enrollment	617	622	592	489
Oakhaven HS (1956)				
Square Feet	152,940	152,940	152,940	152,940
Classrooms	28	28	28	28
Design Capacity	703	703	703	729
Enrollment	350	382	416	436
Oakhaven MS				
Square Feet	See Oakhaven HS	See Oakhaven HS	See Oakhaven HS	See Oakhaven HS
Classrooms	18	18	18	18
Design Capacity	449	449	449	449
Enrollment	285	327	305	263

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SHELBY COUNTY
BOARD OF EDUCATION

2013	2012	2011	2010	2009	2008
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84,468	84,468	84,468	84,468	84,468	84,468
44	44	44	44	44	44
880	880	880	880	880	880
368	326	409	424	450	455

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Oakshire ES (1966)				
Square Feet	51,892	51,892	51,892	51,892
Classrooms	31	31	31	31
Design Capacity	620	620	620	620
Enrollment	413	437	486	447
Oakville Mental Health Ctr (1922)				
Square Feet	Demolished	Demolished	Demolished	Demolished
Classrooms	Demolished	Demolished	Demolished	Demolished
Design Capacity	Demolished	Demolished	Demolished	Demolished
Enrollment	Demolished	Demolished	Demolished	Demolished
Orleans ES (1966)				
Square Feet	Demolished	63,888	63,888	63,888
Classrooms	Demolished	29	29	29
Design Capacity	Demolished	Closed 2011-2012	Closed 2011-2012	Closed
Enrollment	Demolished	Closed 2011-2012	Closed 2011-2012	Closed
Overton HS (1959)				
Square Feet	177,940	177,940	177,940	177,940
Classrooms	65	65	65	65
Design Capacity	1,544	1,544	1,544	1,593
Enrollment	1206	1215	1254	1,292
Peabody ES (1909)				
Square Feet	53,997	53,997	53,997	53,997
Classrooms	24	24	24	24
Design Capacity	480	480	480	480
Enrollment	364	375	388	389
Pyramid Academy (1928)				
Square Feet	165,486	165,486	165,486	165,486
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Functions as an Alternative School	Functions as an Alternative School	Functions as an Alternative School	Not Available
Enrollment	Functions as an Alternative School	Functions as an Alternative School	Functions as an Alternative School	Closed
Raineshaven ES (1959)				
Square Feet	66,892	66,892	66,892	66,892
Classrooms	35	35	35	35
Design Capacity	Closed 2015-16	700	700	700
Enrollment	Closed 2015-16	398	404	258
Raleigh-Bartlett ES (1971)				
Square Feet	51,891	51,891	51,891	51,891
Classrooms	Open Classroom	Open Classroom	Open Classroom	Open Classroom
Design Capacity	600	600	600	600
Enrollment	450	438	427	449
Raleigh-Egypt HS (1969)				
Square Feet	Converted to 6-12 145,850	145,850	145,850	145,850
Classrooms	62	62	62	62
Design Capacity	1,511	1,511	1,511	1,615
Enrollment	831	735	701	742
Raleigh-Egypt MS (1979)				
Square Feet	133,750	133,750	133,750	133,750
Classrooms	40	40	40	40
Design Capacity	ASD School	998	998	998
Enrollment	ASD School	484	578	580

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STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Residential Training Center (1965)				
Square Feet				40,270
Classrooms				Open Classroom
Design Capacity				Not Available
Enrollment				N/A
Richland ES (1957)				
Square Feet	59,833	59,833	59,833	59,833
Classrooms	36	36	36	36
Design Capacity	720	720	720	720
Enrollment	800	788	798	783
Ridgeway/Balmoral ES (1970)				
Square Feet	38,940	38,940	38,940	38,940
Classrooms	20	20	20	20
Design Capacity	400	400	400	400
Enrollment	290	317	329	319
Ridgeway ES (1969)	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral
Square Feet	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral
Classrooms	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral
Design Capacity	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral
Enrollment	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral	Merged with Balmoral
Ridgeway HS (1970)				
Square Feet	247,000	247,000	247,000	247,000
Classrooms	60	60	60	60
Design Capacity	1,511	1,511	1,511	1,563
Enrollment	1262	1181	1191	1,072
Ridgeway MS (2001)				
Square Feet	143,000	143,000	143,000	143,000
Classrooms	47	47	47	47
Design Capacity	1,116	1,116	1,116	1,116
Enrollment	661	655	673	700
River City High				
Square Feet	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed
Classrooms	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed
Design Capacity	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed
Enrollment	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Charter School Closed 2010-2011	Closed
Rivercrest ES (1998)				
Square Feet	Municipal School	Municipal School	Municipal School	109,536
Classrooms	Municipal School	Municipal School	Municipal School	64
Design Capacity	Municipal School	Municipal School	Municipal School	1,280
Enrollment	Municipal School	Municipal School	Municipal School	615
Riverdale ES (1968)				
Square Feet	Municipal School	Municipal School	Municipal School	88,199
Classrooms	Municipal School	Municipal School	Municipal School	45
Design Capacity	Municipal School	Municipal School	Municipal School	900
Enrollment	Municipal School	Municipal School	Municipal School	1,178

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**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
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109,536	109,536	109,536	109,536	109,536	109,536
64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280
654	695	912	978	1,025	1,035
88,199	88,199	88,199	88,199	88,199	88,199
45	45	45	45	45	45
900	900	900	900	900	900
1,185	1,174	1,147	1,085	1,076	1,034

