

**2015**  
**Financial Statements**  
**With**  
**Auditor's Letters**

OAK RIDGE SCHOOLS  
(A Department of the City of Oak Ridge, Tennessee)  
OAK RIDGE, TENNESSEE

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015



PATTERSON, HARDEE & BALLENTINE, P.C.  
Certified Public Accountants

**OAK RIDGE SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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## **INTRODUCTORY SECTION**



# Oak Ridge Schools

OFFICE OF  
Karen Gagliano  
Director of Business & Support Services

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December 10, 2015

Board of Education  
Oak Ridge Schools  
Oak Ridge, Tennessee

## **Comprehensive Annual Financial Report: (CAFR)**

The Comprehensive Annual Financial Report ("CAFR") of Oak Ridge Schools (the "Schools") for the year ended June 30, 2015, is submitted herewith. This report was prepared by the Schools' Business Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Oak Ridge Schools. Oak Ridge Schools believe the data, as it is presented and has been submitted to the independent auditing firm, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of all various funds; and that it contains all disclosures necessary to enable the reader to gain a complete understanding of the Schools' financial activities. This report includes all funds of the Schools and discusses in greater detail its financial position in the narrative to follow, the introduction, and the additional analysis sections of the analysis that cover the Schools' financial operating procedures, in addition to the financial highlights.

The CAFR for the year ended June 30, 2015, is presented in accordance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments issued in June 1999. The presentation of the CAFR includes: The Oak Ridge Schools' department-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. An additional section in the CAFR is the introductory section which includes this transmittal letter, the Schools' organizational chart and a list of principal officials and how corresponding departments are organized to be financially efficient and for the betterment of educating our students.

All combined and individual fund statements and schedules as required by law, for all major funds are included, along with required schedules as required by the Tennessee Comptroller of the Treasury. The statistics provided within were selected from all financial and demographic information, generally presented on a multiyear basis. The Schools are required to undergo an annual single audit in conformity with provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and under the direction of the Office of the Comptroller of the Treasury of the State of Tennessee.

Information related to this single audit, including the audit findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations, is included in the Internal Control and Compliance Section.

The remainder of this transmittal highlights the governance structure, the mission, the accomplishments and initiatives, the economic conditions and outlook, and the financial activities of the Schools.

## **Governance**

The governance of the Schools is overseen by a five-member board of education ("Board") that is elected by the citizens. Each member is elected to a four-year term with the elections being staggered so that not all positions are voted on during the same year.

Board meetings are scheduled the third Monday of the month and are held in the Schools' Administration Building. Regular work sessions may be scheduled when necessary and held at the Schools' administration building conference room. Special meetings are scheduled as needed and announced in compliance with public notice requirements, never allowing a meeting to be circumvented, but rather simply moved to account for at least one meeting per month on average. The Board has final control over local school matters limited only by the City Charter, state legislature, by the courts, and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the Schools, including the Business and Support Services Department. The Board is also responsible for setting salaries, acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget as recommended by the Superintendent.

The Board has responsibilities and control over all activities related to the public school education within the City's boundaries. Even though there is considerable association between such other entities as the Anderson and Roane counties Boards of Education, this report is restricted, only, to the actual activities of Oak Ridge Schools.

## **Vision**

The vision of Oak Ridge Schools is to be an exemplary school district characterized by successfully preparing students for the future. To fulfill this vision, education must extend beyond the walls of the school by engaging all staff, students, and the community in mutual collaboration. Such a climate emphasizes respect and cooperation with creative academic and extracurricular programs.

## **History and Outlook**

Oak Ridge Schools started on October 4, 1943, when 637 students enrolled in three schools: the High School, Robertsville and Elm Grove. From that date, Oak Ridge Schools have provided quality education and continued the tradition begun during the Manhattan Project.

One reason Alden Blankenship gave for accepting the challenge to be Oak Ridge Schools first Superintendent of Schools was, "In such a situation it might be possible to make schools real community centers. The program could surely be planned to meet the actual needs of the children. There would be no sacred customs or traditions barring ones way. In spite of the existing shortage of teachers, a system of merit would be established with no political strings attached. Recruiting personnel from all parts of the nation to fit into community of as cosmopolitan a makeup as this promised to be quite an adventure in itself."

That was the beginning. One man saw the possibility and created a vision that was quickly implemented, that was quickly accepted by the administrative staff, parents and teachers alike. It required work, but it provided enormous rewards immediately and ongoing. Nothing like it had ever been attempted before.

Oak Ridge City Historian, Bill Wilcox, has said of those early years, "the bar was set very high those first four formative years in terms of academic standards and expectations." We find the same situation existing today in Oak Ridge Schools. The "bar" of achievement has been raised by new standards being imposed and a changing demographic in our student population. Our schools must respond as did Blankenship.

## **History and Outlook**

Only by having the best staff and teachers, the most engaged parents, the communities and neighborhoods pulling strongly together behind their schools, can Oak Ridge Schools hope to meet the new challenges of higher state standards, changing demographics and the requirement to ensure that all students achieve to their highest potential.

The Oak Ridge Schools started with a most unusual requirement, they had to be top-notch, and absolutely nothing less was acceptable. General Groves demanded it and Blankenship saw to it. Groves was smart enough to give Blankenship his appointment and encouraged him to reach for the sky and he did.

The same is true today for Oak Ridge Schools. Historically, Oak Ridge Schools began with the standards so high that only the very best teachers and administrators could guide the educational process sufficiently to achieve the standards. The children who were placed in the schools by the scientists, engineers, craftsmen, and others who brought their families to Oak Ridge to help win WWII, were obviously given the best education possible at the time.

Today, Oak Ridge City Schools are comprised of a preschool serving 188 students (ages 3-4), four elementary schools serving 1,552 students, two middle schools serving 1,454 students, and one high school serving 1,420 students. With a support staff of 247 and a licensed staff of 406, our 653 employees work hard each day for our students. Eighty percent of our teachers hold a master's level degree and above.

## **Highlights of the Oak Ridge Schools Fiscal Year 2015 Finances**

### **Revenues**

The major sources of revenues for Oak Ridge Schools are Anderson and Roane counties, the State of Tennessee, the Federal Government and the City of Oak Ridge.

### **County Revenues**

County revenues come from two primary sources, property and sales tax, and are allocated to school systems based on their proportion of student attendance. The fiscal year ("FY") 2015 budget contained a projected decrease in County funds of \$110,640 over the FY 2014 budgeted amount. County funds represented approximately 27.04% of the Oak Ridge Schools FY 2015 adopted budget.

### **State Revenues**

Representing approximately 40.78% of total budget revenues for the Oak Ridge Schools' budget, state funds must be used for programming guidelines of the Education Improvement Act and the BEP 2.0. The Basic Education Program funding ("BEP") is a proportional funding formula based on a number of factors which include: number of certified staff, average daily attendance, and insurance and retirement costs among others. Overall, the projected state funds increased by \$194,008. It should be noted that FY 1998 was the last year our system received BEP phase-in funding increases. Beginning in FY 1999 and in future years, all increases or decreases will be dictated primarily by student enrollment and fluctuations in State funds for teacher salaries and health insurance, etc. BEP 2.0 funding initiatives began in FY 2008 with specific spending requirements. For FY 2015, the BEP funding was budgeted to increase by \$223,000.

### **City Revenues**

Funds from the City of Oak Ridge were budgeted with a \$516,470 increase for the FY 2015 Budget. This returned the allocation to the FY12 level, prior to the City reducing the allocation as a result of disputes over earmarked sales tax collections for high school debt obligations. Overall, City funding represents approximately 29.41% of total school revenues.

### **Staff Development**

Oak Ridge Schools believe the key to excellence of our school system will continue to be a highly qualified and dedicated staff with the encouragement and support to pursue innovative learning strategies. The goal of Oak Ridge Schools Professional Development is to improve student achievement and system wide cohesion by building the knowledge and skills of our staff through collaborative effort. Budgeted funds are provided, grants are solicited, and other additional funding opportunities are sought, at both building level and system level for staff development.

#### Special Education-At-Risk

Special education programs serve the gifted, medically fragile and disabled students. To adequately meet the expectations from the "No Child Left Behind" for special education students, special education staff is needed to address the increased number of students entering Oak Ridge Schools who have met the federal and state criteria to receive special education services. The additional staff positions have, and will have, a direct impact on the educational instruction for our special needs students and students who are non-English speakers being served in the Oak Ridge School system.

#### Technology Initiatives

The Oak Ridge Schools District operates with an annual Technology Plan. This plan calls for the replacement of computers, improved internet access, instructional and administration software, and staff training based on thorough research and trend data supporting the use of technology. The technology department will continue to make technology available, capable, and reliable to students, teachers, administrators, and support staff throughout the system.

#### **Other Information**

##### Internal Controls

An internal control structure that has been designed, managed and maintained by the Schools is in place to ensure the district's assets are protected from loss, theft and misuse and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP"). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The Business and Support Services organization chart is attached. In complying with GAAP, Oak Ridge Schools implements all applicable GASB accounting pronouncements.

##### Independent Audit

State law and the City Charter require an annual audit of the accounts and financial records of the Schools by independent certified public accountants selected by the Board of Education. Patterson, Hardee and Ballentine, P.C. has issued an unqualified opinion on the financial statements of Oak Ridge Schools for the year ending in June 30, 2015. The independent auditors' report has been included in this report at the front of the financial section.

##### Management's Discussion and Analysis ("MD&A")

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The Schools' MD&A can be found immediately following the Independent Auditor's Report.

##### Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Business Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

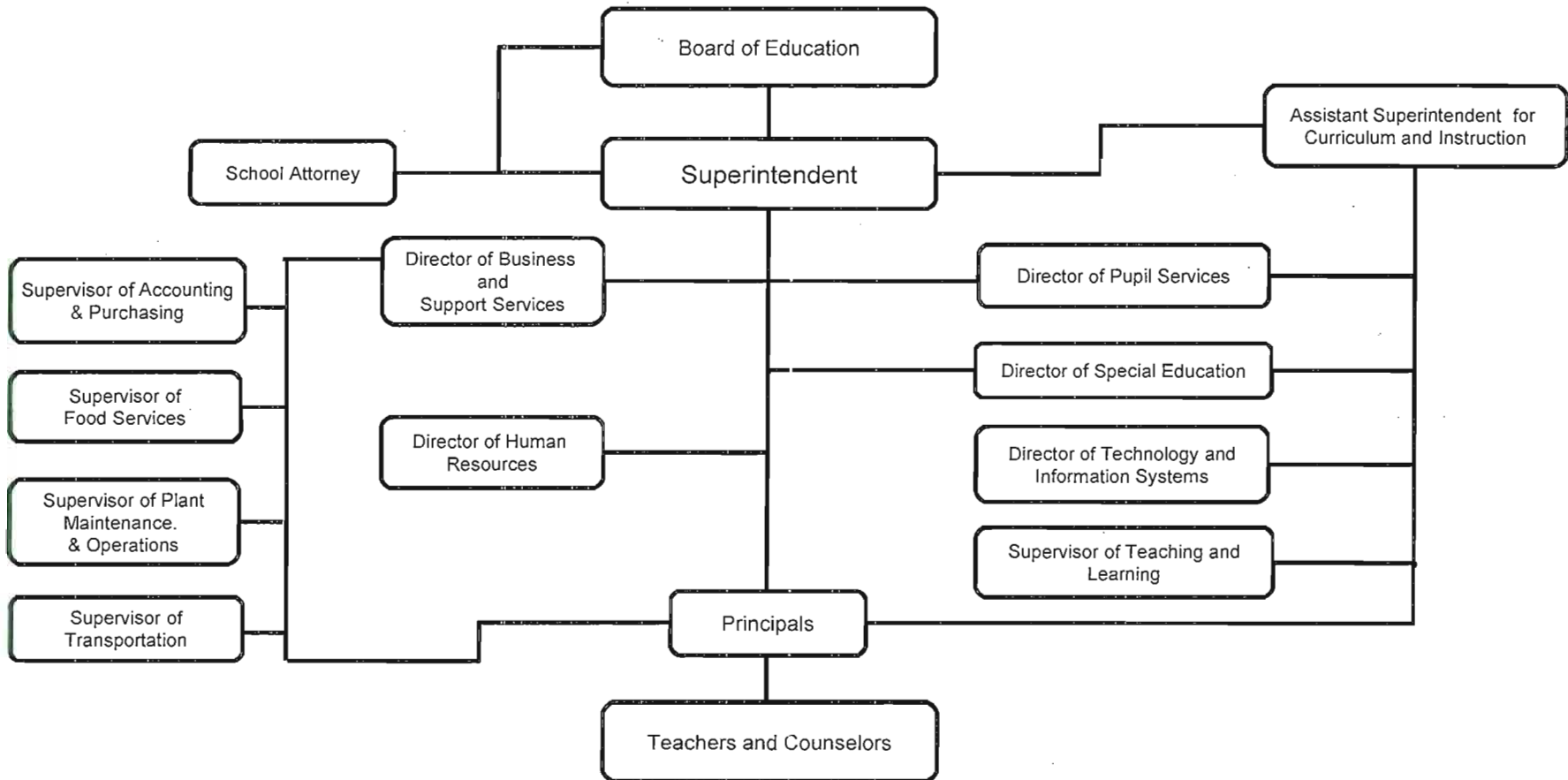
We also wish to thank the members of the Board of Education for their continued consideration and support, and for planning and conducting the financial operations of the Schools in a responsible and progressive manner.

Respectfully submitted,



Karen Gagliano  
Director of Business and Support Services

OAK RIDGE SCHOOLS  
ORGANIZATIONAL CHART  
JUNE 30, 2015



**OAK RIDGE SCHOOLS**  
**ROSTER OF SCHOOL OFFICIALS**  
**JUNE 30, 2015**

Board of Education

Title	Name
Chairperson	Keys Fillauer
Vice Chairperson	Robert Eby
Board Member	Angi Agle
Board Member	Laura McLean
Board Member	Paige Marshall

Title	Name
Superintendent of Schools	Bruce Borchers Ed. D
Assistant Superintendent of Schools	TBD
School Attorney	Chuck Cagle & Larry Giordano
Director of Business and Support Services	Karen Gagliano
Director of Human Resources	Chris Lee, Ed. D
Director of Pupil Services	Larrissa Henderson, Ed. D
Director of Technology	Doug Cofer
Supervisor of Business Services	Pat Smith
Supervisor of Operations and Maintenance	Allen Thacker
Supervisor of Teaching and Learning	Tracey Beckendorf-Edou, Ed. D
Director of Special Education	Myles Hebrard

## **FINANCIAL SECTION**



**PATTERSON, HARDEE & BALLENTINE, P.C.**  
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Oak Ridge Schools  
Oak Ridge, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the budgetary comparison statements of the General Purpose School Fund and School Federal Projects Fund of the Oak Ridge Board of Education (the "Schools"), a department of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Schools' 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 did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc. (the Foundation), a discretely presented component unit, which represents \$5,719,279, \$5,719,034, and \$200,325, respectively, of the assets, net position, and revenues, of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of other auditors. 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 from material misstatement.

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, each major fund, the aggregate remaining fund information of the Oak Ridge Board of Education as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Purpose School Fund and School Federal Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of the Schools are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, discretely presented component unit, each major fund, and aggregate remaining fund information of the City of Oak Ridge, Tennessee, that is attributable to the transactions of the Schools. They do not purport to, and do not, present fairly the financial position of the City of Oak Ridge, Tennessee as of June 30, 2015, and the changes in its financial position and its cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America. 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 page 4 through 12 and the Schedule of Employer Pension Funding Progress, Other Postemployment Benefit Funding Progress, Schedule of the Proportionate Share of the Net Pension Asset, and Schedules of Contributions on pages 64 through 68 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 Schools' basic financial statements. The introduction section, supplementary, and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance and Schedule of Noncash Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Tennessee, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information included in the supplementary section as listed in the table of contents, the Schedule of Expenditures of Federal Awards and State Financial Assistance, and the Schedule of Noncash Federal Awards is 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, based on our audit and the report of other auditors, the supplementary information, the Schedule of Expenditures of Federal Awards and State Financial Assistance, and the Schedule of Noncash Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### Implementation of New Accounting Standards

As disclosed in Note 1 of the financial statements, Oak Ridge Schools implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27* during the fiscal year 2015.

The information included in the introductory and statistical sections as listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the 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 Schools' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Patterson Handee & Ballentine".

December 10, 2015

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2015**

As management of Oak Ridge Schools (the "Schools"), we offer readers of the Schools' financials statements this narrative overview and analysis of the financial activities of the Schools for the fiscal year ended June 30, 2015.

Management's Discussion and Analysis ("MD&A") focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (beginning page i) and the Schools' accompanying financial statements (beginning page 13).

**INDEPENDENT AUDIT**

The unqualified opinion of our independent external auditors, Patterson, Hardee and Ballentine, P.C., is included in this report on pages 1 through 3.

**FINANCIAL HIGHLIGHTS**

Highlights of the financial statements for the year ended June 30, 2015, for Oak Ridge Schools are as follows:

- **Net Position.** Total governmental assets at year end were \$79.5 million and were less than liabilities and deferred inflows of resources by \$(16.0) million. Of the total net position, the Schools had a deficit balance of \$(11.2) million in unrestricted net position. Net position decreased from fiscal year ("FY") 2014 to FY 2015 by \$(7.6) million, including a prior period adjustment of \$8.5 million.
- **Fund Balances.** At year end, the Schools' governmental funds reported combined ending fund balances of \$6.1 million, of which \$5.8 million is available for spending at the Schools' discretion (unrestricted fund balance).
- **General Purpose School Fund – Fund Balance.** During the current year, unrestricted fund balance for the General Purpose School Fund increased by \$347,452 to \$6.0 million or 11.1% of current year expenditures.
- **Governmental-type Revenues and Expenses.** Governmental-type revenues were \$58.3 million for FY 2015 and \$58.6 million for FY 2014. Governmental-type expenses for FY 2015 were \$57.1 million which includes depreciation expense of \$3.5 million.
- **Capital Assets.** Capital assets decreased by \$3 million during FY 2015, which was due mainly to the disposal of capital assets and depreciation expense.

**SUMMARY OF ORGANIZATION**

Oak Ridge Schools were established by the City of Oak Ridge, Tennessee (the City) under the provisions of the City's Charter, Article VI, Section 1-18. The City of Oak Ridge is located in Anderson and Roane Counties. The Schools began operations on June 16, 1959. Prior to this date, the Schools were operated by the U.S. Atomic Energy Commission, from 1943 through June 15, 1959.

The Schools are governed by a Board of Education (the "Board") composed of five citizens who live within the City. Board members serve for a term of four years and are elected by citizens via a city-wide vote. The Board hires a School Superintendent who manages the Schools.

The Schools operate seven schools which consist of four elementary, two middle, and one high school. All of the Schools are accredited by the Southern Association of Colleges and Schools (SACS). In addition, the Schools operate a system-wide preschool program and an elementary extended child care program.

The Schools receive annual funding from the City of Oak Ridge and a pro-rata share of property taxes and local option sales taxes from Anderson and Roane counties based upon weighted average daily attendance. The Oak Ridge City Council annually approves the Schools' appropriations for its five governmental funds.

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS**

Management's Discussion and Analysis serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Schools' financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Schools' budget and other management tools were used for this analysis.

The Schools' basic financial statements comprise five main components: (1) departmental-wide financial statements, (2) fund financial statements, (3) notes to the financial statements, (4) required supplementary information, and (5) supplementary section.

**Departmental-wide Financial Statements.** The Schools operate under the City Charter and are considered a department of the City; therefore, these financial statements are "blended" within the City's financial statements. The departmental-wide financial statements are designed to provide readers with a broad overview of the Schools' finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, liabilities and deferred outflows/inflows of the Schools, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Schools is improving or deteriorating.

The statement of activities presents information showing how the net position of the Schools 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 related cash flows; thus, some revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., long-term liabilities).

The departmental-wide financial statements include not only the Board of Education itself (known as the primary department), but also a legally separate component unit, the Oak Ridge Public Schools Education Foundation, Inc. (the "Foundation"), which provides financial support to the Schools. Financial information for the Foundation is reported separately from the financial information for the primary department.

The departmental-wide financial statements can be found on pages 13 through 15 of this report.

**Fund Financial Statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Schools, like other local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Schools can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the departmental-wide financial statements. However, unlike the departmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the departmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the departmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS (Continued)**

**Governmental Funds (Continued).** The Schools maintain five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Purpose Schools Fund and School Federal Projects Fund, each of which are considered to be major funds. The Schools' three non-major funds are the Other Education Special Revenue Fund, the Extended School Program Fund, and Central Cafeteria Fund.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

**Budget to Actual Comparison – Major Funds.** The Schools adopt an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Purpose School Fund and the School Federal Projects Fund (major funds) to demonstrate compliance with this budget. Budget to actual comparison for the major funds can be found on pages 21 through 22 of this report.

**Proprietary Funds.** The Schools maintain one proprietary fund type. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Schools' various functions. The Schools use one internal service fund to account for transportation and vehicle usage services provided to various departments within the General Purpose School Fund. The internal service fund has been included within governmental activities in the department-wide financial statements. The basic proprietary fund financial statements can be found on pages 23 through 25 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the departmental-wide financial statement because the Schools cannot use these funds to finance its operations.

The Schools use a private purpose trust fund to account for the college scholarships which are awarded to graduating seniors on an annual basis. The Schools also have included the Oak Ridge Schools Internal School Funds as an agency fund. The basic fiduciary fund financial statements can be found on pages 26 through 27 of this report.

**Notes to the Financial Statements:** The notes provide additional information that is essential for a full understanding of the data provided in the departmental-wide and fund financial statements. The notes to the financial statements can be found on pages 28 through 63 of this report.

**Required Supplementary Information (RSI):** This information provides a schedule of funding progress of the Tennessee Consolidated Retirement System ("TCRS") plan for the Schools' non-teaching personnel. Teachers are considered state employees for TCRS retirement purposes. A schedule of funding progress of other postemployment benefits for the state teacher insurance group plan for retirees can be found on pages 64 through 68 of this report.

**Supplementary Section:** This information provides comparative financial statements for individual funds, schedules of expenditures of federal and state awards and noncash federal awards. The supplementary information can be found on pages 69 through 93 of this report.

**DEPARTMENTAL-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2015 and 2014, the Schools' governmental-type assets were less than liabilities and deferred inflows by \$(19.2) million and \$(8.7) million, respectively.

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**Oak Ridge Schools**  
**Departmental-wide – Net Position**  
**June 30, 2015 and 2014**

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Cash and Cash Equivalents	\$ 9,476,894	\$ 9,912,209
Receivables	1,848,415	1,884,032
Prepaid Items and Other	87,814	73,139
Capital Assets - Net	67,997,291	71,039,647
Other Assets	104,527	-
Total Assets	<u>79,514,941</u>	<u>82,909,027</u>
Deferred Outflows of Resources	<u>3,122,452</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 82,637,393</u>	<u>\$ 82,909,027</u>
Liabilities		
Current Liabilities	\$ 7,380,831	\$ 8,147,432
Noncurrent Liabilities	77,042,443	78,909,735
Total Liabilities	<u>84,423,274</u>	<u>87,057,167</u>
Deferred Inflows of Resources	<u>14,254,575</u>	<u>4,573,940</u>
Net Position		
Net Investment in Capital Assets	(4,988,392)	(4,467,543)
Restricted	133,981	143,972
Unrestricted	<u>(11,186,045)</u>	<u>(4,398,509)</u>
Total Net Position	<u>(16,040,456)</u>	<u>(8,722,080)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 82,637,393</u>	<u>\$ 82,909,027</u>

By far the largest portion of the Schools' net position reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Schools use these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Schools' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the City, since the capital assets themselves cannot be used to liquidate these liabilities.

The unrestricted net position may be used to meet the Schools' obligations to students, employees, and creditors as well as help fund next year's budget.

The Schools' governmental net position increased (decreased) by \$1,242,557 and (\$2,170,389) during FY 2015 and FY 2014, respectively. The following discussion and analysis on governmental activities focuses on these changes.

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

DEPARTMENTAL-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities.** The key factors in the increase of the Schools' net position for the fiscal years ended June 30, 2015 and 2014, are as follows:

<b>Oak Ridge Schools</b>		
<b>Departmental-wide – Changes in Net Position</b>		
<b>June 30, 2015 and 2014</b>		
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 1,091,081	\$ 1,132,512
Operating Grants and Contributions	5,341,087	5,855,189
General Revenues:		
Property Taxes	9,066,034	9,191,611
Local Option Sales & Mineral Severance Taxes	4,304,972	4,854,957
Mixed Drink Taxes	273	5,649
Other Local Sources	467,368	331,846
State of Tennessee - BEP	19,043,000	18,855,000
Federal Government - Unrestricted	33,355	47,176
Investment Income	461	13,664
Investment (Loss) - Change in Fair Value of Derivative		
Interest Rate Swaps	(882,448)	(438,257)
Gain on Sale and Disposal of Capital Assets	5,926	28,074
Payments from Component Unit	80,044	66,756
Transfers from City's General Fund	14,629,302	14,112,832
Transfers from the City's Capital Asset Fund	286,194	222,314
Transfers from City's Debt Service Fund	4,845,347	4,273,327
Total Revenues	<u>58,311,996</u>	<u>58,552,650</u>
Expenses		
Instructional	29,193,306	33,499,296
Support Services	21,344,213	19,081,808
Non-Instructional	3,915,339	5,363,080
Pension Expense (Income)	(120,675)	-
Interest on Long-Term Debt	2,737,256	2,778,855
Total Expenses	<u>57,069,439</u>	<u>60,723,039</u>
Change in Net Position	1,242,557	(2,170,389)
Net Position, Beginning of Year, before restatement	(8,722,080)	(6,551,691)
Prior Period Adjustment	(8,560,933)	-
Net Position, End of Year	<u>\$ (16,040,456)</u>	<u>\$ (8,722,080)</u>

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

DEPARTMENTAL-WIDE FINANCIAL ANALYSIS (Continued)

**Governmental Activities (Continued).** One significant factor contributing toward the FY 2015 \$1,242,557 increase in net position was the decline in expenses of \$3 million. One significant factor contributing toward the FY 2014 (\$2,170,389) decrease in net position was the change from gain to loss in the fair market value of the two ineffective interest rate swaps.

**Revenues.** The Tennessee Education Improvement Act ("EIA") of 1992 established the Tennessee Basic Education Program ("BEP") as the funding formula for kindergarten through grade twelve education in Tennessee. The components of the formula are grouped into two categories for determining the state and local share of formula funding in each school system: classroom and non-classroom. The EIA requires the state to pay 75% of the statewide cost of the classroom components and 50% of the statewide cost of the non-classroom components.

The split within the BEP formula between funding for classroom and non-classroom components has remained fairly constant at the statewide and at the system level, with classroom components making up about 70% of the total. The split between classroom and non-classroom categories in actual local spending varies from that in the BEP formula for several reasons. For example, the BEP formula does not include the cost of local salary supplements. As a result, the actual percent of funds spent in the classroom category may be greater than the percentage of the BEP formula that falls into the classroom category. The Schools' BEP revenues during FY 2015 and FY 2014 were \$19,043,000 and \$18,855,000, respectively, representing a (0.9%) increase.

Local taxes which consist of Anderson county and Roane county property taxes and local option sales taxes were \$13,371,279 in FY 2015 and \$14,052,217 in FY 2014, for a 4.85% decrease.

**Expenses.** Annual cash payments from the City's General Fund were \$14,629,302 for FY 2015 and \$14,112,832 for FY 2014, resulting in a 3.7% increase.

Annual payments from the City's Debt Service Fund were \$4,845,347 during FY 2015 and \$4,273,327 during FY 2014 for principal and interest payments related to City issued school debt for a 13.4% increase.

Instructional expenses represent the largest category for FY 2015 and FY 2014 with expenses of \$29,193,306 and \$33,499,296, respectively, which is 51% and 55% of total expenses in FY 2015 and FY 2014, respectively.

FINANCIAL ANALYSIS OF THE SCHOOLS' FUNDS

As noted earlier, the Schools use fund accounting to ensure and demonstrate compliance with finance and related legal requirements.

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

As of June 30, 2015, the Schools' governmental funds reported a combined fund balance of \$6,145,896, an increase of \$223,573 from the previous year. Approximately 96% of the combined fund balance of \$5,886,330 constitutes the unassigned fund balance, which is available for spending at the Schools' discretion. Pursuant to GASB Statement No. 54, the remainder of the fund balance is classified as nonspendable (\$87,814), restricted for a specific purpose per enabling legislation (Career Ladder/Extended Contract - \$18,295 and Support Services/Non-instructional - \$121,476) and committed for a specific purpose per action by the Board of Education (\$31,981).

**OAK RIDGE SCHOOL**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE SCHOOLS' FUNDS**

<b>Oak Ridge Schools</b>		
<b>Balance Sheets - Governmental Funds</b>		
<b>June 30, 2015 and 2014</b>		
	<u>2015</u>	<u>2014</u>
Total Assets	<u>\$ 11,057,268</u>	<u>\$ 11,331,657</u>
Total Liabilities and Deferred Inflows of Revenues	<u>4,911,372</u>	<u>5,409,334</u>
Fund Balances:		
Nonspendable	87,814	73,139
Restricted	139,771	298,959
Committed	31,981	218,611
Unassigned	5,886,330	5,331,614
Total Fund Balances	<u>6,145,896</u>	<u>5,922,323</u>
Total Liabilities and Fund Balances	<u>\$ 11,057,268</u>	<u>\$ 11,331,657</u>

**Oak Ridge Schools**  
**Statements of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds**  
**For The Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Local Taxes	\$ 13,371,279	\$ 14,052,217
Charges for Services	1,074,418	1,111,116
Other Local Sources	182,835	179,589
State of Tennessee - BEP	19,043,000	18,855,000
State of Tennessee - Other	895,440	1,374,863
State of TN On-Behalf Payments	170,285	172,409
Federal Government	4,477,066	4,439,807
Other	202,356	171,518
Total Revenues	<u>39,416,679</u>	<u>40,356,519</u>
<u>Expenditures</u>		
Instructional	30,936,574	30,396,647
Support Services	18,418,123	18,439,716
Non-Instructional	3,900,739	3,875,556
Capital Outlays	141,403	1,698,895
Debt Service	5,270,916	4,703,667
Total Expenditures	<u>58,667,755</u>	<u>59,114,481</u>
Total Other Financing Sources - Net	<u>19,474,649</u>	<u>18,390,850</u>
Net Changes In Fund Balances	223,573	(367,112)
Fund Balances, Beginning of Year	<u>5,922,323</u>	<u>6,289,435</u>
Fund Balances, End of Year	<u>\$ 6,145,896</u>	<u>\$ 5,922,323</u>

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**FINANCIAL ANALYSIS OF THE SCHOOLS' FUNDS (Continued)**

**General Purpose School Fund.** The General Purpose School Fund is the main operating fund of the Schools. At June 30, 2015, unrestricted fund balance was \$5,886,330 while total fund balance was \$6,006,340. As a measure of the fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total expenditures. Unrestricted fund balance represents 11.1% of total general purpose school fund expenditures. The total fund balance represents 11.3% of total general purpose school fund expenditures.

The fund balance of the Schools' General Purpose School Fund increased by \$347,452 during the current fiscal year. A few highlights of the General Purpose School Fund are as follows:

- Revenues and other net financing sources were \$53,516,090 for FY 2015 and \$53,375,155 for FY 2014, with a net increase of \$140,935.
- Expenditures were \$53,168,638 for FY 2015 and \$53,784,648 for FY 2014, with a decrease of \$(616,010).
- Instructional expenditures represent 55.6% of the total expenditures for FY 2015 and 53.71% for FY 2014.

**School Federal Projects Fund.** The School Federal Projects Fund, which accounts for a majority of the Schools' federal grants, reported expenditures of \$3,093,427 for 2015 and \$3,070,170 for 2014, with a net increase of \$23,257.

**Proprietary Fund.** The Schools' proprietary fund statements provide underlying detailed information found in the government-wide financial statements to support the information. Unrestricted net position of the internal service fund at June 30, 2015 and 2014, was \$872,585 and \$855,625, respectively, which will be used as a budgeting and planning tool for future vehicle and bus purchases.

**MAJOR FUNDS BUDGETARY HIGHLIGHTS**

The General Purpose School Fund's fund balance increased \$347,452, which was a positive variance from budget of \$1,421,354. Current year expenditures in instructional and support services were \$1.8 million less than budgeted.

The General Purpose School Fund's budgetary comparison statements are on pages 72-73.

The School Federal Projects Fund had \$294,749 less than budgeted in revenues and expenditures in 2015.

The School Federal Project Fund's budgetary comparison statements are on page 76.

**CAPITAL ASSETS**

The Schools' investment in capital assets for its governmental activities as of June 30, 2015, was \$119.4 million with accumulated depreciation of \$51.4 million resulting in a net book value of \$68.0 million. The majority of net capital assets is land, buildings, and related improvements, which was \$60.4 million or 89% of total net capital assets.

The majority of capital asset activity is due to capital projects at various schools.

Additional information on the Schools' capital assets can be found in Note 4 to the financial statements.

**OAK RIDGE SCHOOLS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**JUNE 30, 2015**

**LONG-TERM LIABILITIES AND OTHER LONG-TERM LIABILITIES**

Total long-term liabilities at June 30, 2015, and 2014, were \$70.6 million and \$75.5 million, respectively. Total long-term liabilities decreased from FY 2014 to FY 2015 by \$(1.0) million.

Total other long-term liabilities at June 30, 2015, and 2014, were \$6.4 million and \$6.2 million, respectively. Total other long-term liabilities increased from FY 2014 to FY 2015 by \$596,113.

Additional information on the Schools' long-term liabilities and other long-term liabilities can be found in Notes 5, 6, 7, 8, 16 and 18 to the financial statements.

**ENROLLMENT**

The Schools' enrollment has remained constant since FY 2003. Current enrollment is 4,729 for FY 2015 compared to 4,671 for FY 2014. Management is closely monitoring various factors affecting enrollment.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

During the preparation of the FY 2016 budget, the following major assumptions were used.

- The FY 2015 budgeted expenditures for the General Purpose School Fund are \$57.0 million.
- Compensation and benefits budgeted in FY 2015 for employees increased by \$395,367.
- For FY 2015, the Schools have projected a 0% increase in health insurance premiums and a TCRS pension employer contribution rate of 9.01% for certified (teachers) staff, and 10.09% for non-certified (support) staff. Vision premiums are projected to increase by 0%.

**FINAL COMMENTS**

The Oak Ridge School System continues to provide a quality public education even during times of decreasing revenues. In prior years, the Schools have been recognized by "Newsweek" and several other national publications. Oak Ridge Schools continue to provide a great education for all students and ranks in the top 10 statewide in academic achievement.