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Riverview ES (1952)	Closed. Leased by Charter School	Closed. Leased by Charter School	Closed. Leased by Charter School	
Square Feet	69,422	69,422	69,422	69,422
Classrooms	41	41	41	45
Design Capacity	Closed. Leased by Charter School	Closed. Leased by Charter School	Closed. Leased by Charter School	900
Enrollment	Closed. Leased by Charter School	Closed. Leased by Charter School	Closed. Leased by Charter School	291
Riverview MS (1967)	K-8 Grade Config	K-8 Grade Config		
Square Feet	150,850	150,850	150,850	150,850
Classrooms	35	35	35	35
Design Capacity	780	780	780	780
Enrollment	424	531	348	159
Riverwood ES (2010)				
Square Feet	107,565	107,565	107,565	107,565
Classrooms	56	56	56	56
Design Capacity	1,120	1,120	1,120	1,120
Enrollment	959	1009	1072	1,022
Robert R. Church ES (2001)				
Square Feet	81,500	81,500	81,500	81,500
Classrooms	45	45	45	45
Design Capacity	900	900	900	900
Enrollment	645	631	711	688
Ross ES (1976)				
Square Feet	126,662	126,662	126,662	126,662
Classrooms	71	71	71	71
Design Capacity	1,420	1,420	1,420	1,420
Enrollment	715	842	932	961
Rozelle ES (1914)				
Square Feet	58,750	58,750	58,750	58,750
Classrooms	27	27	27	27
Design Capacity	540	540	540	540
Enrollment	228	275	280	263
Sea Isle ES (1955)				
Square Feet	79,703	79,703	79,703	79,703
Classrooms	42	42	42	42
Design Capacity	840	840	840	840
Enrollment	434	445	441	444
Scenic Hills ES (1957)				
Square Feet	48,338	48,338	48,338	48,338
Classrooms	27	27	27	27
Design Capacity	540	540	540	540
Enrollment	278	312	312	382
Schilling Farms MS (1999)				
Square Feet	Municipal School	Municipal School	Municipal School	97,250
Classrooms	Municipal School	Municipal School	Municipal School	48
Design Capacity	Municipal School	Municipal School	Municipal School	1,200
Enrollment	Municipal School	Municipal School	Municipal School	990
Shadowlawn MS (1967)				
Square Feet	Municipal School	Municipal School	Municipal School	119,881
Classrooms	Municipal School	Municipal School	Municipal School	57
Design Capacity	Municipal School	Municipal School	Municipal School	1,425
Enrollment	Municipal School	Municipal School	Municipal School	Not Available

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**SHELBY COUNTY
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97,250	97,250	97,250	97,250	97,250	97,250
48	48	48	48	48	48
1,200	1,200	1,200	1,200	1,200	1,200
1,004	1,044	1,077	1,034	991	950
108,936	108,936	108,936	108,936	108,936	108,936
57	57	57	57	57	57
1,425	1,425	1,425	1,425	1,425	1,425
855	904	909	880	861	970

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

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School/Building	2017	2016	2015	2014
Shady Grove ES (1963)				
Square Feet	48,401	48,401	48,401	48,401
Classrooms	25	25	25	25
Design Capacity	500	500	500	500
Enrollment	371	415	444	448
Shannon ES (1959)	ASD School	ASD School	ASD School	
Square Feet	54,522	54,522	54,522	54,522
Classrooms	34	34	34	34
Design Capacity	ASD School	ASD School	ASD School	694
Enrollment	ASD School	ASD School	ASD School	179
Sharpe ES (1955)				
Square Feet	47,130	47,130	47,130	47,130
Classrooms	26	26	26	26
Design Capacity	520	520	520	520
Enrollment	351	440	469	496
Sheffield ES (1970)				
Square Feet	46,320	46,320	46,320	46,320
Classrooms	31	31	31	31
Design Capacity	620	620	620	620
Enrollment	599	623	565	555
Sheffield HS (1966)				
Square Feet	193,236	193,236	193,236	193,236
Classrooms	55	55	55	55
Design Capacity	1,329	1,329	1,329	1,407
Enrollment	754	745	781	828
Sheffield Career & Technology (1976)				
Square Feet	47,000	47,000	47,000	47,000
Classrooms	21	21	21	21
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Not Available	Not Available	Not Available	Not Available
Shelby Oaks ES (1996)				
Square Feet	74,069	74,069	74,069	74,069
Classrooms	44	44	44	44
Design Capacity	880	880	880	880
Enrollment	886	822	867	826
Sherwood ES (1950)				
Square Feet	94,516	94,516	94,516	94,516
Classrooms	42	42	42	42
Design Capacity	840	840	840	840
Enrollment	655	668	663	678
Sherwood MS (1957)				
Square Feet	141,952	141,952	141,952	141,952
Classrooms	52	52	52	52
Design Capacity	1,330	1,330	1,330	1,235
Enrollment	778	880	675	509
Shrine School (1976)				
Square Feet	74,512	74,512	74,512	74,512
Classrooms	Open Classroom	Open Classroom	Open Classroom	Open Classroom
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment			Not Available	Not Available