**CONTACTING THE SCHOOLS**

This financial report is designed to provide our citizens, parents, students, creditors, and regulatory agencies with an overview of the Schools' finances. If you have any questions about this report or need additional information, you may contact the Schools as follows:

Ms. Karen Gagliano  
Director of Business and Support Services  
Oak Ridge Schools  
P.O. Box 6588  
Oak Ridge, Tennessee 37831-6588  
865-425-9003  
[www.ortn.edu](http://www.ortn.edu)

## **BASIC FINANCIAL STATEMENTS**

**OAK RIDGE SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Departmental - Governmental Activities	Component Unit - Foundation	Total Reporting Unit
<b><u>Current Assets:</u></b>			
Cash and Cash Equivalents	\$ 9,476,894	\$ 171,664	\$ 9,648,558
Investments, at Fair Value	-	4,930,122	4,930,122
Accounts Receivable	20,042	-	20,042
Unconditional Promises to Give, net	-	47,504	47,504
Grants Receivable	511,506	-	511,506
Due from Other Governments	1,316,867	-	1,316,867
Prepaid Items	87,814	-	87,814
	<hr/>	<hr/>	<hr/>
Total Current Assets	11,413,123	5,149,290	16,562,413
	<hr/>	<hr/>	<hr/>
<b><u>Capital Assets:</u></b>			
Land & Construction in Progress	185,728	-	185,728
Building and Equipment - Net of Accumulated Depreciation	67,811,563	-	67,811,563
	<hr/>	<hr/>	<hr/>
Total Capital Assets	67,997,291	-	67,997,291
	<hr/>	<hr/>	<hr/>
<b><u>Other Assets:</u></b>			
Net Pension Asset - Teacher Plan	104,527	-	104,527
Unconditional Promises to Give, net	-	41,735	41,735
Investments - Endowment, at Fair Value	-	528,254	528,254
	<hr/>	<hr/>	<hr/>
Total Other Assets	104,527	569,989	674,516
	<hr/>	<hr/>	<hr/>
Total Non-Current Assets	68,101,818	569,989	68,671,807
	<hr/>	<hr/>	<hr/>
Total Assets	79,514,941	5,719,279	85,234,220
	<hr/>	<hr/>	<hr/>
<b><u>Deferred Outflows of Resources:</u></b>			
Deferred Employer Contributions to Teacher Pension Plan	2,518,094	-	2,518,094
Deferred Employer Contributions to Non-teacher Pension Plan	604,358	-	604,358
	<hr/>	<hr/>	<hr/>
Total Deferred Outflows of Resources	3,122,452	-	3,122,452
	<hr/>	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 82,637,393	\$ 5,719,279	\$ 88,356,672
	<hr/>	<hr/>	<hr/>

**OAK RIDGE SCHOOLS**  
**STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2015**

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	Departmental - Governmental Activities	Component Unit - Foundation	Total Reporting Unit
<u>Current Liabilities</u>			
Accounts Payable	\$ 463,513	\$ -	\$ 463,513
Accrued Interest Payable - Long-Term Debt	238,435	-	238,435
Accrued Salaries and Benefits	3,912,137	245	3,912,382
Current Portion of Other Long-Term Liabilities	400,280	-	400,280
Current Portion of Long-Term Debt	2,366,466	-	2,366,466
 Total Current Liabilities	 7,380,831	 245	 7,381,076
<u>Non-Current Liabilities</u>			
Long-Term Debt	70,619,217	-	70,619,217
Other Long-Term Liabilities	6,423,226	-	6,423,226
 Total Non-Current Liabilities	 77,042,443	 -	 77,042,443
 Total Liabilities	 84,423,274	 245	 84,423,519
<u>Deferred Inflows of Resources</u>			
Advance Payments - School Food Service	18,992	-	18,992
Derivative Instrument - Interest Rate Swaps	5,437,032	-	5,437,032
Deferred Pension Investment Earning - Teacher	8,798,551	-	8,798,551
 Total Deferred Inflows of Resources	 14,254,575	 -	 14,254,575
<u>Net Position</u>			
Net Investment in Capital Assets	(4,988,392)	-	(4,988,392)
Restricted	133,981	2,981,783	3,115,764
Unrestricted	(11,186,045)	2,737,251	(8,448,794)
 Total Net Position	 (16,040,456)	 5,719,034	 (10,321,422)
 Total Liabilities, Deferred Inflows of Resources and Net Position	 \$ 82,637,393	 \$ 5,719,279	 \$ 88,356,672

**OAK RIDGE SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services - Net	Operating Grants and Contributions	Capital Grants and Contributions	Departmental Governmental Activities	Component Unit- Foundation	Total Reporting Unit
<u>Governmental Activities:</u>							
Instructional	\$ 29,193,306	\$ 303,813	\$ 3,533,592	\$ -	\$ (25,355,901)	\$ -	\$ (25,355,901)
Support Services	21,344,213	16,663	-	-	(21,327,550)	-	(21,327,550)
Non-Instructional	3,915,339	770,605	1,807,495	-	(1,337,239)	-	(1,337,239)
Pension Expense	(120,675)	-	-	-	120,675	-	120,675
Interest on Long-Term Debt	2,737,256	-	-	-	(2,737,256)	-	(2,737,256)
Total	<u>\$ 57,069,439</u>	<u>\$ 1,091,081</u>	<u>\$ 5,341,087</u>	<u>\$ -</u>	<u>(50,637,271)</u>	<u>-</u>	<u>(50,637,271)</u>
<u>Component Unit</u>							
Foundation	<u>\$ 131,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,978</u>	<u>-</u>	<u>(82,821)</u>	<u>(82,821)</u>
<u>General Revenues:</u>							
Property Taxes					9,066,034	-	9,066,034
Local Option Sales and Mineral Severance Taxes					4,304,972	-	4,304,972
Mixed Drink Taxes					273	-	273
Other Local Sources					467,368	-	467,368
State of Tennessee - BEP					19,043,000	-	19,043,000
Federal Government - Unrestricted					33,355	-	33,355
Investment Income, net					461	135,175	135,636
Investment Income - Change in Fair Market Value of Derivative Interest Rate Swaps					(882,448)	-	(882,448)
Gain on Sale and Disposal of Capital Assets					5,926	-	5,926
Payments from Component Unit					80,044	-	80,044
Payments to Primary Government - City					-	(403,056)	(403,056)
Transfers from the City's General Fund					14,629,302	-	14,629,302
Transfers from the City's Capital Projects Fund					286,194	-	286,194
Transfers from the City's Debt Service Fund					4,845,347	-	4,845,347
Total General Revenues					<u>51,879,828</u>	<u>(267,881)</u>	<u>51,611,947</u>
Changes in Net Position					<u>1,242,557</u>	<u>(350,702)</u>	<u>891,855</u>
Net Position, Beginning of Year, before restatement					<u>(8,722,080)</u>	<u>6,069,736</u>	<u>(2,652,344)</u>
Prior Period Adjustment					<u>(8,560,933)</u>	<u>-</u>	<u>(8,560,933)</u>
Net Position, Beginning of Year					<u>(17,283,013)</u>	<u>6,069,736</u>	<u>(11,213,277)</u>
Net Position, End of Year					<u>\$ (16,040,456)</u>	<u>\$ 5,719,034</u>	<u>\$ (10,321,422)</u>

**OAK RIDGE SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**OAK RIDGE SCHOOLS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	Major Funds			
	General Purpose School	School Federal Projects	Other Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>				
<u>Assets:</u>				
Cash and Cash Equivalents	\$ 8,279,224	\$ -	\$ 325,085	\$ 8,604,309
Accounts Receivable	8,894	1,609	9,539	20,042
Grants Receivable	-	471,735	39,771	511,506
Due from Other Funds	516,730	-	-	516,730
Due from Other Governments	1,316,867	-	-	1,316,867
Prepaid Items	87,814	-	-	87,814
Total Assets	\$ 10,209,529	\$ 473,344	\$ 374,395	\$ 11,057,268
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 365,668	\$ -	\$ 97,845	\$ 463,513
Accrued Salaries and Benefits	3,837,521	67,942	6,674	3,912,137
Due to Other Funds	-	405,402	111,328	516,730
Total Liabilities	4,203,189	473,344	215,847	4,892,380
<u>Deferred Inflows of Resources</u>				
	-	-	18,992	18,992
<u>Fund Balances</u>				
Non-Spendable - Prepaid				
Expenditures	87,814	-	-	87,814
Restricted - Career Ladder/				
Extended Contract	18,295	-	-	18,295
Restricted - Support Services/				
Non-Instruction	-	-	121,476	121,476
Unrestricted:				
Committed	13,901	-	18,080	31,981
Unassigned	5,886,330	-	-	5,886,330
Total Fund Balances	6,006,340	-	139,556	6,145,896
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>				
	\$ 10,209,529	\$ 473,344	\$ 374,395	\$ 11,057,268

**OAK RIDGE SCHOOLS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

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

Ending Fund Balance - Governmental Funds \$ 6,145,896

Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Capital Assets	\$ 117,103,317	
Less: Accumulated Depreciation	(49,486,239)	
Net Capital Assets		67,617,078

Internal service funds are used by management to charge costs of insurance and equipment replacement costs to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.

1,252,798

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Net Pension Liability (Asset)	104,527	
General Obligation Bonds	(16,353,941)	
Qualified Zone Academy Bonds (QZAB)	(3,056,511)	
Notes Payable	(52,487,287)	
Bond Discounts and Premiums - Net	(966,631)	
Accrued Interest Payable - Bonds and Notes	(238,435)	
Capitalized Lease Obligations	(121,313)	
Other Post Employment Benefit Obligations (OPEB)	(6,167,801)	
Compensated Absences	(349,495)	
Termination Benefits	(306,210)	
		(79,943,097)

Deferred outflows and inflows of resources are reported on the Statement of Net Position for future inflow or outflow of resources that are not reported on the balance sheet governmental fund

Deferred Outflows of Resources:

Deferred Employer Contributions to Teacher Pension Plan	2,518,094	
Deferred Employer Contributions to Nonteacher Pension Plan	604,358	

Deferred Inflows of Resources:

Derivative Instrument - Interest Rate Swaps	(5,437,032)	
Deferred Pension Investment Earning - Teacher	(8,798,551)	
		(11,113,131)

Ending Net Position - Governmental Activities \$ (16,040,456)

**OAK RIDGE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Major Funds			Total
	General Purpose School	School Federal Projects	Other Non Major Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$ 9,066,034	\$ -	\$ -	\$ 9,066,034
Local Option Sales and Mineral Severance Taxes	4,304,972	-	-	4,304,972
Mixed Drink Taxes	273	-	-	273
Charges for Services	311,755	-	762,663	1,074,418
Other Local Sources	167,437	-	15,398	182,835
State of Tennessee - BEP	19,043,000	-	-	19,043,000
State of Tennessee - Other	850,020	-	45,420	895,440
State of TN On-Behalf Payments	170,285	-	-	170,285
Federal Government	77,041	3,093,427	1,306,598	4,477,066
Other	103,000	-	99,356	202,356
Total Revenues	34,093,817	3,093,427	2,229,435	39,416,679
<u>Expenditures</u>				
Current:				
Instructional:				
Regular Instruction	24,358,435	576,225	-	24,934,660
Alternative School	413,917	-	-	413,917
Special Education	3,862,746	728,661	-	4,591,407
Technology and Career	941,359	55,231	-	996,590
Total Instructional	29,576,457	1,360,117	-	30,936,574
Support Services:				
Health Services	476,190	-	-	476,190
Other Student Support	1,316,633	121,529	-	1,438,162
Instructional Staff	2,253,110	316,693	-	2,569,803
Special Education	714,964	223,493	-	938,457
Technology and Career	78,838	854	-	79,692
Board of Education	818,142	-	-	818,142
Office of Superintendent	311,372	-	-	311,372
Office of Principal	2,855,631	-	-	2,855,631
Fiscal Services	700,739	-	-	700,739
Human Resources/Personnel	277,346	-	-	277,346
Operation of Plant	4,326,807	-	-	4,326,807
Maintenance of Plant	1,389,641	-	-	1,389,641
Transportation	1,164,559	36,810	-	1,201,369
Information Technology	1,034,772	-	-	1,034,772
Total Support Services	17,718,744	699,379	-	18,418,123

**OAK RIDGE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Major Funds			
	General	School	Other Non Major	Total
	Purpose	Federal	Governmental	Governmental
	School	Projects	Funds	Funds
<u>Expenditures (Continued)</u>				
Current:				
Non-Instructional:				
Food Service	-	-	1,916,343	1,916,343
Community Service/Early Childhood Education	11,039	950,585	489,347	1,450,971
Preschool Program	450,079	-	-	450,079
Equipment Rental and Other	-	83,346	-	83,346
Total Non-Instructional	461,118	1,033,931	2,405,690	3,900,739
Capital Outlays	141,403	-	-	141,403
Debt Service:				
Principal on Capitalized Leases	410,474	-	-	410,474
Interest on Capitalized Leases	15,095	-	-	15,095
Principal on Bonds and Notes Payable	2,005,706	-	-	2,005,706
Interest on Bonds and Notes Payable	2,839,641	-	-	2,839,641
Total Debt Service	5,270,916	-	-	5,270,916
Total Expenditures	53,168,638	3,093,427	2,405,690	58,667,755
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(19,074,821)	-	(176,255)	(19,251,076)
<u>Other Financing Sources (Uses)</u>				
Transfers In-From City	19,474,649	-	-	19,474,649
Operating Transfers In (Out) to Other Funds	(52,376)	-	52,376	-
Total Other Financing Sources (Uses) - Net	19,422,273	-	52,376	19,474,649
Net Changes In Fund Balances	347,452	-	(123,879)	223,573
Fund Balances, Beginning of Year	5,658,888	-	263,435	5,922,323
Fund Balances, End of Year	\$ 6,006,340	\$ -	\$ 139,556	\$ 6,145,896

**OAK RIDGE SCHOOLS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Net Change in Fund Balances - Total Governmental Funds	\$	223,573
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Purchased	\$	462,104	
Depreciation Expense		(3,391,394)	
Net Capital Assets - Increase (Decrease)			(2,929,290)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, the issuance of debt increases long-term liabilities in the statement of net assets and the principal payment of these liabilities decreases them.

Debt Issued	-		
Principal Repaid		2,416,100	
			2,416,100

Amortization of Bond Discounts and Premiums - Net		105,404
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Change in accrued interest payable on long-term debt that is not due and payable in the current period and therefore is not reported in the funds.		12,073
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The net loss of the equipment rental and replacement fund of the internal service fund that is reported within governmental activities.		(96,103)
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Investment Income (loss) - Change in Fair Value of Ineffective Derivative Interest Rate Swap		(882,448)
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In accordance with GASB 68:			
Pension (Expense) Income	120,675		
Employer Contributions - Teacher		2,264,328	
Employer Contributions - Non-teacher		604,358	
			2,989,361

Governmental funds report compensated absences and termination benefits that mature or are used shortly after year end as an expenditure. However, the long-term portion is not reported in the governmental funds.

OPEB Obligations - (Increase)	(716,495)		
Compensated Absences - (Increase)		(13,888)	
Termination Benefits - Decrease		134,270	
			(596,113)

Change in Net Assets - Governmental Activities	\$	1,242,557
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**OAK RIDGE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Purpose School Fund				School Federal Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Property Taxes	\$ 9,183,941	\$ 9,183,941	\$ 9,066,034	\$ (117,907)	\$ -	\$ -	\$ -	\$ -
Local Option Sales Taxes	4,264,114	4,264,114	4,304,972	40,858	-	-	-	-
Local Mineral Severance Taxes	2,000	2,000	-	(2,000)	-	-	-	-
Mixed Drink Taxes	-	-	273	273	-	-	-	-
Charges for Services	304,000	304,000	311,755	7,755	-	-	-	-
Other Local Sources	119,000	202,697	167,437	(35,260)	-	-	-	-
State of Tennessee - BEP	18,922,000	18,922,000	19,043,000	121,000	-	-	-	-
State of Tennessee - Other	1,363,994	1,180,870	850,020	(330,850)	-	-	-	-
State of TN On-Behalf Payments	-	-	170,285	170,285	-	-	-	-
Federal Government	114,000	114,000	77,041	(36,959)	3,309,223	3,388,176	3,093,427	(294,749)
Other	132,980	265,960	103,000	(162,960)	-	-	-	-
<b>Total Revenues</b>	<b>34,406,029</b>	<b>34,439,582</b>	<b>34,033,817</b>	<b>(345,765)</b>	<b>3,309,223</b>	<b>3,388,176</b>	<b>3,093,427</b>	<b>(294,749)</b>
<b>Expenditures</b>								
Current:								
Instructional:								
Regular Instruction	25,062,254	24,908,376	24,358,435	(549,941)	677,439	678,498	576,225	(102,273)
Alternative School	402,668	426,903	413,917	(12,986)	-	-	-	-
Special Education	3,922,224	3,957,224	3,862,746	(94,478)	751,865	734,806	728,661	(6,145)
Technology and Career	1,018,628	1,031,078	941,359	(89,719)	54,059	55,231	55,231	-
<b>Total Instructional</b>	<b>30,405,774</b>	<b>30,323,581</b>	<b>29,576,457</b>	<b>(747,124)</b>	<b>1,483,363</b>	<b>1,468,535</b>	<b>1,360,117</b>	<b>(108,418)</b>
Support Services:								
Health Services	423,545	484,054	476,190	(7,864)	-	-	-	-
Other Student Support	1,303,597	1,317,471	1,316,633	(838)	26,530	210,345	121,529	(88,816)
Instructional Staff	2,256,433	2,328,544	2,253,110	(75,434)	231,712	370,787	316,693	(54,094)
Special Education	759,536	726,520	714,964	(11,556)	178,729	227,112	223,493	(3,619)
Technology and Career	-	81,321	78,838	(2,483)	-	854	854	-
Board of Education	962,851	1,007,657	818,142	(189,515)	-	-	-	-
Office of Superintendent	324,911	326,500	311,372	(15,128)	-	-	-	-
Office of Principal	2,898,940	2,864,059	2,855,631	(8,428)	-	-	-	-
Fiscal Services	738,078	704,609	700,739	(3,870)	200,000	700	-	-
Human Resources/Personnel	-	293,196	277,346	(15,850)	-	-	-	-
Operation of Plant	4,809,264	4,772,979	4,326,807	(446,172)	-	-	-	-
Maintenance of Plant	1,386,152	1,401,514	1,389,641	(11,873)	-	-	-	-
Transportation	879,310	1,379,310	1,164,559	(214,751)	-	-	36,810	36,810
Information Technology	1,018,659	1,058,930	1,034,772	(24,158)	-	-	-	-
<b>Total Support Services</b>	<b>17,761,276</b>	<b>18,746,664</b>	<b>17,718,744</b>	<b>(1,027,920)</b>	<b>636,971</b>	<b>809,098</b>	<b>699,379</b>	<b>(109,719)</b>

**OAK RIDGE SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**MAJOR GOVERNMENTAL FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	General Purpose School Fund				School Federal Projects Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Expenditures (Continued)</u>								
Current:								
Non-Instructional:								
Community Service/Early Childhood Education	194,534	10,711	11,039	328	-	-	950,585	950,585
Preschool Program	450,079	450,079	450,079	-	-	-	-	-
Equipment Rental and Other	-	-	-	-	83,336	96,920	83,346	(13,574)
Total Non-Instructional	644,613	460,790	461,118	328	83,336	96,920	1,033,931	937,011
Capital Outlays	128,380	143,380	141,403	(1,977)	-	-	-	-
Debt Service:								
Principal on Capitalized Leases	410,474	410,474	410,474	-	-	-	-	-
Interest on Capitalized Leases	15,095	15,095	15,095	-	-	-	-	-
Principal on Bonds and Notes Payable	-	-	2,005,706	2,005,706	-	-	-	-
Interest on Bonds and Notes Payable	-	-	2,839,641	2,839,641	-	-	-	-
Total Debt Service	425,569	425,569	5,270,916	4,845,347	-	-	-	-
Total Expenditures	49,365,612	50,099,984	53,168,638	3,068,654	2,203,670	2,374,553	3,093,427	718,874
Deficiency of Revenues Under Expenditures	(14,959,583)	(15,660,402)	(19,074,821)	(3,414,419)	1,105,553	1,013,623	-	(1,013,623)
<u>Other Financing Sources (Uses)</u>								
Transfers In-From City	14,629,302	14,629,302	19,474,649	4,845,347	-	-	-	-
Current Refunding of Bonds	-	-	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-	-	-
Premium of Refunding Bonds Issued	-	-	-	-	-	-	-	-
Discount of Refunding Bonds Issued	-	-	-	-	-	-	-	-
Operating Transfers In (Out) to Other Funds	(42,802)	(42,802)	(52,376)	(9,574)	-	-	-	-
Total Other Financing Sources - Net	14,586,500	14,586,500	19,422,273	4,835,773	-	-	-	-
Net Changes In Fund Balances	<u>\$ (373,083)</u>	<u>\$ (1,073,902)</u>	<u>347,452</u>	<u>\$ 1,421,354</u>	<u>\$ 1,105,553</u>	<u>\$ 1,013,623</u>	<u>-</u>	<u>\$ (1,013,623)</u>
Fund Balances, Beginning of Year			5,658,888				-	
Fund Balances, End of Year			<u>\$ 6,006,340</u>				<u>\$ -</u>	

**OAK RIDGE SCHOOLS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2015**

	Equipment Rental and Replacement Fund
	<hr/>
<u>Assets</u>	
<u>Current Asset</u>	
Cash and Cash Equivalents	\$ 872,585
	<hr/>
Total Current Asset	872,585
	<hr/>
<u>Capital Assets</u>	
Buses, Vehicles and Equipment	2,341,843
Less: Accumulated Depreciation	<u>(1,961,630)</u>
	<hr/>
Capital Assets - Net	380,213
	<hr/>
Total Assets	<u><u>\$ 1,252,798</u></u>
	<hr/>
<u>Net Position</u>	
<u>Net Position</u>	
Net Investment in Capital Assets	\$ 380,213
Unrestricted	<u>872,585</u>
	<hr/>
Total Net Position	<u><u>\$ 1,252,798</u></u>
	<hr/>

OAK RIDGE SCHOOLS  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Equipment Rental and Replacement Fund</u>
<u>Operating Revenues</u>	
Rental Income	<u>\$ 10,996</u>
<u>Operating Expenses</u>	
Depreciation	<u>113,025</u>
Operating Loss	<u>(102,029)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Gain (Loss) on Disposal of Capital Assets	<u>5,926</u>
Change in Net Position	(96,103)
Net Position, Beginning of Year	<u>1,348,901</u>
Net Position, End of Year	<u><u>\$ 1,252,798</u></u>

**OAK RIDGE SCHOOLS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Equipment Rental and Replacement Fund
<u>Cash Flows From Operating Activities</u>	
Receipts for Interfund Services	\$ 10,996
Net Cash Provided by Operating Activities	<u>10,996</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of Capital Assets	-
Proceeds from Sale of Capital Assets	<u>5,964</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>5,964</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,960
Cash and Cash Equivalents, Beginning of Year	<u>855,625</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 872,585</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided By Operating Activities</u>	
Operating Loss	\$ (102,029)
Adjustment to Reconcile Operating Loss to Net	
Cash Provided by Operating Activities:	
Depreciation	113,025
Change in Accounts Receivable	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 10,996</u></u>

**OAK RIDGE SCHOOLS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2015**

	Private Purpose Trust - Scholarship Fund	Oak Ridge Schools Internal School Funds	Total Funds
	<hr/>	<hr/>	<hr/>
<u>Assets</u>			
<u>Current Asset:</u>			
Cash and Cash Equivalents	\$ 238,911	\$ 898,367	\$ 1,137,278
Accounts Receivable	-	425	425
Inventory	<hr/> -	<hr/> 9,632	<hr/> 9,632
Total Assets	<hr/> <u>\$ 238,911</u>	<hr/> <u>\$ 908,424</u>	<hr/> <u>\$ 1,147,335</u>
<u>Liability and Net Position</u>			
<u>Liability</u>			
Accounts Payable	<hr/> \$ -	<hr/> \$ 1,405	<hr/> \$ 1,405
Total Liability	<hr/> -	<hr/> 1,405	<hr/> 1,405
<u>Net Position</u>			
Held in Trust for Scholarships	238,911	-	238,911
Held in Internal School Funds	<hr/>	<hr/> 907,019	<hr/> 907,019
Total Net Position	<hr/> 238,911	<hr/> 907,019	<hr/> 1,145,930
Total Liability and Net Position	<hr/> <u>\$ 238,911</u>	<hr/> <u>\$ 908,424</u>	<hr/> <u>\$ 1,147,335</u>

**OAK RIDGE SCHOOLS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Private Purpose Trust - Scholarship Fund	Oak Ridge Schools Internal School Funds	Total Funds
<u>Additions</u>			
Investment Income	\$ 1,232	\$ -	\$ 1,232
Contributions	-	1,452,948	1,452,948
Other	-	-	-
Total Additions	1,232	1,452,948	\$ 1,454,180
<u>Deductions</u>			
Scholarship Awards	81,407	-	81,407
School Related Expenditures	-	1,394,002	1,394,002
Total Deductions	81,407	1,394,002	1,475,409
Change in Net Position	(80,175)	58,946	(21,229)
Net Position, Beginning of Year	319,086	848,073	1,167,159
Net Position, End of Year	<u>\$ 238,911</u>	<u>\$ 907,019</u>	<u>\$ 1,145,930</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity**

The Oak Ridge Board of Education (the "Schools") was established by the City of Oak Ridge, Tennessee (the "City") under the provisions of the City's Charter, Article VI, Sections 1-18.

Oak Ridge Schools operate eight schools which consist of one preschool, four elementary, two middle, and one high school. All of the schools, with the exception of the preschool, are accredited by the Southern Association of Colleges and Schools ("SACS"). The School system is responsible for the public education of children in grades K through 12 who reside within the boundaries of the City of Oak Ridge. Students who live outside the city limits may attend, subject to space availability and the payment of tuition.

The Schools are a department of the City of Oak Ridge and are not a separate legal entity. Therefore, the Schools' financial statements are also included in the City's Comprehensive Annual Financial Report ("CAFR"). The Schools' departmental-wide financial statements will be blended within the City's CAFR in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14. In accordance with the City's Charter, the City Council approves and issues long-term debt, such as bonds and notes payable to provide the financing for the acquisition and construction of the Schools' facilities.

The financial statements present only the Oak Ridge Schools and are not intended to present fairly the financial position of the City of Oak Ridge, Tennessee, or the results of its operations and cash flows of its proprietary fund in conformity with generally accepted accounting principles.

The financial statements of the Schools have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The GASB is the accepted standard-setting board for establishing governmental accountings and financial reporting principles.

**Discretely Presented Major Component Units**

Oak Ridge Public Schools Education Foundation, Inc. (the "Foundation") is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Foundation's primary mission is to enhance, promote and support the City of Oak Ridge Schools. The Foundation receives donations and pledges from individuals, corporations and other donors. The Schools do not appoint or approve the Foundation's budget or Board of Directors. However, since the Foundation's main purpose is to provide financial support to the schools, this meets the definition of a component unit in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, paragraph five.

The Foundation has been reported in the schools' departmental-wide financial statements as a major component unit. The Foundation has been audited by a separate certified public accounting firm for the year ended December 31, 2014. The Schools have included the Foundation's results with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59. The Foundation publishes separate financial statements and may be obtained from:

Ms. Lila Metcalf  
Oak Ridge Public Schools Education Foundation, Inc.  
MS – 22, P.O. Box 117  
Oak Ridge, TN 37831 (865) 241-3667

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation**

The financial statements include the departmental-wide statements prepared on the accrual basis of accounting and fund financial statements which present information for individual funds and the major funds rather than by fund type. Non-major funds are combined and presented in one column.

**Fund Accounting**

The accounts of the Schools are organized, operated and presented on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of assets, liabilities, fund equity, revenue and expenditures, or expenses, as appropriate. Governmental resources are allocated to and accounted for individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Fund accounting is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Schools report the following governmental funds:

**Major Funds:**

The General Purpose School Fund is the main operating fund of the Schools. It is used to account for all financial resources except those required to be accounted for in another fund. Revenues are received from local taxes, state and federal revenues and charges for services.

The School Federal Projects Fund is used to account for the proceeds of federal award grant programs requiring separate accounting because of legal or regulatory provisions or administrative action.

**Non-major Funds:**

The Other Education Special Revenue Fund is used to account for the activities assisting at risk children and their families. The fund accounts for the Family Resource Center and the Safe Schools Act activities which are funded by federal awards.

The Extended School Program Fund is used to account for the fees collected for the Schools' extended child care program.

The Central Cafeteria Fund is used to account for the activities related to food services. The revenue also supports preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery. Revenue is collected in the form of meal charges, fees for special events and programs, and state and federal reimbursements under the national school lunch and breakfast programs.

The School's Proprietary fund is the following internal service fund:

The Equipment Rental and Replacement Fund is used to account for the financing of transportation services (buses) and vehicles provided by the transportation department to other departments of the Schools on a cost-reimbursement basis.

The School's fiduciary fund is the following private purpose trust and agency fund:

The Scholarship Fund is used to account for resources legally held in trust for use of scholarship awards. All resources of the fund, including investment earnings, may be used for scholarship awards.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Oak Ridge Schools Internal School Funds ("ORISF") is used to account for the funds held at individual schools for which all earnings and resources of the fund are used to benefit the students.

**Departmental-wide and Fund Financial Statements**

Departmental-wide Financial Statements

The statement of net position and the statement of activities display information about the Schools. The statements include the financial activities of the entire district, except for fiduciary funds. Eliminations have been made to minimize the effect of interfund activities. Governmental activities, which are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the year ended June 30, 2015, the Schools had no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the Schools and for each function of the Schools' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Schools' funds. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for most of the general activities. The Schools only have one type of governmental fund:

A Special Revenue Fund accounts for revenue derived from specific sources that are restricted by legal and regulatory provisions to finance specific activities. The Special Revenue funds are the General Purpose School Fund, the School Federal Projects Fund, the Other Education Special Revenue Fund, the Extended School Program Fund and the Central Cafeteria Fund.

Proprietary funds are used to account for activities that are similar to activities that may be performed by a commercial enterprise.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Fiduciary funds account for assets held by the Schools in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus**

Departmental-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by grantors have been met.

Governmental fund financial statements are used to account for the Schools' general government activities. This fund type uses the flow of current financial resources measurement focus and employs the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are "measurable and available." "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Schools consider all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting, except for debt and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The Schools use the economic resource method as its policy for its proprietary and fiduciary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**Component Unit**

The Foundation follows the Schools' proprietary fund type measurement focus and basis of accounting, the accrual basis of accounting.

**Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The departmental-wide financial statements are prepared using the accrual basis of accounting; fiduciary and proprietary funds also use the accrual basis. The governmental fund financials use the modified accrual basis of accounting.

**New Accounting Standards**

The Schools adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, in the year ending June 30, 2015. This Statement improves accounting and financial reporting for pensions. The Schools have employees who participate in the Tennessee Consolidated Retirement System Defined Benefit Pension Plan. See Note 15, Note 16 and Note 22.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenue Recognition: Nonexchange transactions in which the Schools receive value without directly giving equal value in return include: county property taxes, sales taxes, various state revenues, grants, and donations. Revenues from property taxes are recognized as revenues when collected from the Anderson and Roane County Trustees within 60 days after year-end. Sales taxes collected and held by the state at year-end on behalf of the Schools are also recognized as revenues. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include: timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Schools must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Schools on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Schools, available means expected to be received within 60 days of fiscal year-end. Revenues from exchange transactions include tuition, charges for services, interest and rental income.

In accordance with GASB, investment income consists of interest and dividend income and unrealized gains (losses) in marketable securities.

Expenses/Expenditures: On the accrual basis of accounting, expenses are recognized at the time they are incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt are recognized when due and (2) accumulated non-vested sick pay is not accrued, but is recognized as paid.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measureable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets and Basis of Budgeting**

The Oak Ridge Schools' budget process is initiated each year by the various programs, principals and staff of each school as well as the preparation of the budgets by each special department within the two major governmental funds of the school system. These budgets include staff requirements, materials and supply needs, capital and replacement equipment needs, and special requests associated with the operation of the school system. School unit budgets are submitted to the Assistant Superintendent of Schools for review and compilation. Support Services departments submit their budgets directly to the Director of Business and Support Services for review and compilation. On or about January 1, all budgets are submitted to the Superintendent of Schools on the required forms and in a predetermined format. The budget review process by the Superintendent, the Assistant Superintendent, and department directors is completed during the month of January.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Budgets and Basis of Budgeting**

Revenue projections in all areas are made during the month of January by the Director of Business and Support Services. Community involvement by a citizen's committee is also provided for during this period. On or about February 1, a comprehensive budget proposal is prepared and submitted to the Board of Education as the Superintendent's proposed budget for the subsequent fiscal year. During February, the Board of Education conducts numerous special Board meetings for budget review sessions as well as formal public hearings. During this same period, the Board hears formal recommendations from the Oak Ridge Education Association and the principal's group. Following these deliberations by the Board of Education and adjustments as required by the Board's action, the budget is approved by the Board for submission to City Council in early March. Beginning in early April, the City of Oak Ridge conducts formal budget reviews and public hearings, with a first and second reading of the appropriation ordinance. On or before April 30, the appropriation ordinance is approved by City Council establishing the property tax rate for the coming fiscal year and the level of appropriation for the Oak Ridge Schools.

Once the budget has been approved, the Board of Education may modify the budget between departments or major category level; however, any increase in total appropriations must be approved by the Board of Education and City Council. Management can modify the budget amounts within a department.

Formal budgetary integration is employed as a management control device for the General Purpose School Fund, School Federal Projects Fund, Other Education Special Revenue Fund, and Extended School Program Fund; however, the School Federal Projects budget is amended at the time the grant or program has been approved by the grantor. The budgets are legally adopted on a basis consistent with GAAP, except encumbrances are treated as budgeted expenditures in the year the commitment to purchase is incurred. The adjustments necessary to convert the basis of budgeting to GAAP represent the net change in encumbrances outstanding at the beginning and end of the fiscal year.

Budgeted amounts reflected in the accompanying budget and actual comparison are as originally adopted or as amended by the Board of Education and City Council. Budgetary appropriations which are not expended lapse at year-end.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows for proprietary funds, the Schools and its component unit consider all highly-liquid investments with original maturity dates of three months or less be cash and cash equivalents.

**Investments**

Investments are stated at fair value and based upon quoted market price.

**Interfund Receivables and Payables**

Transactions between the Schools and its component unit is reported as Due to / from Component Units / Primary Government.

Transactions between funds that are outstanding at year-end are presented as interfund receivables and payables. These interfund transactions are expected to be liquidated within the next 12 months. These interfund receivables and payables have been eliminated in the departmental-wide financial statements. However, interfund receivables and payables have not been eliminated in the accompanying fund financial statements.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pledges Receivable**

Pledges receivable of the component unit (the Foundation), are recognized as contribution revenue in the period that is, in substance, unconditional. The Foundation uses the allowance method to determine an uncollectible amount based upon prior years' experience and management's estimates.

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional receivables that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Capital assets include buildings, improvements, vehicles and machinery and equipment purchased through the governmental funds and by the City through the issuance of debt and are reported in the departmental-wide financial statements. The Schools define capital assets as an asset with an initial individual cost, or a cumulative project cost, of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their fair market values as of the date received.

The Schools have recorded certain capital assets such as buses, vehicles and machinery and equipment purchased by the proprietary fund - internal service fund. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized. All capital assets of the Schools are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>	<u>Asset Type</u>	<u>Years</u>
Buildings and Improvements	20-50	Buses	15
Machinery and Equipment	3-20	Vehicles	5-8
Computer Hardware and Software	5-10	Furniture and Fixtures	20
Food Service Equipment and Fixtures	15	Athletic Facilities	10-20

**Compensated Absences**

It is the policy of the Schools to permit employees to accumulate, in varying amounts, earned but unused vacation and sick pay benefits. There is no liability recorded for unpaid accumulated sick leave since the Schools do not have a policy to pay any such amounts upon separation from employment. However, upon retirement, the accumulated sick leave is credited to time of employment for calculating years of service under TCRS benefits.

In the departmental-wide financial statements, unpaid compensated absences are reported as Other Long-Term Liabilities. In the fund financials statements, compensated absences are expensed as they are paid. The compensated absences liability is not reported in their respective fund financial statements because it is not expected to be liquidated with expendable available financial resources.