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School/Building	2017	2016	2015	2014
Snowden ES (1909)				
Square Feet	199,849	199,849	199,849	199,849
Classrooms	65	65	65	65
Design Capacity	1,300	1,300	1,300	1,300
Enrollment	1336	1482	1503	1,480
South Area Office (1959)				
Square Feet	Demolished	Closed 2005-2006	Closed 2005-2006	38,663
Classrooms	Demolished	N/A	N/A	N/A
Design Capacity	Demolished	Closed 2005-2006	Closed 2005-2006	Not Available
Enrollment	Demolished	Closed 2005-2006	Closed 2005-2006	Administration
South Park ES (2000)				
Square Feet	77,075	77,075	77,075	77,075
Classrooms	40	40	40	40
Design Capacity	800	800	800	800
Enrollment	552	521	562	532
South Side MS (1962)	ASD School	ASD School	ASD School	
Square Feet	254,967	254,967	254,967	254,967
Classrooms	71	71	71	71
Design Capacity	Closed 2014-15	Closed 2014-15	1,771	1,771
Enrollment	Closed 2014-15	Closed 2014-15	263	276
Southwest Career & Technology(1976)				
Square Feet	64,201	64,201	64,201	64,201
Classrooms	23	23	23	23
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Not Available	Not Available	Not Available	Not Available
Southwind ES (1990)				
Square Feet	108,303	108,303	108,303	108,303
Classrooms	65	65	65	65
Design Capacity	1300	1300	1300	1,300
Enrollment	719	756	819	873
Southwind MS	School name changed to Lowrance ES in 2010.	School name changed to Lowrance ES in 2010.	School name changed to Lowrance ES in 2010.	School name changed to Lowrance ES in 2010.
Square Feet				
Classrooms				
Design Capacity				
Enrollment				
Southwind HS (2007)				
Square Feet	326,926	326,926	326,926	326,926
Classrooms	104	104	104	104
Design Capacity	2,475	2,475	2,475	2,548
Enrollment	1459	1508	1660	1,777
Spring Hill ES (1956)		ASD School K-2. SCS has Grades 3-5	ASD School K-2. SCS has Grades 3-5	
Square Feet	65,698	65,698	65,698	65,698
Classrooms	35	35	35	35
Design Capacity	ASD School	700	700	700
Enrollment	ASD School	165	261	370
Springdale ES (1940)				
Square Feet	58,986	58,986	58,986	58,986
Classrooms	24	24	24	24
Design Capacity	480	480	480	480
Enrollment	241	278	277	284

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108,303	108,303	108,303	108,303	108,303	108,303
68	68	68	68	68	68
1,360	1,360	1,360	1,360	1,360	1,360
861	842	842	819	1,127	1,126
				112,374	112,374
				65	65
				1,300	1,300
				1,082	1,197
326,926	326,926	326,926	326,926	326,926	326,926
116	116	116	116	116	116
2,320	2,320	2,320	2,320	2,320	2,320
1,698	1,690	1,931	1,884	1,473	1,038

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School/Building	2017	2016	2015	2014
Sycamore ES (2000)				
Square Feet	Municipal School	Municipal School	Municipal School	127,627
Classrooms	Municipal School	Municipal School	Municipal School	64
Design Capacity	Municipal School	Municipal School	Municipal School	1,280
Enrollment	Municipal School	Municipal School	Municipal School	796
Stafford ES (1965)				
Square Feet	56,216	56,216	56,216	56,216
Classrooms	30	30	30	30
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Not Available	Not Available	Not Available	Not Available
Tara Oaks ES (1995)				
Square Feet	Municipal School	Municipal School	Municipal School	109,405
Classrooms	Municipal School	Municipal School	Municipal School	69
Design Capacity	Municipal School	Municipal School	Municipal School	1,380
Enrollment	Municipal School	Municipal School	Municipal School	659
Teaching & Learning Academy (1958)				
Square Feet	57,803	57,803	57,803	57,803
Classrooms	N/A	N/A	N/A	N/A
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Administration	Administration	Administration	Administration
Treadwell ES (1985)				
Square Feet	55,512	55,512	55,512	55,512
Classrooms	45	45	45	45
Design Capacity	900	900	900	900
Enrollment	644	650	689	677
Treadwell MS (HS Prior to 2010) (1948)				
Square Feet	145,870	145,870	145,870	145,870
Classrooms	40	40	40	40
Design Capacity	998	998	998	998
Enrollment	389	392	407	372
Trezevant HS (1960)				
Square Feet	296,765	296,765	296,765	296,765
Classrooms	67	67	67	67
Design Capacity	1,667	1,667	1,667	1,745
Enrollment	580	667	559	615
Trezevant Career & Technology (1976)				
Square Feet	62,546	62,546	62,546	62,546
Classrooms	27	27	27	27
Design Capacity	Not Available	Not Available	Not Available	Not Available
Enrollment	Not Available	Not Available	Not Available	Not Available
Vance MS (1971)				
Square Feet	150,300	150,300	150,300	150,300
Classrooms	36	36	36	36
Design Capacity	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	860
Enrollment	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	159
Vollentine ES (1930)				
Square Feet	75,100	75,100	75,100	75,100
Classrooms	37	37	37	37
Design Capacity	740	740	740	740
Enrollment	396	223	265	270

Continued from Prior Page

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
127,627	127,627	127,627	127,627	127,627	127,627
64	64	64	64	64	64
1,280	1,280	1,280	1,280	1,280	1,280
823	794	791	834	788	704
109,405	109,405	109,405	109,405	109,405	109,405
69	69	69	69	69	69
1,380	1,380	1,380	1,380	1,380	1,380
682	729	745	780	770	834