**Termination Benefits**

The Schools provide voluntary termination benefits for professional employees who agree to retire before age 65. Payments are recorded as an expenditure in the General Purpose School Fund. The estimated liability and related expense is reported in the departmental-wide financial statements.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Long-Term Debt**

The departmental-wide financial statements report long-term debt associated with the capital assets that have been reported. Various debt issues were executed by the City of Oak Ridge, and the City services the debt through its Debt Service Fund, not the Board of Education special revenue funds. To reflect this activity in the Schools' separately-issued statements, entries are made for the principal and interest payments as transfers between the Debt Service Fund of the City and the General Purpose School Fund of the Schools.

In the departmental-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbered appropriations for funds do not lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as non-spendable fund balances since they do not constitute expenditures or liabilities. There were no outstanding encumbrances at June 30, 2015.

**Pensions**

**Non-teaching Personnel**

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

**Teaching Personnel**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of our participation in the Teacher Legacy Pension Plan of the TCRS, and additions to/deductions from our fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Teacher Legacy Pension Plan. 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 of TCRS. Investments are reported at fair value.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

In accordance with GASB Statement No. 63 and GASB Statement No. 65, the statement of net position will sometimes report a separate section for deferred outflows of resources, in addition to assets. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred inflows of resources consist of the following at June 30, 2015:

	<u>Governmental Activities</u>
<u>Deferred Outflows of Resources:</u>	
Deferred Pension Investment Earnings – Teacher Personnel	\$ 2,518,094
Deferred Pension Investment Earnings – Non-Teacher Personnel	604,358
	<u>\$ 3,122,452</u>
 <u>Deferred Inflows of Resources:</u>	
Advance Payments for School Food Service	\$ 18,992
Derivative Instrument - Interest Rate Swaps (Note 6 and 7)	5,437,032
Deferred Pension Investment Earnings – Teacher Personnel	8,798,551
	<u>\$ 14,254,575</u>

**Net Position**

Net position in departmental-wide and proprietary fund financial statements are classified in the following three components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those capital assets. Debt that was issued for capital purposes is not part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets. Debt or deferred inflow of resources attributable to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted net position results from restrictions placed on net position by external sources such as creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consist of net position which do not meet the definition of the two preceding categories.

When both restricted and unrestricted resources are available for use, it is the Schools' policy to use restricted resources first, then unrestricted resources as they are needed.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance**

Governmental funds, in the fund financial statements, report reservations of fund balances for amounts that are not available for appropriation and/or legally restricted by outside third-parties for specific purposes. In accordance with GASB 54, the governmental funds report fund balances in classifications that comprise a hierarchy based primarily on the extent to which the Schools are bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The categories of fund balance are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Fund balances reported as non-spendable represent amounts for inventory, prepaid expenditures, encumbrances, advances to other funds and noncurrent notes receivables.
- Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation (such as through state statutes).
- Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action, either ordinance or resolution, of the Board of Education (the "Board") level of decision-making authority, are reported as committed fund balance. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Amounts classified as committed are not subject to legal enforceability like restricted resources; however, they cannot be used for any other purposes unless the Board removes or changes the commitment by taking the same action it employed to impose the commitment.
- Assigned – This classification consists of all fund balances that are not in the General Purpose School Fund or classified as nonspendable, restricted or committed. In addition, General Purpose School Fund balances that the School intends to use for specific purposes as approved by the Board, or management are also classified as assigned. The Board has a fund balance policy that allows assigned amounts to be re-assigned by the Board, or management.
- Unassigned – This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed or assigned.

The School's policy is to expend any available restricted, committed or assigned resources, in that order, prior to expending unassigned resources.

**Minimum Fund Balance**

State statutes require the General Purpose School Fund to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ending June 30, 2015, the Schools met the minimum fund balance as required by state law.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fair Value of Financial Instruments**

We use a framework for measuring fair value and disclosing fair values. We define fair value at the price which would be received to sell an asset in an orderly transaction between market participants at the measurement date. We use this framework for all assets and liabilities measured and reported on a fair value basis and enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Each asset and liability carried at fair value is classified into one of the following categories:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities
- Level 2 - Observable market based inputs or unobservable inputs corroborated by market data
- Level 3 - Unobservable inputs not corroborated by market data.

Investments are measured at fair value based on quoted market prices in the active markets (all are level 1 inputs).

The fair value of current assets and current liabilities approximate to the carrying value due to the short maturity of these instruments. The fair value of unconditional promises to give is estimated by discounting the future cash flows using the current rates offered for deposits of similar remaining maturities.

The fair values of long-term debt and other long-term liabilities approximate the carrying amounts and are estimated based on current rates offered to us.

**Restatement of Comparative Data and Reclassifications**

Individual fund comparative financial statements have been presented in the supplementary section to provide an understanding of the changes in the financial position and operations of the Schools. Certain reclassifications have been made to make prior year data comparable to the current year. Comparative totals have not been included in the departmental-wide and the basic financial statements where their inclusion would not provide enhanced understanding of the Schools' financial position and operations or would cause the statements to be unduly complex and difficult to understand.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The Schools follow GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, that requires disclosures about custodial credit risk, interest rate risk, credit risk, and concentration of credit risk.

At June 30, 2015, the Schools had the following deposits and investments:

Description	Maturity Date	Fair Value
Deposits:		
Bank Deposits and Money Market Accounts	N/A	\$ 10,614,172

A summary of the deposits and investments by fund at June 30, 2015, is as follows:

Bank Deposits:	
Cash and Cash Equivalents:	
General Purpose School Fund	\$ 8,279,224
Central Cafeteria Fund	303,559
Extended School Program Fund	21,526
Equipment Rental and Replacement Fund	872,585
Oak Ridge Schools Internal School Funds	898,367
Scholarship Fund	238,911
Total Cash and Cash Equivalents	\$ 10,614,172

A reconciliation of cash and cash equivalents as shown on the statement of net position and the balance sheet – governmental funds at June 30, 2015, is as follows:

Total Bank Deposits:	\$ 10,614,172
Less: Fiduciary Fund – Scholarship Fund	(238,911)
Less: Fiduciary Fund – Oak Ridge Schools Internal School Funds	(898,367)
Cash and Cash Equivalents – Statement of Net Position	9,476,894
Less: Proprietary Fund – Equipment Rental and Replacement Fund	(872,585)
Cash and Cash Equivalents – Balance Sheet	\$ 8,604,309

**Deposits**

State statutes authorize the Schools to deposit funds in banks, credit unions and the state and local government investment pool ("SLGIP") and repurchase agreements.

**Deposit Policies**

The Schools' deposit policy is governed by the laws of the State of Tennessee. Deposits in financial institutions are required by state statute to be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance.

The Schools' policy authorizes the investment of excess operating funds in various bank accounts, savings accounts or certificates of deposits with a local bank or credit union located within the city limits. Banks or credit unions shall be fully insured by the Federal Depository Insurance Corporation ("FDIC") or the National Credit Union Administration ("NCUA"). In addition, local banks shall participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Deposits - Custodial Credit Risk**

At June 30, 2015, the carrying amount of the Schools' deposits (cash and cash equivalents) were \$10,614,172 and were held in financial institutions that were fully insured or participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

Banks may use one of three different security pledges (90, 100, or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the Schools. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Since the bank collateral pool covered all the School's deposits at June 30, 2015, they are considered to be insured, fully collateralized and classified as Category 1, under GASB Statement No. 40, for purposes of custodial credit risk disclosure.

**Investment Income**

Investment income in the Scholarship Fund for the year ended June 30, 2015, consisted of the following:

Interest	\$ <u>1,232</u>
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**Investment Policies**

State statutes authorize the Schools to invest in obligations of the federal government, federal agency securities, state government, state local government investment pool ("SLGIP"), municipal bonds issued in Tennessee, certificates of deposit, and other time deposits and repurchase agreements.

Custodial Credit Risk: The Schools' investment policy requires that investment securities be registered in the name of Oak Ridge Schools. All safekeeping receipts for investment instruments are held in accounts in the Schools' name and all securities are registered in the Schools' name.

Credit Risk: The Schools' investment policy limits investments in federal agency securities and municipal bonds, to the highest ratings by two of the nationally recognized ratings organizations, Standard and Poor's, Moody's Investor Services, FITCH or A.M. BEST.

Interest Rate Risk: Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved upon by the sale of an investment, prior to its maturity, with the reinvestment of the proceeds, then this provision is also allowed.

In accordance with its investment policy, the Schools manage its interest rate risk by limiting the weighted-average maturity of its investment portfolio in the governmental funds and proprietary fund to one year or less. No security, at the time of purchase shall have a maturity exceeding one year. The Schools manage its interest rate risk by limiting the weighted-average maturity of its investment portfolio in the scholarship fund to ten years or less. No security, at the time of purchase in the scholarship fund, shall have a maturity exceeding ten years.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

**Investment Policies**

Concentration of Credit Risk: The Schools may choose to maintain between 0% to 100%, or any portion thereon, of its investment portfolio in U.S. Treasury Bills, Notes and Bonds; federal agencies, SLGIP, certificates of deposit or repurchase agreements in accordance with state statutes. As of June 30, 2015, the Schools did not maintain any investments; deposits were held in bank or money market accounts.

The Schools' investment policy does not require diversification among authorized investment broker-dealers. However, the policy requires the use of an investment broker-dealer who is registered with the Securities Investor Protection Corporation ("SIPC") and who maintains an office within the city limits.

**Component Unit - Foundation**

At June 30, 2015, the Foundation had the following deposits and investments:

Bank Deposits:	
Bank Deposits and Certificates of Deposit	\$ 171,664
Investments, at Fair Value:	
Money Market Accounts	26,026
U.S. Treasury Bonds	2,342,525
Mutual Funds	3,089,825
Total Investments, at Fair Value	5,458,376
Total	\$ 5,630,040

Short-term investments held in money market accounts are reported as investments instead of cash equivalents because the Foundation holds those funds for restricted purposes.

A reconciliation of investments as shown on the statement of net position at June 30, 2015, is as follows:

Investments, at Fair Value – Current Assets	\$ 4,930,122
Investments, at Fair Value – Other Assets	528,254
	\$ 5,458,376

Investment income for 2015 consisted of the following:

Interest and Dividends	\$ 132,638
Realized Gains on Investments	133,118
Unrealized Losses on Investments	(114,922)
Fees	(15,659)
	\$ 135,175

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

The Foundation had the following pledge receivables at June 30, 2015, (see Note 1 for Component Unit's year-end):

Due Within One Year	\$ 53,600
Due in One to Five Years	47,075
	<hr/>
Gross Receivable	100,675
Less: Discounts to Net Present Value	(1,368)
Less: Allowance for Uncollectible Promises to Give	(10,068)
	<hr/>
	89,239
	<hr/>
Due Within One Year	47,504
Due Within One to Five Years	41,735
	<hr/>
	\$ 89,239
	<hr/>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the governmental activities for the year ended June 30, 2015, was as follows:

	Governmental Activities			
	Beginning Balance	Increases	Decreases and Reclassification	Ending Balance
<u>Capital assets, not being depreciated:</u>				
Land and Land Improvement	\$ 156,355	\$ -	\$ -	\$ 156,355
Construction in Progress	538,313	29,373	(538,313)	29,373
Total Capital Assets, Not Being Depreciated	694,668	29,373	(538,313)	185,728
<u>Capital assets, being depreciated:</u>				
Buildings and Improvement	102,675,423	141,516	-	102,816,939
Vehicles	903,996	-	(17,880)	886,116
Buses	1,640,465	-	(115,623)	1,524,842
Machinery and Equipment	9,716,705	811,429	(30,036)	10,498,098
Furniture and Fixtures	1,579,909	-	-	1,579,909
Computer Software and Telecom	1,935,432	18,096	-	1,953,528
Total Capital Assets, Being Depreciated	118,451,930	971,041	(163,539)	119,259,432
<u>Less accumulated depreciation:</u>				
Buildings and Improvement	(40,085,076)	(2,497,029)	-	(42,582,105)
Vehicles	(733,417)	(43,739)	17,880	(759,276)
Buses	(1,286,994)	(72,239)	115,620	(1,243,613)
Machinery and Equipment	(4,110,752)	(653,801)	29,998	(4,734,555)
Furniture and Fixtures	(552,414)	(78,995)	-	(631,409)
Computer Software and Telecom	(1,338,298)	(158,613)	-	(1,496,911)
Total Accumulated Depreciation	(48,106,951)	(3,504,416)	163,498	(51,447,869)
Total Capital Assets, Being Depreciated, net	70,344,979	(2,533,375)	(41)	67,811,563
Total Capital Assets, net	\$ 71,039,647	\$ (2,504,002)	\$ (538,354)	\$ 67,997,291

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Depreciation expense for governmental activities as of June 30, 2015, divided by function/program:

Governmental Activities:

Instructional	\$ 3,146,110
Support Services	285,889
Non-Instructional	<u>72,417</u>
Total depreciation expense	<u>\$ 3,504,416</u>

The cost of the equipment under capital leases is included in the statement of net position as computer software and telecom was \$25,000 at June 30, 2015. Accumulated amortization of leased equipment at June 30, 2015, was \$18,750. Amortization of assets under the capital leases are included depreciation expense above.

During the year ended June 30, 2015, the Schools had a realized gain (loss) from the sale and disposal of the following:

	<u>Sales Proceeds</u>	<u>Less: Net Book Value</u>	<u>Gain (Loss)</u>
Machinery and equipment	\$ 4,290	\$ 81	\$ 4,209
Buses	-	3	(3)
Other Vehicles	<u>1,720</u>	<u>-</u>	<u>1,720</u>
	<u>\$ 6,010</u>	<u>\$ 84</u>	<u>\$ 5,926</u>

Construction in progress at June 30, 2015, consists of the following:

	<u>Actual to Date</u>	<u>Remaining Contractual Commitments</u>
HVAC High School	\$ 11,460	\$ -
Steps and Paving	<u>17,913</u>	<u>-</u>
	<u>\$ 29,373</u>	<u>\$ -</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 – LONG-TERM DEBT**

**Overview**

Long-term liabilities at June 30, 2015, consisted of the following:

General Obligation Bonds	\$ 16,353,940
Qualified Zone Academy Bonds ("QZAB")	3,056,510
Notes Payable	52,487,288
Capital Lease Obligations	121,313
	<u>72,019,051</u>
Less: Unamortized Discounts	(47)
Add: Unamortized Premiums	966,679
	<u>72,985,683</u>
Less: Current Portion	<u>(2,366,466)</u>
Total Long-Term Liabilities	<u>\$ 70,619,217</u>

Interest expense recorded in the departmental-wide statement of activities consisted of the following:

Interest Paid	\$ 2,854,736
Amortization of Bond Discounts	32,146
Amortization of Bond Premiums	(137,553)
Accrued Interest Payable – Net Change	<u>(12,073)</u>
Total	<u>\$ 2,737,256</u>

**Activity**

Long-term debt activity for the year ended June 30, 2015, is as follows:

	Balance July 1, 2014	Additions	Retirements/ Reductions	Balance June 30, 2015	Due Within One Year
General Obligation Bonds	\$ 17,455,228	\$ -	\$ (1,101,288)	\$ 16,353,940	\$ 1,330,735
QZAB	3,565,928	-	(509,418)	3,056,510	509,418
Notes Payable	52,882,288	-	(395,000)	52,487,288	405,000
Capitalized Lease Obligations	531,707	-	(410,394)	121,313	121,313
Total	74,435,151	-	(2,416,100)	72,019,051	2,366,466
Unamortized Discounts	(32,193)	32,146	-	(47)	-
Unamortized Premiums	1,104,232	-	(137,553)	966,679	-
Total	<u>\$ 75,507,190</u>	<u>\$ 32,146</u>	<u>\$ (2,553,653)</u>	<u>\$ 72,985,683</u>	<u>\$ 2,366,466</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**General Obligation Bonds**

General Obligation Bonds ("GO") consisted of the following at June 30, 2015:

Series 2009 GO Refunding Bond, issuance of \$15,676,720, maturing in 2022 with interest rates of 3.0% to 5.0%.	\$ 14,761,523
Series 2009B GO Refunding Bond, issuance of \$1,468,284, maturing in 2041 with interest rates of 5.6% to 6.5%.	1,468,284
Series 2013 GO Refunding Bond, issuance of \$23,205,000, maturing in 2016 with interest rates of 2%.	124,133
	<u>\$ 16,353,940</u>

In February 2009, the Schools, through the City of Oak Ridge, issued \$15,676,720 in General Obligation Refunding Bonds Series 2009 for a current refunding of \$16,910,647 of outstanding notes payable. The refunding was done to reduce total future debt service payments and to replace variable interest rate debt with fixed interest rate debt.

In November 2009, the Schools, through the City of Oak Ridge, issued \$1,150,000 in General Obligation Bonds Series 2009B Build America Bonds ("BABS"). The bond proceeds were used to finish the Oak Ridge High School renovations and other capital projects. During 2011, an additional amount of \$318,284 was allocated to the Schools for capital projects. The BABS are federally taxable Build America Bonds with a direct interest subsidy from the U.S. Government. Interest payments are made semi-annually at a gross interest rates ranging from 5.63% to 6.25%. The loan principal payments begin June 1, 2025 and continue through June 1, 2041.

The Schools receive a direct subsidy of 35% from the United States Government that reduces its interest costs. The Schools have no assurance that the United States Government will continue to make the direct subsidy payments or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies related to the BABS during the year ended June 30, 2015, totaled \$159,372. The Schools received a portion of this subsidy based on the ratio of their debt to the total debt.

In June 2011, the Schools, through the City of Oak Ridge, issued \$1,645,631 in General Obligation Refunding Bonds Series 2011 for a current refunding of \$1,656,721 of outstanding general obligation bonds.

In June of 2013, the Schools, through the City of Oak Ridge, issued \$306,653 in General Obligation Refunding Bonds Series 2013 to refund outstanding general obligation debt.