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Walker Elementary (1963)				
Square Feet	43,558	43,558	43,558	43,558
Classrooms	N/A	N/A	N/A	N/A
Design Capacity			Not Available	Not Available
Enrollment	Admin closed	Admin closed	Administration	Administration
Wells Station ES (1954)				
Square Feet	69,001	69,001	69,001	69,001
Classrooms	35	35	35	35
Design Capacity	1100	700	700	700
Enrollment	723	739	750	683
Westhaven ES (1956)--OLD	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	
Square Feet	67,082	67,082	67,082	67,082
Classrooms	44	44	44	44
Design Capacity	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	898
Enrollment	Closed 2013-2014	Closed 2013-2014	Closed 2013-2014	410
Westhaven ES Rebuilt 2017				
Square Feet	107,000			
Classrooms	51			
Design Capacity	840			
Enrollment	715			
Westside ES (1952)				
Square Feet	67,028	67,028	67,028	67,028
Classrooms	29	29	29	29
Design Capacity	580	580	580	580
Enrollment	300	323	302	342
				Westside MS became an Achievement School District (ASD) school in 2013.
Westside MS (1960)	ASD School	ASD School	ASD School	
Square Feet	133,852	133,852	133,852	133,852
Classrooms	35	35	35	35
Design Capacity	ASD School	ASD School	ASD School	875
Enrollment	ASD School	ASD School	ASD School	ASD School
Westwood ES (1962)	ASD School	ASD School	ASD School	
Square Feet	77,428	77,428	77,428	77,428
Classrooms	47	47	47	47
Design Capacity	ASD School	ASD School	940	940
Enrollment	ASD School	ASD School	225	332
Westwood HS (1958)				
Square Feet	181,342	181,342	181,342	181,342
Classrooms	51	51	51	51
Design Capacity	1,329	1,329	1,329	1,329
Enrollment	279	381	404	462
White Station ES (1933)				
Square Feet	76,420	76,420	76,420	76,420
Classrooms	42	42	42	42
Design Capacity	840	840	840	840
Enrollment	643	599	615	627
White Station HS (1952)				
Square Feet	247,624	247,624	247,624	247,624
Classrooms	98	98	98	98
Design Capacity	2,401	2,401	2,401	2,401
Enrollment	2170	2189	2313	2,293

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

School/Building	2017	2016	2015	2014
White Station MS (1960,2007)				
Square Feet	144,411	144,411	144,411	144,411
Classrooms	53	53	53	53
Design Capacity	1,259	1,259	1,259	1,259
Enrollment	1273	1254	1303	1,247
Whitehaven ES (1949)				
Square Feet	49,885	49,885	49,885	49,885
Classrooms	30	30	30	30
Design Capacity	600	600	600	600
Enrollment	448	463	491	459
Whitehaven HS (1931)				
Square Feet	232,776	232,776	232,776	232,776
Classrooms	68	68	68	68
Design Capacity	1,666	1,666	1,666	1,666
Enrollment	1716	1777	1848	1,906
White's Chapel ES (1951)				
Square Feet	ASD School	ASD School	ASD School	Closed
Classrooms	ASD School	ASD School	ASD School	Closed
Design Capacity	ASD School	ASD School	ASD School	Closed
Enrollment	ASD School	ASD School	ASD School	Closed
Whitney ES (1962)				
Square Feet	ASD School	ASD School	ASD School	
Classrooms	63,979	63,979	63,979	63,979
Design Capacity	ASD School	ASD School	ASD School	640
Enrollment	ASD School	ASD School	ASD School	ASD School
William H. Brewster (2006)				
Square Feet	95,220	95,220	95,220	95,220
Classrooms	41	41	41	41
Design Capacity	820	820	820	820
Enrollment	469	366	429	438
Willow Oaks ES (1951)				
Square Feet	71,759	71,759	71,759	71,759
Classrooms	42	42	42	42
Design Capacity	840	840	840	840
Enrollment	653	674	671	685
Winchester ES (1960)				
Square Feet	82,664	82,664	82,664	82,664
Classrooms	40	40	40	40
Design Capacity	800	800	800	800
Enrollment	690	580	494	365
Windridge ES (2001)				
Square Feet	84,214	84,214	84,214	84,214
Classrooms	46	46	46	46
Design Capacity	920	920	920	920
Enrollment	493	545	527	621
Wooddale HS (1967)				
Square Feet	263,513	263,513	263,513	263,513
Classrooms	80	80	80	80
Design Capacity	1928	1928	1928	1960
Enrollment	778	1067	1163	1311

Continued from Prior Page

2013

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2008

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Wooddale MS (1970)				
Square Feet	184,760	184,760	184,760	184,760
Classrooms	62	62	62	62
Design Capacity	ASD School	ASD School	1,473	1,473
Enrollment	ASD School	ASD School	699	762
Woodstock MS (1956)				
Square Feet	84,850	84,850	84,850	84,850
Classrooms	62	62	62	62
Design Capacity	973	973	973	973
Enrollment	266	320	330	434
Total SCS Buildings				
Square Feet	22,362,044	22,318,932	22,343,453	26,956,417
Classrooms	8,501	8,479	8,486	10,616
Design Capacity	141,932	149,675	167,253	217,154
Enrollment	88,412	92,799	98,342	131,782
SCS schools on non-SCS property (enrollment)				
Campus Elementary	333	329	329	329
Hollis F. Price Middle College	118	108	117	
MCS Prep School - Southeast	Closed			197
Memphis Virtual School	163	103		93
Memphis Health Careers Academy	Closed 2015-16	74	90	105
Middle College High (Relocated to Fairview in	Included with Maxine	283	236	198
Martin Luther King Transition Center	Closed 2015-16			316
Highland Oaks Primary				Students transferred to Highland Oaks ES in 2010.
Total non-SCS property (enrollment)	607	897	772	1,237

**SHELBY COUNTY
BOARD OF EDUCATION**

2013	2012	2011	2010	2009	2008
84,850	84,850	84,850	84,850	84,850	84,850
43	43	43	43	43	43
1,075	1,075	1,075	1,075	1,075	1,075
468	485	516	520	553	562
6,760,805	6,654,805	6,429,219	6,429,219	6,197,887	6,086,445
3,189	3,133	3,133	3,133	3,011	2,959
67,357	66,215	66,215	66,215	63,490	62,190
46,175	45,141	46,616	46,420	45,298	45,410
				397	380
0	0	0	0	397	380

STATISTICAL AND OTHER INFORMATION (UNAUDITED)