**Qualified Zone Academy Bonds**

Qualified Zone Academy Bonds ("QZAB") consisted of the following at June 30, 2015:

Series 2004 QZAB issue of \$7,049,360 maturing in 2021 (Interest Free).	\$ 2,643,510
Series 2005 QZAB issue of \$1,032,500 maturing in 2021 (Interest Free).	413,000
	<u>\$ 3,056,510</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**Qualified Zone Academy Bonds**

The Schools, through the City of Oak Ridge, issued \$7,049,360 in QZAB in fiscal year 2005 and \$1,032,500 in fiscal year 2006. QZAB's are a federal program, administered through state department of educations, which provide interest free loans to finance eligible school renovations. The Tennessee Department of Education and the State Comptroller's Office are administrators of the loan. The Foundation will fund the Schools' required private contribution. Immediately upon issuance, the debt proceeds were deposited with the State to be drawn by the Schools as expenditures occur. A \$509,418 annual loan payment is scheduled each year through December 2021. The actual payment required by the City will be adjusted by the State each year, reflecting an adjustment for interest earned on the bond escrow account.

**Notes Payable**

Notes payable consisted of the following at June 30, 2015:

2005 note payable of \$15,000,000 loan agreement. Series 2005 Public Improvement Bonds B-9-A, maturing in 2025 with a variable interest rates ranging from 3.0% to 4.125%.	\$ 13,650,000
2006 note payable of \$5,325,000 loan agreement. Series 2006 Bonds B-11-A, maturing in 2038 with an interest rate of 4.375%.	5,325,000
2008 note payable of \$7,752,287 loan agreement TMBF, maturing in 2027 with a variable interest rate of 0.84% (as of June 30, 2015).	7,637,288
2009 note payable of \$21,140,000 loan agreement Series 2009 Bonds VII-E-1, maturing in 2036 with a variable interest rate of 3.44% (as of June 30, 2015).	21,140,000
2009 note payable of \$4,735,000 loan agreement Series 2009 Bonds VI-M-1, maturing in 2029 with a variable interest rate of 3.33% (as of June 30, 2015).	4,735,000
	<u>\$ 52,487,288</u>

On February 25, 2005, the Schools, through the City of Oak Ridge, entered into a \$15,000,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for the Oak Ridge High School ("ORHS") project and issued Series 2005 Public Improvement Bonds B-9-A. The interest rate on the fixed rate loan is between 3.0% and 4.125%, with maturity in fiscal 2025.

On December 21, 2006, the Schools, through the City of Oak Ridge, entered into a \$5,325,000 loan agreement with the Public Building Authority of Blount County to fund a portion of the costs for renovation and new construction of the ORHS project and issued Series 2006 Bonds B-II-A. Immediately upon issuance, the net loan proceeds were deposited with Regions Bank, trustee, with funds to be drawn as expenditures occur. This is a fixed interest rate issuance at 4.375% with principal payments occurring in 2037 and 2038.

During the year ended June 30, 2008, the Schools, through the City of Oak Ridge, entered into a \$4,945,987 loan agreement with the Tennessee Municipal Bond Fund ("TMBF") program to fund a portion of the ORHS project. Scheduled principal payments continue through 2027. The interest rate is variable and was approximately 0.84% for the year ended June 30, 2015. During the year ended June 30, 2009, the Schools borrowed an additional \$2,806,300 for the ORHS project.

During 2009, the Schools, through the City of Oak Ridge, issued Series VI-M-1 bonds for \$4,735,000. The bonds were used in a current refunding of the 2006 Series VI-H-1 bonds, see Note 6 and Note 7. Principal payments begin in 2026 with maturity in 2029. Annual interest payments are amortized using a variable interest rate, which was approximately 3.33% for the year ended June 30, 2015.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 5 – LONG-TERM DEBT (Continued)**

**Notes Payable**

During the year ended June 30, 2009, the Schools, through the City of Oak Ridge, issued Series VII-E-1 bonds for \$21,140,000. The bonds were used to refinance a \$10,000,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-Loans program originally issued on December 1, 2004. The bonds were also used to refinance an \$11,000,000 portion of the \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-Loans program originally issued on November 22, 2006. Principal payments begin in 2029 with maturity in 2036. The bonds retain the interest rate swap agreements that were associated with the loan agreements that were refinanced, see Note 6 and Note 7. Annual interest payments are amortized using a variable interest rate, which was approximately 3.44% for the year ended June 30, 2015.

**Capitalized Lease Obligations**

Capitalized Lease Obligations consisted of the following at June 30, 2015:

\$479,112 issuance, maturing in 2015, with an interest rate of 2.67%.      \$      121,313

On July 10, 2012, the Schools entered into a \$479,112 capitalized lease purchase agreement with California First National Bank for the purchase of technology equipment. Of the technology equipment included in the lease purchase agreement, only software of \$25,000 was capitalized, as all other equipment cost less than \$5,000, individually, and these were expensed in accordance with the Schools' capitalization policy as described in Note 1. Terms of the lease require initial payment of \$124,550 and three annual payments of \$124,550 at 2.668% interest through July 10, 2015.

**Debt Service**

The annual debt service requirements of all long-term debt as of June 30, 2015, is as follows:

Year	Principal Payments	Net Interest Payments	Total Payment
2016	2,366,466	3,145,048	5,511,514
2017	3,495,559	3,064,792	6,560,351
2018	3,668,496	2,921,672	6,590,168
2019	3,463,516	2,796,559	6,260,075
2020	3,575,027	2,679,489	6,254,516
2021-2025	19,709,415	10,981,988	30,691,403
2026-2030	12,468,922	6,630,644	19,099,566
2031-2035	15,335,000	3,761,867	19,096,867
2036-2040	8,903,282	935,094	9,838,376
	<u>\$ 72,985,683</u>	<u>\$ 36,917,153</u>	<u>\$ 109,902,836</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - INTEREST RATE SWAP**

**\$15,675,000 Swap**

On November 22, 2006, the Schools, through the City of Oak Ridge, entered into a \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the Oak Ridge High School Project. Principal payments are to occur on the loan from 2025 to 2036. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-H-1. The \$15,675,000 interest rate swap is classified as an investment derivative due to the hedge becoming ineffective during the year ended June 30, 2010 and continues to be ineffective for the year ended June 30, 2015. See Note 7.

Objective of the Interest Rate Swap - In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$15.675 million Series VI-H-1 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. \$11,000,000 of the Series VI-H-1 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds; the related portion of the interest rate swap is now associated with the Series VII-E-1 bonds. The remaining \$4,675,000 of the Series VI-H-1 bonds have since been refunded with a portion of the Series VI-M-1 bonds; the related portion of the interest rate swap is now associated with the Series VI-M-1 bonds.

Terms - Under the swap, the Authority pays the counterparty a fixed payment of 3.536% and receives a variable payment computed as 63% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15.675 million and the associated variable-rate bond has a \$15.675 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds and/or Series VI-M-1. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Fixed Payment to Counterparty	Fixed	3.536 %
Variable Payment from Counterparty	% of LIBOR	<u>(1.121)</u>
Net Interest Rate Swap Payments		2.415
Variable-Rate Bond Coupon Payments		.640
On-going Variable-Rate Bond Payments		<u>.200</u>
Effective Synthetic Interest Rate on Bonds		<u>3.255 %</u>

Fair Value - As of June 30, 2015, the swap had a negative fair value of \$(3,115,548). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - INTEREST RATE SWAP (Continued)**

**\$15,675,000 Swap (Continued)**

**Credit risk** - As of June 30, 2015, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa Bank, who was rated "A+" by Standard and Poor's, AA- by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2015, Depfa's credit rating had been downgraded and was rated "Ba1/A-/BBB" by Moody's, Standard and Poor's, and Fitch Ratings, respectively. The counterparty has posted all collateral requirements with a third-party custodian.

**Basis Risk** - As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63% of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination Risk** - The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

**Swap Payments and Associated Debt** - As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Years Ended June 30,	Principal Payments	Interest Payments	Net Interest Rate Swap Payment	Total
2016	\$ -	\$ 100,300	\$ 378,489	\$ 478,789
2017	-	100,300	378,489	478,789
2018	-	100,300	378,489	478,789
2019	-	100,300	378,489	478,789
2020	-	100,300	378,489	478,789
2021-2025	-	501,502	1,892,443	2,393,945
2026-2030	7,950,000	404,081	1,524,820	9,878,901
2031-2035	5,250,000	217,238	819,757	6,286,995
2036	2,475,000	15,839	59,758	2,550,597
	<u>\$ 15,675,000</u>	<u>\$ 1,640,160</u>	<u>\$ 6,189,223</u>	<u>\$ 23,504,383</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - INTEREST RATE SWAP (Continued)**

**\$10,000,000 Swap**

On December 1, 2004, the Schools, through the City of Oak Ridge, entered into a \$10,000,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the Oak Ridge High School Project. Principal payments are to occur on the loan from 2031 to 2033. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-D-3. The \$10,000,000 interest rate swap is classified as an investment derivative due to the hedge becoming ineffective during the year ended June 30, 2011 and continues to be ineffective for the year ended June 30, 2015. See Note 7.

Objective of the Interest Rate Swap - In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series VI-D-3 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. The Series VI-D-3 bonds have since been refunded with a portion of the proceeds of the 2009 Series VII-E-1 bonds and the interest rate swap is now associated with the Series VII-E-1 bonds.

Terms - Under the swap, the Authority pays the counterparty a fixed payment of 3.725% and receives a variable payment computed as 63.50% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 Bonds. The bonds' variable-rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033.

As of June 30, 2015, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Fixed Payment to Counterparty	Fixed	3.725 %
Variable Payment from Counterparty	% of LIBOR	<u>(1.130)</u>
Net Interest Rate Swap Payments		2.595
Variable-Rate Bond Coupon Payments		.640
On-going Variable-Rate Bond Payments		<u>.200</u>
Effective Synthetic Interest Rate on Bonds		<u>3.435 %</u>

Fair Value - As of June 30, 2015, the swap had a negative fair value of (\$2,321,484). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit Risk - As of June 30, 2015, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Morgan Keegan Financial Products ("MKFP") was rated "A+" by Standard and Poor's as of June 30, 2015, with its Credit Support Provider, Deutsche Bank, rated A3/BBB+/A by Moody's, Standard & Poor's and Fitch, respectively.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 6 - INTEREST RATE SWAP (Continued)**

**\$10,000,000 Swap (Continued)**

**Basis Risk** - As noted above, the swap exposes the City to basis risk should the rate on the Bonds increase to above 63.5% of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the Bonds to be below 63.5% of LIBOR, then the synthetic rate on the bonds will decrease.

**Termination Risk** - The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the Authority for a payment equal to the swap's fair value.

**Swap Payments and Associated Debt** - As of June 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

For the Years Ended June 30,	Principal Payments	Interest Payments	Net Interest Rate Swap Payment	Total
2016	\$ -	\$ 63,988	\$ 259,470	\$ 323,458
2017	-	63,988	259,470	323,458
2018	-	63,988	259,470	323,458
2019	-	63,988	259,470	323,458
2020	-	63,988	259,470	323,458
2021-2025	-	319,938	1,297,350	1,617,288
2026-2030	-	319,938	1,297,350	1,617,288
2031-2033	10,000,000	149,087	604,565	10,753,652
	<u>\$ 10,000,000</u>	<u>\$ 1,108,903</u>	<u>\$ 4,496,615</u>	<u>\$ 15,605,518</u>

**NOTE 7 - DERIVATIVE INSTRUMENTS**

At June 30, 2015, the Schools had the following derivative instruments outstanding:

Instrument / Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
<b>Interest Rate Swap:</b>					
\$15,675,000 Swap	Variable to Synthetic Fixed Rate Swap	\$ 15,675,000	11/22/2006	6/1/2036	Pay 3.536% and received 63% of five year LIBOR
\$10,000,000 Swap	Variable to Synthetic Fixed Rate Swap	\$ 10,000,000	12/01/2004	6/1/2033	Pay 3.725% and received 63.5% of five year LIBOR

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 7 - DERIVATIVE INSTRUMENTS (Continued)**

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type and changes in fair value for year ended June 30, 2015 are reported in the current year's financial statements as follows:

Governmental Activities					
Type	Change in Fair Value		Fair Value at 6/30/2015		6/30/2015 Notional Amount
	Classification	Amount	Classification	Amount	
Investment Derivative:					
Pay-fixed Interest Rate Swap:					
\$15,675,000	Investment Loss	\$ (520,490)	Debt	\$ (3,115,548)	\$ 15,675,000
\$10,000,000	Investment Loss	<u>(361,958)</u>	Debt	<u>(2,321,484)</u>	\$ 10,000,000
		\$ (882,448)		\$ (5,437,032)	

Interest rate swaps are classified as a hedging derivative instrument if the instrument meets certain effectiveness criteria established by GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The interest rate swap agreements described above did not meet criteria to be an effective hedge; therefore, these swaps are classified as investment derivatives.

**NOTE 8 - OTHER LONG-TERM LIABILITIES**

Changes in other long-term liabilities for the year ended June 30, 2015, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
OPEB Obligations	\$ 5,451,306	\$ 1,072,487	\$ (355,992)	\$ 6,167,801	\$ -
Compensated Absences	335,607	13,888	-	349,495	349,495
Termination Benefits	440,480	-	(134,270)	306,210	50,785
Total	<u>\$ 6,227,393</u>	<u>\$ 1,086,375</u>	<u>\$ (490,262)</u>	<u>\$ 6,823,506</u>	<u>\$ 400,280</u>

The Schools use the General Purpose School Fund to liquidate the liability for compensated absences and termination benefits payable for governmental activities. The State of Tennessee makes on-behalf payments for the other postemployment benefit (OPEB) obligation as described in Note 18. Compensated absences are considered a current liability due to prior years' experience of paying these amounts within one year. Other postemployment benefit obligations and termination benefits are described in Note 17 and Note 19, respectively.

**NOTE 9 - FUND BALANCES**

The amounts reported on the balance sheets of the governmental funds as non-spendable, restricted and committed as of June 30, 2015, consists of the following:

Governmental Funds	Fund Balances		
	Non-Spendable	Restricted	Committed
General Purpose School Fund	\$ 87,814	\$ 18,295	\$ 13,901
School Federal Projects	-	-	-
Other Education Special Revenue Fund	-	6,991	-
Extended School Program Fund	-	-	18,080
Central Cafeteria Fund	-	114,485	-
Total	<u>\$ 87,814</u>	<u>\$ 139,771</u>	<u>\$ 31,981</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 10 - NET POSITION**

Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position at June 30, 2015, is as follows:

	Governmental Activities	
	Primary Government	Component Unit - Foundation
Net Investment in Capital Assets:		
Net Capital Assets	\$ 67,997,291	\$ -
Less: Related Debt – Net of Discounts and Premiums	(72,985,683)	-
	(4,988,392)	-
Restricted:		
Career Ladder – State of Tennessee	31,496	-
Grants and Other	102,485	2,981,783
	133,981	2,981,783
Unrestricted (Deficit)	(11,186,045)	2,737,251
Total	<u>\$ (16,040,456)</u>	<u>\$ 5,719,034</u>

Restricted net position for career ladder is a bonus program to incentivize school staff to attain additional education beyond their degree.

**NOTE 11 - LOCAL TAXES**

In accordance with various state laws, the Schools receive a pro-rata share of property taxes, local option sales taxes, mineral severance taxes and mixed drink taxes from Anderson and Roane counties. These local taxes are divided between Oak Ridge Schools and the respective county schools based upon the annual weighted-average daily attendance.

The counties assess the property values, set the tax rate, bill and collect the taxes. County property taxes are based upon assessments on January 1, levied on October 1 becoming delinquent the following March 1. Penalties and interest on delinquent property taxes are recognized when collected.

The local option sales tax, mineral severance tax and mixed drink tax is collected by the Tennessee Department of Revenue and remitted to the counties and then remitted to the Schools.

The Schools recognized the following local tax revenues in the General Purpose School Fund during the year ended June 30, 2015:

	Amount	% of Revenues
Property Taxes	\$ 9,066,034	26.59%
Local Option Sales & Mineral Severance	4,304,972	12.63%
Mixed Drink Taxes	273	(0.00%)
Total	<u>\$ 13,371,279</u>	<u>39.22%</u>

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 12 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Transfers between the individual funds and the City of Oak Ridge during the year ended June 30, 2015, were as follows:

Transfers In	Transfers Out	Amount
<u>Governmental Activities:</u>		
General Purpose School Fund	City's General Fund	\$ 14,629,302
Other Education Special Revenue Fund	General Purpose School Fund	\$ 52,376

The City provides an annual operating transfer from its General Fund to the Schools' General Purpose School Fund. The transfer of \$14,629,302 during the year ended June 30, 2015, was 27.34% of total revenues and other sources. The transfer of \$52,376 to the Other Education Special Revenue Fund is considered the Schools' local match for the Family Resource Program grant.

In order to account for certain capital outlays, debt issuance and debt service payments for school related projects made by the City during the current year, the following transfers were recorded:

Transfers In	Transfers Out	Amount	Purpose
<u>Governmental Activities:</u>			
General Purpose School Fund	City Debt Service Fund	\$ 4,845,347	Debt Service
General Purpose School Fund	City Capital Projects Fund	\$ 286,194	Capital Improvements

During 2015, the Foundation made a \$403,056 payment to the City to fund school related debt.

A detailed listing of interfund receivables and payables at June 30, 2015, is as follows:

Due From	Due to	Amount
<u>Governmental Activities:</u>		
School Federal Projects Fund	General Purpose School Fund	\$ 405,402
Central Cafeteria Fund	General Purpose School Fund	107,192
Other Education Special Revenue Fund	General Purpose School Fund	4,136
Governmental Activities Total		<u>\$ 516,730</u>

In the fund financial statements, interfund receivables and payables from short-term borrowings between the funds is primarily due to federal grant activity and are classified as "due to/from other funds". The governmental activities amounts are eliminated in the departmental-wide statement of net position.