OPERATING INFORMATION

Summary of Buildings and Sites

Last ten fiscal years ending June 30

School/Building	2017	2016	2015	2014
Charter Schools (enrollment)				
Arrow Academy of Excellence	81	81	58	29
Aspire East Academy	103			
Aurora Collegiate Academy	275	199	175	113
Circles of Success	235	246	247	244
City University	290	301	294	314
City University School Of Independence	19	23		
City University Boys Prep	66	56	73	115
City University Girls Prep	101	82	60	37
DuBois Elementary School of Arts Technology	284	279	319	203
DuBois Elementary School of Entrepreneurship	298	266	238	179
DuBois High School of Arts Technology	221	159	115	74
DuBois Middle of Leadership Public Policy	156	136	124	104
DuBois High of Leadership Public Policy	91	17	23	
DuBois Middle School of Arts Technology	180	208	215	140
Freedom Prep Elementary	59			
Freedom Prep	601	601	475	367
Goodwill Excel	343	adult		
Granville T. Woods Academy of Innovation	427	291		
KIPP Diamond (Became a charter school 2009)	943	1162	1013	846
KIPP Academy at Cypress	737	396	298	199
Leadership Preparatory Charter School	129	78		
Memphis Academy of Health Sciences	316	265	323	311
Memphis Academy of Health Science High	429	385	401	389
Memphis Academy of Science & Engineering	450	407	389	360
Memphis Business Academy	378	320	571	428
Memphis Business Academy Elementary	343	334		
Memphis Business Academy High	417	381	383	323
Memphis College Prep	265	316	289	212
Memphis Delta Prep	256			
Memphis Rise Academy	328	211	95	
Memphis Grizzlies Prep	261	252	238	157
Memphis School of Excellence	475	453	453	389
Moving Ahead School of Scholars	Closed 2015-16	58		
New Consortium of Law and Business	Closed 2015-16	225	155	163
Omni Prep - North Pointe Lower	Closed 2015-16	186	201	193
Omni Prep - North Pointe Middle	Closed 2015-16	148	127	125
Memphis STEM Academy	75			
Nexus STEM Academy	95			
Power Center	1478	1301	960	605
Promise Academy	391	424	482	460
Soulsville Academy	636	641	632	588
Southern Avenue	425	436	372	364
Southern Avenue Middle	Closed 2015-16	161	249	265
Star Academy	230	235	232	236
Thurgood Marshall High School				59
Thurgood Marshall Middle School			188	12
Veritas College Preparatory	131	136	100	192
Vision Prep	224	155		
Total Charter School Enrollments	13,242	12,011	10,567	8,795
District Total Enrollment	102,261	105,707	109,681	141,814

Note: Enrollment is based on the 40th Day.

SHELBY COUNTY
BOARD OF EDUCATION

2013

2012

2011

2010

2009

2008

<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>46,175</u>	<u>45,141</u>	<u>46,616</u>	<u>46,420</u>	<u>45,695</u>	<u>45,790</u>

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

SHELBY COUNTY
BOARD OF EDUCATION

Type	Policy Term	Company	Policy Number	Costs
Student Athletic Accident	07/1/16 - 06/30/17	United States Fire Insurance	US562915	\$274,614
Insurance Consultant	By Contract	Gallagher Risk Services	NA	\$70,000
	By Contract	Willis Tower Associates	NA	\$72,500
Property Insurance	7/1/2016 - 6/30/17	Travelers Indemnity	KTKCMB1C6033913	\$876,195
Property & Boiler/Machinery Insurance	7/1/16 - 6/30/17	Travelers Indemnity	KTKCMB1C6033913	Included with the Property Insurance
Flood Insurance - A. Maceo Walker 100 year flood plan site	9/10/15 - 9/10/16	American Bankers Ins. Co.	88300001794200	\$3,188.00
	9/10/2016 - 9/10/17	American Bankers Ins. Co.	99054465212015	\$3,223.00
Flood Insurance - American Way Middle 100 year flood plan site	8/20/15 - 8/20/16	American Bankers Ins. Co.	88300001554600	\$1,889.00
	8/20/16 - 8/20/17	American Bankers Ins. Co.	99054465212015	\$1,913.00
Flood Insurance - North Area Office	10/30/15 - 10/30/16	American Bankers Ins. Co.	88300001554200	\$3,343.00
	10/30/16 - 10/30/17	American Bankers Ins. Co.	99055147112015	\$3,348.00
Flood Insurance - IT Bldg & Training Ctr.	10/30/15 - 10/30/16	American Bankers Ins. Co.	88830000155300	\$3,343.00
	10/30/16 - 10/30/17	American Bankers Ins. Co.	99055147142015	\$3,348.00
Vehicle Insurance Out of State	7/1/16 - 7/1/17	National Continental Ins.	CTN 000 5615-320-6	\$11,813.00
Voluntary Student Insurance Participation voluntary	7/1/16 - 7/1/17	K&K Insurance	JXS0000027528700	Individual Student Coverage
Surety/Criminal Bond General Employees	7/1/16 - 7/1/17	Ohio Casualty Insurance	5103811	\$3,944
Surety Bond Commissioners	Teresa Jones 8/2/12 - 8/2/20	Fidelity and Deposit of Maryland	9038807	\$100
	Kevin Woods 8/2/12 - 8/2/20	Fidelity and Deposit of Maryland	9038809	\$100
	Shante Avant 9/1/15 - 9/1/19	Fidelity and Deposit of Maryland	9038865	\$100
	William Orgel 8/2/14 - 8/2/18	Fidelity and Deposit of Maryland	9038806	\$100
	Christopher Caldwell 8/2/14 - 8/2/18	Fidelity and Deposit of Maryland	9038805	\$100
	Stephanie Love 9/1/14 - 9/1/18	Hartford Fire Insurance Co.	20BSBGW1801	\$90
	Scott McCormick 9/1/14 - 9/1/18	Hartford Fire Insurance Co.	20BSBGX0029	\$100
	Miska Clay-Bibbs 9/1/14 - 9/1/18	Hartford Fire Insurance Co.	20BSBGW1843	\$170
	Mike Kernell 9/1/14 - 9/1/18	Hartford Fire Insurance Co.	20BSBGW1807	\$170
	Student Field Trip	3/18/16 - 3/18/17	Hartford Insurance	20 SR 145507
3/18/17 - 3/18/18		Hartford Insurance	20 SR 145507	Coverage Paid by Schools
Medicare Section 111	9/9/15 9/9/16	Self -Insured (Self Reporting to Medicare)	NA	NA
	9/9/16 - 9/9/17	Self -Insured (Self Reporting to Medicare)	NA	NA
Law Enforcement Liability Insurance	5/7/16 - 5/7/17	First Mercury Insurance	SE-CGL-0000043224-01	\$79,075.0
	11/16/17 - 7/1/17	First Mercury Insurance	SE-CGL-0000068910-01	\$52,154.0
Germantown Athletic Field Liability Insurance	7/30/15 - 7/30/16	Cincinnati Insurance	ENP 026 76 50	\$6,126.0
	7/30/16 - 7/30/17	Cincinnati Insurance	ENP 026 76 50	\$6,126.0

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

SHELBY COUNTY
BOARD OF EDUCATION

Fiscal Year	Regular Diploma	Special Education Certificate	Total
2008	3,179	130	3,309
2009	2,912	88	3,000
2010	2,891	51	2,942
2011	3,172	34	3,206
2012	3,510	95	3,605
2013	3,142	53	3,195
2014	8,925	166	9,091
2015	7,300	165	7,465
2016	7,298	183	7,481
2017	6,941	178	7,119

Source: Tennessee Department of Education - Number of High School Graduates from Public Schools

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Charge per lunch to students:					
Paid Elementary	\$0.00	\$0.00	\$0.00	\$2.25	\$2.25
Paid Secondary	\$0.00	\$0.00	\$0.00	\$2.25	\$2.25
Paid High School	\$0.00	\$0.00	\$0.00	\$2.25	\$2.25
Reduced	\$0.00	\$0.00	\$0.00	\$0.30	\$0.40
Charge per lunch to adults	\$2.00	\$2.00	\$3.50	\$3.50	\$3.25
Number of days served	179	179	174	175	178
Number of free lunches served	14,504,635	15,067,418	15,124,383	12,502,586	1,878,650
Percent of total lunches served	100.00%	100.00%	100.00%	85.68%	52.62%
Average number of free lunches served daily	81,031	84,176	86,922	71,443	10,554
Number of paid lunches served at reduced price	0	0	0	620,289	266,969
Percent of total lunches served	0.00%	0.00%	0.00%	4.25%	7.48%
Number of paid lunches served at regular price	0	0	0	1,468,796	1,424,529
Percent of total lunches served	0.00%	0.00%	0.00%	10.07%	39.90%
Average number of paid lunches served daily:					
At reduced price	0	0	0	3,545	1,500
At regular price	0	0	0	8,393	8,003
Total number of lunches served	14,504,316	15,067,418	15,124,383	14,591,671	3,570,148
Average number of lunches served daily	81,030	84,176	86,922	83,381	20,057
Weighted FTE Average Daily Attendance	134,203	139,755	141,916	195,359	54,887

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

**SHELBY COUNTY
BOARD OF EDUCATION**

2012	2011	2010	2009	2008
\$2.00	\$2.00	\$1.75	\$1.75	\$1.75
\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
177	176	175	180	180
1,849,565	1,918,868	1,765,495	1,581,974	1,461,637
46.28%	45.02%	40.34%	35.56%	32.40%
10,450	10,903	10,089	8,789	8,120
10,450	10,903	10,089	8,789	8,120
0.26%	0.26%	0.23%	0.20%	0.18%
1,858,175	2,066,310	2,299,477	2,526,128	2,724,235
46.49%	48.48%	52.54%	56.78%	60.39%
59	62	58	49	45
10,498	11,740	13,140	14,034	15,135
3,996,777	4,262,168	4,376,275	4,448,631	4,510,970
22,581	24,217	25,007	24,715	25,061
54,823	56,162	56,905	56,503	56,799

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School Buses				
Type I	387	472	451	642
Type II	-	-	-	-
Total	<u>387</u>	<u>472</u>	<u>451</u>	<u>642</u>
Daily one-way miles traveled for all buses				
From residence to first pick-up	3,040	3,453	8,282	27,366
From first pick-up to last school served	13,826	11,870	11,976	26,964
Total	<u>16,866</u>	<u>15,323</u>	<u>20,258</u>	<u>54,330</u>
Pupils Transported				
Enrolled				
Regular	21,554	23,708	37,116	54,409
Special Education	1,771	1,975	2,117	2,689
ADT 1 1/2 miles +				
Regular	15,968	15,686	28,179	43,721
Special Education	1,771	1,975	1,691	2,232
Injuries				
Treated and released	12	7	30	4
Confined overnight	-	-	2	-
Type Accident				
Property damage	91	98	9	67
Personal injury	8	5	17	8