**NOTE 13 - BUDGET AMENDMENTS**

The Schools amended the budgeted expenditures for the year ended June 30, 2015, were as follows:

Governmental Fund	Original Budget	Changes in Appropriations	Final Budget
General Purpose School Fund	\$ 49,365,612	\$ 734,372	\$ 50,099,984
School Federal Projects	\$ 3,309,223	\$ 78,953	\$ 3,388,176
Other Education Special Revenue Fund	\$ 105,214	\$ 10,474	\$ 115,688
Extended School Program Fund	\$ 416,482	\$ -	\$ 416,482
Central Cafeteria Fund	\$ 1,965,990	\$ 10,000	\$ 1,975,990

The additional appropriations were approved by the Board of Education.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 14 - RISK MANAGEMENT**

Oak Ridge Schools is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Schools' loss exposure for general liability and worker's compensation is limited by state law.

The Schools maintain general liability, auto liability, auto physical damage, errors and omissions, and worker's compensation insurance through the Tennessee Risk Management Trust ("TNRMT"), a public entity risk pool operated as a risk-sharing program by the Tennessee School Board Association ("TSBA"). This pool is sustained by member premiums, and, because the pool has excess aggregate and individual claim loss reinsurance coverage, management considers any related credit risk to be insignificant.

The Schools continue to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

**NOTE 15 - GENERAL INFORMATION ABOUT THE PENSION PLANS**

**Non-Teaching Personnel**

Plan Description. Employees 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](http://www.treasury.tn.gov/tcrs).

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 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. 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 permitted at age 60 and vested or pursuant to the rule of 80 in which the members age and service credit total 80. 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 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent 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 based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 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 leave employment may withdraw their employee contributions, plus any accumulated interest.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 15 - GENERAL INFORMATION ABOUT THE PENSION PLANS**

**Non-Teaching Personnel**

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

Inactive employees or beneficiaries currently receiving benefits	205
Inactive employees entitled to but not yet receiving benefits	190
Active employees	191
	<u>586</u>

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 percent of salary. We make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions were \$604,358 based on a rate of 10.05 percent of payroll. By law, employer contributions are required to be paid. The TCRS may intercept our 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 an unfunded liability.

**Teaching Personnel**

Plan Description. Teachers with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014 of Oak Ridge City Schools 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, 2014, 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 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](http://www.treasury.tn.gov/tcrs).

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 5 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 percent 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 2<sup>nd</sup> 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 3 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.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 15 - GENERAL INFORMATION ABOUT THE PENSION PLANS**

**Teaching Personnel**

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary (use alternative language if employees are non-contributory). The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the 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 us for the year ended June 30, 2015, to the Teacher Legacy Pension Plan were \$2,264,328 which is 9.04 percent of covered payroll. 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.

**NOTE 16 - NET PENSION LIABILITY (ASSETS), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**Non-Teaching Personnel**

Pension Liabilities. Since the measurement date is June 30, 2014, which is prior to our October 1, 2014, participation in the Public Employee Retirement Plan, there is not a net pension liability to report at June 30, 2015.

Pension Expense. Since the measurement date is June 30, 2014, we did not recognize a pension expense at June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Contributions subsequent to the measurement date of June 30, 2014	\$ 604,358

Our employer contributions of \$604,358 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2016.

Payable to the Pension Plan. At June 30, 2015, we reported a payable of \$80,770 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Teaching Personnel**

Pension Assets. At June 30, 2015, we reported an asset of \$104,527 for our proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate net pension asset was determined by an actuarial valuation as of that date. Our proportion of the net pension asset was based on a projection of our long-term share of contributions to the pension plan relative to the actuarially determined projected contributions of all participating LEAs. At June 30, 2015, our proportion was 0.643262 percent, representing the first time presentation of this proportion.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 16 - NET PENSION LIABILITY (ASSETS), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**Teaching Personnel**

Pension Income. For the year ended June 30, 2015, we recognized a pension income of \$120,675.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2015, we 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
Difference between expenses and actual experience	\$ 253,766	\$ -
Net difference between projected and actual earnings on pension plan investments	-	8,612,373
Changes in proportion of Net Pension Liability (Asset)		186,178
Contributions subsequent to the measurement date of June 30, 2014	2,264,328	-
Total	<u>\$ 2,518,094</u>	<u>\$ 8,798,551</u>

Our employer contributions of \$2,264,328, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2016.

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

Year Ending June 30,

2016	\$ (2,141,829)
2017	(2,141,829)
2018	(2,141,829)
2019	(2,141,829)
2020	11,265
Thereafter	11,265

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

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

Inflation	3.0%
Salary increases	Graded salary ranges 8.97 to 3.71% based on age, including inflation, averaging 4.25%
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Cost of living adjustments	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study and included some adjustment for expected future improvement in life expectancy.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 16 - NET PENSION LIABILITY (ASSETS), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**Teaching Personnel**

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

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

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

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents our proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what our proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability (asset)	\$ 17,629,687	\$ (104,527)	\$ (14,786,534)

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 16 - NET PENSION LIABILITY (ASSETS), PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**Teaching Personnel**

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

Payable to the Pension Plan. At June 30, 2015, we reported a payable of \$301,041 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**NOTE 17 - POSTEMPLOYMENT HEALTHCARE PLAN**

**Plan Description** - The Oak Ridge Schools participates in the state-administered Teacher Group Insurance Plan (the "Plan") for healthcare benefits. For accounting purposes, the Plan is an agent multiple-employer defined benefit other postemployment benefit ("OPEB") plan. Benefits are established and amended by an insurance committee created by TCA § 8-27-302 for teachers.

Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization ("PPO"), point of service ("POS"), or health maintenance organization ("HMO") plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy.

The plans are reported in the State of Tennessee CAFR. The CAFR is available on the State's website at <http://www.tn.gov/finance/act/cafr.shtml>.

**Funding Policy** - The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does provide a partial subsidy to the School's pre-age 65 teachers and a full subsidy based on years of service for post-age 65 teachers in the Medicare Supplement Plan.

**Annual OPEB Cost and Net OPEB Obligation** - The Schools' annual OPEB cost and net OPEB obligation for the current year and prior year was as follows:

	Teacher Group Insurance Plan	
	June 30, 2015	June 30, 2014
Annual Required Contribution (ARC)	\$ 642,000	\$ 620,000
Interest on net OPEB Obligation	218,052	194,178
Adjustment to the ARC	212,435	189,177
Annual OPEB Cost	1,072,487	1,003,355
Contributions Made	(355,992)	(406,508)
Increase in OPEB Obligation	716,495	596,847
Net OPEB Obligation, Beginning of Year	5,451,306	4,854,459
Net OPEB Obligation, End of Year	\$ 6,167,801	\$ 5,451,306

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 17 - POSTEMPLOYMENT HEALTHCARE PLAN (Continued)**

Three-Year Trend Information			
Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Costs Contributed	Net OPEB Obligation
6/30/2013	\$ 911,339	42.9%	\$ 4,854,459
6/30/2014	\$ 1,003,355	40.5%	\$ 5,451,306
6/30/2015	\$ 1,072,487	33.2%	\$ 6,167,801

Funded Status and Progress	
Actuarial Valuation Date	07/01/2013
Actuarial Accrued Liability ("AAL")	\$ 6,214,000
Total Unfunded AAL ("UAAL")	\$ 6,214,000
Funded Ratio (Actuarial Value of Assets as a Percentage of the AAL)	0%
Annual Covered Payroll	\$ 25,247,984
Ratio of the Unfunded Actuarial Liability to Annual Covered Payroll	24.61%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2013, actuarial valuation for each plan, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.5 percent initially for the Employee Group, and the Local Education plans. The rate decreases to 7 percent in fiscal year 2015, and then will reduce by decrements to an ultimate rate of 4.7 percent in fiscal year 2044. All rates include a 2.5 percent inflation assumption. Premium subsidies in the Medicare Supplement plan are projected to remain unchanged and, consequently, trend rates are not applicable. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of 3 percent.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 18 - ON-BEHALF PAYMENTS**

The State of Tennessee made the following on-behalf payments during the year ended June 30, 2015:

**Medicare Supplement Plan** - Since teachers are considered state employees per state statutes, the State of Tennessee makes a contribution (on-behalf payment) for retired teachers to this Plan through the TCRS. The on-behalf payment for 2015 was \$58,475 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

**Teacher Group Insurance Plan** - The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 17. The on-behalf payment for 2015 was \$111,810 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

**NOTE 19 - TERMINATION BENEFITS**

The Schools provide voluntary termination benefits for professional employees who agree to retire before age 65. For employees who retire at age 60 or after 30 years of creditable service in TCRS with at least 10 years of service with the Schools, the schools pay 85% of the retirees' individual health insurance premiums for five years or until the retirees reach age 65. The Schools fund their contributions on a pay-as-you-go basis. During 2015, the Schools paid approximately \$60,510 to 23 retirees, which has been recorded as an expenditure in the General Purpose School Fund.

The estimated liability and expense of the termination benefits reported in the Schools' departmental-wide financial statements is \$306,210. Termination benefits are measured at the discounted present value of expected future benefit payments. The Schools used a discount rate of 1.62% and a projected annual healthcare cost trend rate of 12.0% to estimate the effect of making these payments over a five year period.

**NOTE 20 - ECONOMIC CONCENTRATION**

A significant number of taxpayers in the City of Oak Ridge are employed by the U.S. Department of Energy (DOE) or their contractors. DOE and related federal government contractors operations are contingent upon annual U.S. congressional appropriations; therefore, a reduction in DOE related operations could have a significant effect upon the future operations of the Oak Ridge Schools.

The Schools receive annual funding from the State of Tennessee, City of Oak Ridge and Anderson and Roane Counties. The amount of revenue and other financing sources earned in the year ended June 30, 2015, in the General Purpose School Fund financial statements are as follows:

Source	Amount	% of Revenues
State of Tennessee	\$ 19,893,020	37.17%
City of Oak Ridge	19,474,649	36.39%
Anderson and Roane Counties	13,392,908	25.03%
Federal Government	77,041	00.14%
Total	<u>\$ 52,837,618</u>	<u>98.73%</u>

Any reduction in funding from these sources could have a significant effect upon the future operations of the Schools.

**OAK RIDGE SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NOTE 21 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

As required by the Tennessee Comptroller of the Treasury, Division of Local Governmental Audit, the Schools have prepared GASB Statement No. 34 departmental-wide financial statements for the fiscal year ending June 30, 2015. As a result during 2015, the general purpose school fund expenditures exceeded appropriations by \$3,068,654. This was due to the recording of debt principal and interest payments made by the City for \$4,845,347 of school related long-term debt.

**NOTE 22 - PRIOR PERIOD ADJUSTMENT**

An adjustment to the beginning net position on the departmental-wide financial statements totaling (\$8,560,933) has been recognized for the initial establishment of the net pension liability (asset) and to record employer contributions made during the year ended June 30, 2014, in accordance with GASB 68. See Note 1.

**NOTE 23 – CONTINGENCIES**

From time to time, we may be and have been named in a lawsuit. At June 30, 2015, we do not believe that any claims have merit and intend to vigorously defend our position.

**NOTE 24 - SUBSEQUENT EVENTS**

We have evaluated events subsequent to the year ending June 30, 2015. As of December 10, 2015, the date the financial statements were available to be issued, no events subsequent to the Statement of Net Position date are considered necessary to be included in the financial statements for the year ended June 30, 2015.

## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**OAK RIDGE SCHOOLS  
SCHEDULE OF EMPLOYER PENSION FUNDING PROGRESS  
LAST FIVE VALUATION DATES**

TCRS Employees Pension Plan

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability ("AAL")	Unfunded AAL ("UAAL")	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage Covered Payroll
7/1/2005	\$ 16,912	\$ 17,514	\$ 602	96.56%	\$ 5,699	10.56%
7/1/2007	19,103	19,617	514	97.38	6,177	8.32
7/1/2009	19,549	19,961	412	97.94	6,215	6.62
7/1/2011	22,960	23,254	294	98.74	6,243	4.70
7/1/2013	24,833	26,190	1,357	94.82	6,173	21.99

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

The July 1, 2005, actuarial valuations were prepared using the frozen entry age actuarial cost method. The July 1, 2007, actuarial valuations and after were prepared using the entry age actuarial cost method.

The purpose of the disclosure is to provide information that approximates the funding progress of the plan.

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF EMPLOYER OPEB FUNDING PROGRESS**  
**LAST THREE VALUATION DATES**

Postemployment Healthcare Teachers Group Insurance Plan

(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage Covered Payroll</u>
7/1/2010	\$ -	\$ 6,815	\$ 6,815	0.0%	\$ 24,998	27.3%
7/1/2011	-	7,109	7,109	0.0	25,942	27.4
7/1/2013	-	6,214	6,214	0.0	25,248	24.6

Note: The amount reported here for covered payroll relates to the fiscal year in which the valuation was performed.

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSET**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**FISCAL YEAR ENDED JUNE 30\***

	<u>2014</u>
Proportion of the net pension asset	<u>.643262%</u>
Proportionate share of the net pension asset	<u>\$ 104,527</u>
Covered-employee payroll	\$ 25,247,996
Proportionate share of the net pension asset as a percentage of covered-employee payroll	0.41%
Plan's fiduciary net position as a percentage of the total pension liability	100.08%

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

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

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEACHER LEGACY PENSION PLAN OF TCRS**  
**FISCAL YEAR ENDED JUNE 30**

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,242,022	\$ 2,264,328
Contributions in relation to the actuarially determined contribution	<u>2,242,022</u>	<u>2,264,328</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 25,247,996	\$ 25,047,876
Contributions as a percentage of covered-employee payroll	8.88%	9.04%

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 the future fiscal years until 10 year of information is available.

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION**  
**IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
**FOR FISCAL YEAR ENDING JUNE 30, 2015**

	<u>2015</u>
Actuarially determined contribution	\$ 601,852
Contributions in relation to the actuarially determined contribution	<u>604,358</u>
Contribution deficiency (excess)	<u>\$ (2,506)</u>
Covered-employee payroll	\$ 6,013,512
Contributions as a percentage of covered-employee payroll	10.05%

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 the future fiscal years until 10 year of information is available.