Source: Annual Pupil Transportation Report

**SHELBY COUNTY
BOARD OF EDUCATION**

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
312	311	316	309	298	294
-	-	-	-	-	-
<u>312</u>	<u>311</u>	<u>316</u>	<u>309</u>	<u>298</u>	<u>294</u>
1,857	2,010	1,879	1,960	1,906	1,896
12,416	8,470	8,691	8,719	8,602	8,697
<u>14,273</u>	<u>10,480</u>	<u>10,570</u>	<u>10,679</u>	<u>10,508</u>	<u>10,593</u>
23,331	23,153	22,777	26,236	24,174	24,407
667	440	370	337	352	394
22,320	22,496	22,188	23,833	23,673	23,897
623	396	343	307	345	381
3	2	3	-	19	5
-	-	-	-	-	-
55	48	52	66	59	63
7	8	2	7	11	6

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Statutory Reporting Section



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information and the budgetary comparisons of the general fund and special revenue – categorically aided fund of the Board of Education of the Shelby County Schools (the Board) (a component unit of Shelby County, Tennessee) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control described in the accompanying schedule of findings and questioned costs that we considered to be a significant deficiency, 2017-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance but one other matter that is required to be reported under *Government Auditing Standards*. A schedule of cash shortages and thefts has been filed with the State of Tennessee Division of County Audit. The schedule includes all cash shortages and thefts, and any investigative audits being performed. These matters were detected by the Shelby County Board of Education.

The Board's Response to the Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Memphis, Tennessee
December 15, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of the Shelby County Schools' (the Board) (a component unit of Shelby County, Tennessee) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2017. The Board's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

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

Memphis, Tennessee
December 15, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
Federal Awards			
U.S. Department of Labor			
Passed Through City of Memphis			
Workforce Investment Act - Employment and Training Activities for Out of School Youth	17.259	32944	336,277
Total 17.259			<u>336,277</u>
U.S. Department of Justice			
Passed Through City of Memphis			
DOJ Safe Communities	16.819	2012-NY-FX-0024	17,461
Total 16.819			<u>17,461</u>
U.S. Department of Justice			
Passed Through State			
Juvenile Justice System Improvement	16.540	44583	20,774
Total 16.540			<u>20,774</u>
National Science Foundation			
Memphis Virtual STEM Academy	47.076	DRL-1311876	87,797
Total 47.076			<u>87,797</u>
U.S. Department of Agriculture			
Passed Through State of Tennessee			
Child Nutrition Program Cluster			
National School Breakfast Program	10.553	N/A	20,463,060
Total 10.553			<u>20,463,060</u>
National School Lunch Program	10.555	N/A	46,995,017
National School Lunch Program-Non Cash Assistance	10.555	N/A	4,018,401
Total 10.555			<u>51,013,418</u>
Total Child Nutrition Program Cluster			<u>71,476,478</u>
Child Care Food Program	10.558	N/A	21,162
At Risk Supper Program	10.558	N/A	2,128,184
Total 10.558			<u>2,149,346</u>
Fresh Fruit and Vegetable Program	10.582	N/A	596,833
Total 10.582			<u>596,833</u>
Total U.S. Department of Agriculture			<u>74,222,657</u>
U.S. Department of Education Direct Funding			
Project STAND	84.051A	V051A160030	180,098
Total 84.051A			<u>180,098</u>
Project Prevent	84.184M	S184M140089	1,062,459
Total 84.184M			<u>1,062,459</u>
School Leadership Initiative	84.363A	U363A130164-14	90,904
Total 84.363A			<u>90,904</u>
Teacher Incentive Fund TIF3, "In The Zone"	84.374A	S374A130172	1,399,325
Total 84.374A			<u>1,399,325</u>
Subtotal U.S. Department of Education Direct Funding			<u>2,732,786</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
U.S. Department of Education			
Passed Through State Department of Education			
Title I, A Improving Basic Programs Operated by LEAs	84.010A	S010A160042	64,257,550
Title I, Neglected	84.010A	S010A160042	122,264
Title I, School Improvement 1003(a) Focus Schools Grant	84.010A	S010A150042	675,669
Title I, School Improvement 1003(a) iZone Grant	84.010A	S010A150042/S010A160042	1,448,240
Title I, School Improvement 1003(a) iZone Incubator Grant	84.010A	S010A150042	1,036,160
Title I, School Improvement 1003(a) Turnaround Incubator Grant	84.010A	S010A150042	1,236,190
Title I, D	84.010A	S010A160042	65,895
ESEA Consolidated Administration	N/A	N/A	1,374,072
Total 84.010			<u>70,216,039</u>
 Special Education Cluster			
IDEA Part B-High Cost	84.027A	2016	120,748
IDEA Part B-Discretionary	84.027A	H027A160052	33,714
Comprehensive Plan for Providing Special Education Services - IDEA Part B	84.027A	H027A160052	28,518,097
Total 84.027A			<u>28,672,559</u>
 Comprehensive Plan for Providing Special Education Services - Preschool Incentive			
	84.173A	H173A160095	256,870
Total 84.173A			<u>256,870</u>
Total Special Education Cluster			<u>28,929,429</u>
 GEAR-UP			
	84.334S	NV41607	283,247
Total 84.334S			<u>283,247</u>
 Vocational Program Improvement			
	84.048A	V048A160042	2,143,609
Total 84.048A			<u>2,143,609</u>
 Homeless Children and Youth			
	84.196A	S196A140044	119,853
Total 84.196A			<u>119,853</u>
 Twenty First Cent. Community Learning-Cohort 1			
	84.287C	S287C150043	547,576
Twenty First Cent. Community Learning-Cohort 2	84.287C	S287C150043	656,491
Total 84.287C			<u>1,204,067</u>
 School Improvement Grants Cluster			
School Improvement	84.377A	S377A100043	14,040
School Improvement	84.377A	S377A120043/S377A130043	848,061
School Improvement	84.377A	S377A150043	5,604,488
Total 84.377A			<u>6,466,588</u>
Total School Improvement Grants Cluster			<u>6,466,588</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the year ended June 30, 2017

SHELBY COUNTY
BOARD OF EDUCATION

Grantor/Pass Through Grantor/Program Title	Federal Domestic Assistance Number	Grantor Number	Expenditures
Title III-English Language Acquisition/Language Enhancement/Academic Achievement	84.365A	S365A160042	991,736
Title III-English Language Acquisition/Language Enhancement/Academic Achievement	84.365A	S365A150042	23,132
Total 84.365A			<u>1,014,868</u>
Title II-A Teacher and Principal Training & Recruiting	84.367A	S367A160040	8,207,393
Total 84.367A			<u>8,207,393</u>
Race to the Top - Preschool Expansion Grant	84.419B	S419B150026	6,972,893
Total 84.419B			<u>6,972,893</u>
Subtotal U.S. Department of Education Passed Through			125,557,986
Total U.S. Department of Education			<u>128,290,772</u>
U.S. Department of Health and Human Services Center for Mental Health Services			
Project Aware	93.243	1H79SM062052-01	22,699
Total 93.243			<u>22,699</u>
Read to Be Ready Summer Literacy Grant	93.575	G1601TNCCDF	60,476
Total 93.575			<u>60,476</u>
Head Start	93.600	04CH4727-03-02	12,250,100
Head Start	93.600	04CH4727-03-02	10,326,969
Total 93.600			<u>22,577,068</u>
Substance Abuse Prevention and Treatment	93.959	DGA49113_2016-2017_019	45,541
Total 93.959			<u>45,541</u>
U.S. Department of Health and Human Services Passed Through Center For Disease Control			
CDCP HIV/STD Prevention	93.079	5U87PS004197-04	320,946
Total 93.079			<u>320,946</u>
Total U.S. Department of Health and Human Services			<u>23,026,731</u>
Total Federal Awards			<u>226,002,468</u>
State Awards			
State Department of Education			
Family Resource Center	N/A	N/A	83,162
Safe Schools Act of 1998	N/A	N/A	389,259
Safe Schools Act of 1998	N/A	N/A	215,902
Coordinated School Health	N/A	N/A	424,881
Early Childhood Education- Pilot/State	N/A	N/A	9,901,647
Lottery for Education: AfterSchool Programs	N/A	N/A	542,572
State Department of Health			<u>11,557,423</u>
Total State Awards			<u>11,557,423</u>
Total Federal and State Awards			<u>\$ 237,559,891</u>

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

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NOTE 1 – BASIS OF PRESENTATION

The Schedule of Expenditures of Federal and State Awards (the Schedule) is based on the modified accrual basis of accounting, consistent with accounting for governmental type funds. It includes the transactions related to the receipt of federal funds by the Shelby County Board of Education (the "District") under programs of the federal and state government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

FOOD DONATION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2017, the Shelby County Board of Education had food commodities totaling \$10,014 in inventory.

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

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

Totals per schedule of expenditures	\$ 237,559,891
Add: Expenditures not shown on the schedule	18,481,412
Subtract: Food service expenditures not reported in categorially aided fund	(74,222,657)
Other expenditures not reported in categorially aided fund	(1,233,951)
Total categorically aided fund expenditures	<u>\$ 180,584,695</u>

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of the Shelby County Board of Education.
2. One significant deficiency and no material weaknesses relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Shelby County Board of Education were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Shelby County Board of Education expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:
 - U.S. Department of Education, Title I Grants to Local Education Agencies, CFDA No. 84.010.
 - U.S. Department of Education, Title IIA, Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants), CFDA No. 84.367.
 - U.S. Department of Education, School Improvement Grant, CFDA No. 84.377.
8. The threshold for distinguishing Types A and B programs was \$3,000,000.
9. The Shelby County Board of Education did qualify as a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY:

2017-1 – HeadStart Property and Equipment

Condition: It was brought to our attention by management of the Board, that during fiscal year 2017 they found six HeadStart properties with an approximate value of three and a half million dollars, which were transferred over to the Board from Shelby County Government in fiscal year 2015 during the merger when the HeadStart program itself was transferred over to the Board to administer. These assets were not recorded in the capital asset accounting system until fiscal year 2017.

Criteria: Assets transferred over to a component unit should be recognized in the period they were transferred at the net book value of the transferring entity, with the offset to the entry being to revenue for the contribution gift.

Cause: Management oversight. The transfer of these assets was approved in the board minutes, but at that time the Finance department was not reviewing the board minutes for items that would affect their department. After a similar situation occurred in 2015, the Finance department implemented a procedure for their staff to review board minutes monthly; however, they did not go back retro-actively and at least review all minutes during the time of the merger and demerger.

Effect: Capital assets were understated at year end by approximately three and a half million dollars and revenues were understated by approximately three million dollars.

Recommendation: We recommend that the Finance department goes back through all board minutes, at least around the time frame of the merger and demerger to ensure all transactions during that time frame have been properly recorded and reflected in the accounting records.

Views of Responsible Officials and Planned Corrective Action: In fiscal year 2016, the district recognized the need to address this internal control issue and revamped controls and procedures for assets. As a result of the revised procedures, the Head Start property was discovered by the District, added to capital assets appropriately, and Watkins Uiberall was notified prior to the fiscal year 2017 external audit. The updated controls include procedures that are comprehensive of all actions related to the purchase, sale, and transfer of assets. At the point of Board approval, the assets are added to a tracking log. The log is monitored by management to ensure assets are updated timely and appropriately based on the approved action of the Board. The district has reviewed all Board minutes prior to the revised procedures and has reasonable assurance that the assets are complete of all actions taken by the Board.

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

NONE

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2017

**SHELBY COUNTY
BOARD OF EDUCATION**

FINDINGS - FINANCIAL STATEMENT AUDIT

NONE

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

NONE

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