## **SUPPLEMENTARY SECTION**

**OAK RIDGE SCHOOLS**  
**COMPARATIVE BALANCE SHEETS**  
**GENERAL PURPOSE SCHOOL FUND (MAJOR)**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 8,279,224	\$ 8,722,104
Accounts Receivable	8,894	7,413
Grants Receivable	-	151,403
Due from Other Funds	516,730	319,302
Due from Other Governments	1,316,867	1,285,442
Prepaid Items	<u>87,814</u>	<u>71,362</u>
Total Assets	<u>\$ 10,209,529</u>	<u>\$ 10,557,026</u>
<u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 365,668	\$ 1,431,997
Accrued Salaries and Benefits	<u>3,837,521</u>	<u>3,466,141</u>
Total Liabilities	<u>4,203,189</u>	<u>4,898,138</u>
<u>Fund Balances</u>		
Non-Spendable - Prepaid Expenditures	87,814	71,362
Restricted - Career Ladder/Extended Contract	18,295	52,669
Unrestricted:		
Committed	13,901	201,466
Unassigned	<u>5,886,330</u>	<u>5,333,391</u>
Total Fund Balances	<u>6,006,340</u>	<u>5,658,888</u>
Total Liabilities and Fund Balances	<u>\$ 10,209,529</u>	<u>\$ 10,557,026</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL PURPOSE SCHOOL FUND (MAJOR)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b><u>Revenues</u></b>		
Property Taxes	\$ 9,066,034	\$ 9,191,611
Local Option Sales and Mineral Severance Taxes	4,304,972	4,854,957
Mixed Drink Taxes	273	5,649
Charges for Services	311,755	307,740
Other Local Sources	167,437	161,853
State of Tennessee - BEP	19,043,000	18,855,000
State of Tennessee - Other	850,020	1,322,865
State of TN On-Behalf Payments	170,285	172,409
Federal Government	77,041	90,009
Other	103,000	69,912
<b>Total Revenues</b>	<b>34,093,817</b>	<b>35,032,005</b>
<b><u>Expenditures</u></b>		
Current:		
Instructional:		
Regular Instruction	24,358,435	23,620,652
Alternative School	413,917	438,657
Special Education	3,862,746	3,832,305
Technology and Career	941,359	995,236
<b>Total Instructional</b>	<b>29,576,457</b>	<b>28,886,850</b>
Support Services:		
Health Services	476,190	402,552
Other Student Support	1,316,633	1,357,667
Instructional Staff	2,253,110	2,195,762
Special Education	714,964	710,922
Technology and Career	78,838	31,448
Board of Education	818,142	913,840
Office of Superintendent	311,372	311,486
Office of Principal	2,855,631	2,876,754
Fiscal Services	700,739	672,113
Human Resources/Personnel	277,346	244,513
Operation of Plant	4,326,807	4,470,676
Maintenance of Plant	1,389,641	1,357,757
Transportation	1,164,559	1,289,688
Information Technology	1,034,772	1,009,144
<b>Total Support Services</b>	<b>17,718,744</b>	<b>17,844,322</b>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**GENERAL PURPOSE SCHOOL FUND (MAJOR) (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Expenditures (Continued)</u>		
Current:		
Non-Instructional:		
Community Service/Early Childhood Education	11,039	197,645
Preschool Program	450,079	450,963
Equipment Rental and Other	-	2,306
	<u>461,118</u>	<u>650,914</u>
Capital Outlays:	<u>141,403</u>	<u>1,698,895</u>
Debt Service:		
Principal on Capitalized Leases	410,474	399,029
Interest on Capitalized Leases	15,095	26,620
Principal on Bonds and Notes Payable	2,005,706	1,391,459
Interest on Bonds and Notes Payable	2,839,641	2,886,559
	<u>5,270,916</u>	<u>4,703,667</u>
	<u>53,168,638</u>	<u>53,784,648</u>
Deficiency of Revenues Under Expenditures	<u>(19,074,821)</u>	<u>(18,752,643)</u>
<u>Other Financing Sources (Uses)</u>		
Transfers In-From City	19,474,649	18,386,159
Current Refunding of Bonds	-	(307,573)
Refunding Bonds Issued	-	306,653
Premium of Refunding Bonds Issued	-	8,179
Discount of Refunding Bonds Issued	-	(2,568)
Operating Transfers Out to Other Funds	(52,376)	(47,700)
	<u>19,422,273</u>	<u>18,343,150</u>
Net Changes In Fund Balances	347,452	(409,493)
Fund Balances, Beginning of Year	<u>5,658,888</u>	<u>6,068,381</u>
Fund Balances, End of Year	<u>\$ 6,006,340</u>	<u>\$ 5,658,888</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND (MAJOR)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Property Taxes	\$ 9,183,941	\$ 9,183,941	\$ 9,066,034	\$ (117,907)	\$ 8,760,941	\$ 8,895,941	\$ 9,191,611	\$ 295,670
Local Option Sales Taxes	4,264,114	4,264,114	4,304,972	40,858	4,612,754	4,662,754	4,854,777	192,023
Local Mineral Severance Taxes	2,000	2,000	-	(2,000)	40,000	2,000	180	(1,820)
Mixed Drink Taxes	-	-	273	273	-	-	5,649	5,649
Charges for Services	304,000	304,000	311,755	7,755	364,000	364,000	307,740	(56,260)
Other Local Sources	119,000	202,697	167,437	(35,260)	112,500	183,806	161,853	(21,953)
State of Tennessee - BEP	18,922,000	18,922,000	19,043,000	121,000	18,699,000	18,699,000	18,855,000	156,000
State of Tennessee - Other	1,363,994	1,180,870	850,020	(330,850)	1,625,267	1,392,986	1,322,865	(70,121)
State of TN On-Behalf Pmts	-	-	170,285	170,285	-	-	172,409	172,409
Federal Government Payments	114,000	114,000	77,041	(36,959)	125,000	112,833	90,009	(22,824)
Other	132,980	265,960	103,000	(162,960)	98,024	98,024	69,912	(28,112)
<b>Total Revenues</b>	<b>34,406,029</b>	<b>34,439,582</b>	<b>34,093,817</b>	<b>(345,765)</b>	<b>34,437,486</b>	<b>34,411,344</b>	<b>35,032,005</b>	<b>620,661</b>
<b>Expenditures</b>								
Current:								
Instructional:								
Regular Instruction	25,062,254	24,908,376	24,358,435	(549,941)	24,453,022	24,134,706	23,620,652	(514,054)
Alternative School	402,668	426,903	413,917	(12,986)	387,842	389,189	438,657	49,468
Special Education	3,922,224	3,957,224	3,862,746	(94,478)	3,998,192	3,832,375	3,832,305	(70)
Technology and Career	1,018,628	1,031,078	941,359	(89,719)	1,012,189	1,015,568	995,236	(20,332)
<b>Total Instructional</b>	<b>30,405,774</b>	<b>30,323,581</b>	<b>29,576,457</b>	<b>(747,124)</b>	<b>29,851,245</b>	<b>29,371,838</b>	<b>28,886,850</b>	<b>(484,988)</b>
Support Services:								
Health Services	423,545	484,054	476,190	(7,864)	409,867	412,735	402,552	(10,183)
Other Student Support	1,303,597	1,317,471	1,316,633	(838)	1,275,810	1,353,573	1,357,667	4,094
Instructional Staff	2,256,433	2,328,544	2,253,110	(75,434)	2,101,232	2,946,768	2,195,762	(751,006)
Special Education	759,536	726,520	714,964	(11,556)	679,429	716,360	710,922	(5,438)
Technology and Career	-	81,321	78,838	(2,483)	35,031	35,264	31,448	(3,816)
Board of Education	962,851	1,007,657	818,142	(189,515)	947,220	947,220	913,840	(33,380)
Office of Superintendent	324,911	326,500	311,372	(15,128)	320,742	321,915	311,486	(10,429)
Office of Principal	2,898,940	2,864,059	2,855,631	(8,428)	2,894,410	2,926,299	2,876,754	(49,545)
Fiscal Services	738,078	704,609	700,739	(3,870)	690,672	695,065	672,113	(22,952)
Human Resources/Personnel	-	293,196	277,346	(15,850)	261,532	262,375	244,513	(17,862)
Operation of Plant	4,809,264	4,772,979	4,326,807	(446,172)	4,720,879	4,750,935	4,470,676	(280,259)
Maintenance of Plant	1,386,152	1,401,514	1,389,641	(11,873)	1,355,911	1,363,865	1,357,757	(6,108)
Transportation	879,310	1,379,310	1,164,559	(214,751)	1,345,608	1,345,608	1,289,688	(55,920)
Information Technology	1,018,659	1,058,930	1,034,772	(24,158)	1,054,033	1,044,073	1,009,144	(34,929)
<b>Total Support Services</b>	<b>17,761,276</b>	<b>18,746,664</b>	<b>17,718,744</b>	<b>(1,027,920)</b>	<b>18,092,376</b>	<b>19,122,055</b>	<b>17,844,322</b>	<b>(1,277,733)</b>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL PURPOSE SCHOOL FUND (MAJOR) (Continued)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Expenditures (Continued)</b>								
Current:								
Non-Instructional:								
Community Service/Early Childhood Education	194,534	10,711	11,039	328	179,724	200,075	197,645	(2,430)
Preschool Program	450,079	450,079	450,079	-	448,471	450,963	450,963	-
Equipment Rental and Other	-	-	-	-	-	2,306	2,306	-
Total Non-Instructional	644,613	460,790	461,118	328	628,195	653,344	650,914	(2,430)
Capital Outlays:	128,380	143,380.00	141,403	(1,977)	583,276	2,038,216	1,698,895	(339,321)
Debt Service:								
Principal on Capitalized Leases	410,474	410,474	410,474	-	398,949	398,949	399,029	80
Interest on Capitalized Leases	15,095	15,095	15,095	-	26,620	26,620	26,620	-
Principal on Bonds & Notes Payable	-	-	2,005,706	2,005,706	-	-	1,391,459	1,391,459
Interest on Bonds & Notes Payable	-	-	2,839,641	2,839,641	-	-	2,886,559	2,886,559
Total Debt Service	425,569	425,569	5,270,916	4,845,347	425,569	425,569	4,703,667	4,278,098
Total Expenditures	49,365,612	50,099,984	53,168,638	3,068,654	49,580,661	51,611,022	53,784,648	2,173,626
Deficiency of Revenues Under Expenditures	(14,959,583)	(15,660,402)	(19,074,821)	(3,414,419)	(15,143,175)	(17,199,678)	(18,752,643)	(1,552,965)
<b>Other Financing Sources (Uses)</b>								
Transfers In-From City	14,629,302	14,629,302	19,474,649	4,845,347	13,862,832	14,112,832	18,386,159	4,273,327
Current Refunding of Bonds	-	-	-	-	-	-	(307,573)	(307,573)
Refunding Bonds Issued	-	-	-	-	-	-	306,653	306,653
Premium of Refunding Bonds Issued	-	-	-	-	-	-	8,179	8,179
Discount of Refunding Bonds Issued	-	-	-	-	-	-	(2,568)	(2,568)
Operating Transfers In (Out) to Other Funds	(42,802)	(42,802)	(52,376)	(9,574)	(48,055)	(48,055)	(47,700)	355
Total Other Financing Sourced (Uses) - Net	14,586,500	14,586,500	19,422,273	4,835,773	13,814,777	14,064,777	18,343,150	4,278,373
Net Changes In Fund Balances	\$ (373,083)	\$ (1,073,902)	347,452	\$ 1,421,354	\$ (1,328,398)	\$ (3,134,901)	(409,493)	\$ 2,725,408
Fund Balances, Beginning of Year			5,658,888				6,068,381	
Fund Balances, End of Year			\$ 6,006,340				\$ 5,658,888	

**OAK RIDGE SCHOOLS**  
**COMPARATIVE BALANCE SHEETS**  
**SCHOOL FEDERAL PROJECTS FUND (MAJOR)**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Accounts Receivable	\$ 1,609	\$ -
Grants Receivable	471,735	403,309
Prepaid Items	<u>-</u>	<u>1,777</u>
Total Assets	<u>\$ 473,344</u>	<u>\$ 405,086</u>
<u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable	\$ -	\$ 5,973
Accrued Salaries and Benefits	67,942	87,680
Due to Other Funds	<u>405,402</u>	<u>311,433</u>
Total Liabilities	<u>473,344</u>	<u>405,086</u>
Total Liabilities and Fund Balances	<u>\$ 473,344</u>	<u>\$ 405,086</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**SCHOOL FEDERAL PROJECTS FUND (MAJOR)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<u>Revenues</u>		
Federal Government	\$ 3,093,427	\$ 3,070,170
Total Revenues	<u>3,093,427</u>	<u>3,070,170</u>
<u>Expenditures</u>		
Current:		
Instructional:		
Regular Instruction	576,225	791,500
Special Education	728,661	673,840
Technology and Career	<u>55,231</u>	<u>44,457</u>
Total Instructional	<u>1,360,117</u>	<u>1,509,797</u>
Support Services:		
Health Services	-	-
Other Student Support	121,529	80,973
Instructional Staff	316,693	321,887
Special Education	223,493	192,225
Technology and Career	854	309
Transportation	<u>36,810</u>	<u>-</u>
Total Support Services	<u>699,379</u>	<u>595,394</u>
Non-Instructional:		
Community Service - Early Childhood Education	950,585	887,632
Other	<u>83,346</u>	<u>77,347</u>
Total Non-Instructional	<u>1,033,931</u>	<u>964,979</u>
Total Expenditures	<u>3,093,427</u>	<u>3,070,170</u>
Net Changes In Fund Balances	-	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SCHOOL FEDERAL PROJECTS FUND (MAJOR)**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>								
Federal Government	\$ 3,309,223	\$ 3,388,176	\$ 3,093,427	\$ (294,749)	\$ 3,214,677	\$ 3,377,818	\$ 3,070,170	\$ (307,648)
Total Revenues	3,309,223	3,388,176	3,093,427	(294,749)	3,214,677	3,377,818	3,070,170	(307,648)
<b>Expenditures</b>								
Current:								
Instructional:								
Regular Instruction	677,439	678,498	576,225	(102,273)	767,773	884,774	791,500	(93,274)
Special Education	751,865	734,806	728,661	(6,145)	712,586	685,360	673,840	(11,520)
Technology and Career	54,059	55,231	55,231	-	66,546	44,457	44,457	-
Total Instructional	1,483,363	1,468,535	1,360,117	(108,418)	1,546,905	1,614,591	1,509,797	(104,794)
Support Services:								
Other Student Support	26,530	210,345	121,529	(88,816)	194,794	120,264	80,973	(39,291)
Instructional Staff	231,712	370,787	316,693	(54,094)	140,023	441,380	321,887	(119,493)
Special Education	178,729	227,112	223,493	(3,619)	176,342	209,949	192,225	(17,724)
Technology and Career	-	854	854	-	7,840	3,309	309	(3,000)
Fiscal Services	200,000	-	-	-	200,000	-	-	-
Transportation	-	37,000	36,810	(190)	-	-	-	-
Total Support Services	636,971	846,098	699,379	(146,719)	718,999	774,902	595,394	(179,508)
Non-Instructional:								
Community Service - Early								
Childhood Education	1,105,553	976,623	950,585	(26,038)	-	-	887,632	887,632
Other	83,336	96,920	83,346	(13,574)	948,773	988,325	77,347	(910,978)
Total Non-Instructional	1,188,889	1,073,543	1,033,931	(39,612)	948,773	988,325	964,979	(23,346)
Total Expenditures	3,309,223	3,388,176	3,093,427	(294,749)	3,214,677	3,377,818	3,070,170	(307,648)
Net Changes In Fund Balances	-	-	-	(294,749)	-	-	-	(307,648)
Fund Balances, Beginning of Year			-				-	
Fund Balances, End of Year			\$ -				\$ -	

**OAK RIDGE SCHOOLS**  
**COMBINING BALANCE SHEETS**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>Special Revenue Funds</u>			
	<u>Other Education Special Revenue Funds</u>	<u>Extended School Program Fund</u>	<u>Central Cafeteria Fund</u>	<u>Total</u>
	<u>Assets</u>			
Cash and Cash Equivalents	\$ -	\$ 21,526	\$ 303,559	\$ 325,085
Accounts Receivable	-	710	8,829	9,539
Grants Receivable	13,682	-	26,089	39,771
Total Assets	<u>\$ 13,682</u>	<u>\$ 22,236</u>	<u>\$ 338,477</u>	<u>\$ 374,395</u>
	<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>			
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 37	\$ 97,808	\$ 97,845
Accrued Salaries and Benefits	2,555	4,119	-	6,674
Due to Other Funds	4,136	-	107,192	111,328
Total Liabilities	<u>6,691</u>	<u>4,156</u>	<u>205,000</u>	<u>215,847</u>
<u>Deferred Inflows of Resources</u>	<u>-</u>	<u>-</u>	<u>18,992</u>	<u>18,992</u>
<u>Fund Balances</u>				
Restricted:				
Restricted for Support Service	6,991	-	-	6,991
Restricted for Non-Instruction	-	-	114,485	114,485
Unrestricted:				
Committed	-	18,080	-	18,080
Total Fund Balances	<u>6,991</u>	<u>18,080</u>	<u>114,485</u>	<u>139,556</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,682</u>	<u>\$ 22,236</u>	<u>\$ 338,477</u>	<u>\$ 374,395</u>

**OAK RIDGE SCHOOLS**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue Funds			
	Other Education Special Revenue Funds	Extended School Program Fund	Central Cafeteria Fund	Total
<b><u>Revenues</u></b>				
Charges for Services	\$ -	\$ 377,342	\$ 385,321	\$ 762,663
Other Local Sources	15,398	-	-	15,398
State Grants	45,420	-	-	45,420
Federal Government	-	-	1,306,598	1,306,598
Other	-	-	99,356	99,356
Total Revenues	60,818	377,342	1,791,275	2,229,435
<b><u>Expenditures</u></b>				
Current:				
Non-Instructional:				
Food Service	-	-	1,916,343	1,916,343
Community Service	112,940	376,407	-	489,347
Total Expenditures	112,940	376,407	1,916,343	2,405,690
<b><u>Other Financing Sources</u></b>				
Operating Transfers - Other Funds	52,376	-	-	52,376
Net Changes In Fund Balances	254	935	(125,068)	(123,879)
Fund Balances, Beginning of Year	6,737	17,145	239,553	263,435
Fund Balances, End of Year	\$ 6,991	\$ 18,080	\$ 114,485	\$ 139,556

**OAK RIDGE SCHOOLS**  
**COMPARATIVE BALANCE SHEETS**  
**OTHER EDUCATION SPECIAL REVENUE FUND**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ -	\$ -
Grants Receivable	<u>13,682</u>	<u>15,745</u>
Total Assets	<u>\$ 13,682</u>	<u>\$ 15,745</u>
<u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accrued Salaries and Benefits	\$ 2,555	\$ 2,555
Due to Other Funds	<u>4,136</u>	<u>6,453</u>
Total Liabilities	<u>6,691</u>	<u>9,008</u>
<u>Fund Balance</u>		
Restricted		
Restricted for Support Services	<u>6,991</u>	<u>6,737</u>
Total Fund Balance	<u>6,991</u>	<u>6,737</u>
Total Liabilities and Fund Balances	<u>\$ 13,682</u>	<u>\$ 15,745</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**OTHER EDUCATION SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Other Local Sources	\$ 15,398	\$ 17,736
State Grants	<u>45,420</u>	<u>51,998</u>
Total Revenues	<u>60,818</u>	<u>69,734</u>
<u>Expenditures</u>		
Current:		
Non-Instructional:		
Community Service	<u>112,940</u>	<u>112,531</u>
Deficiency of Revenues Under Expenditures	<u>(52,122)</u>	<u>(42,797)</u>
<u>Other Financing Sources</u>		
Operating Transfers - Other Funds	<u>52,376</u>	<u>47,700</u>
Net Changes In Fund Balances	254	4,903
Fund Balances, Beginning of Year	<u>6,737</u>	<u>1,834</u>
Fund Balances, End of Year	<u><u>\$ 6,991</u></u>	<u><u>\$ 6,737</u></u>

OAK RIDGE SCHOOLS  
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
OTHER EDUCATION SPECIAL REVENUE FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues</u>								
Other Local Sources	\$ 10,000	\$ 10,500	\$ 15,398	\$ 4,898	\$ 52,512	\$ 62,412	\$ 17,736	\$ (44,676)
Federal Government	-	-	45,420	45,420	-	-	51,998	51,998
Total Revenues	10,000	10,500	60,818	50,318	52,512	62,412	69,734	7,322
<u>Expenditures</u>								
Current:								
Non-Instructional:								
Community Service	105,214	115,688	112,940	(2,748)	99,575	109,444	112,531	3,087
Deficiency of Revenues Under Expenditures	(95,214)	(105,188)	(52,122)	53,066	(47,063)	(47,032)	(42,797)	4,235
Other Financing Sources								
Operating Transfers From Other Funds	42,802	52,802	52,376	(426)	48,055	48,055	47,700	(355)
Net Changes In Fund Balances	<u>\$ (52,412)</u>	<u>\$ (52,386)</u>	<u>254</u>	<u>\$ 52,640</u>	<u>\$ 992</u>	<u>\$ 1,023</u>	<u>4,903</u>	<u>\$ 3,880</u>
Fund Balances, Beginning of Year			6,737				1,834	
Fund Balances, End of Year			<u>\$ 6,991</u>				<u>\$ 6,737</u>	

**OAK RIDGE SCHOOLS**  
**COMPARATIVE BALANCE SHEETS**  
**EXTENDED SCHOOL PROGRAM FUND**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 21,526	\$ 22,978
Accounts Receivable	<u>710</u>	<u>-</u>
Total Assets	<u>\$ 22,236</u>	<u>\$ 22,978</u>
<u>Liabilities and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 37	\$ 1,076
Accrued Salaries and Benefits	<u>4,119</u>	<u>4,757</u>
Total Liabilities	<u>4,156</u>	<u>5,833</u>
<u>Fund Balances</u>		
Committed	<u>18,080</u>	<u>17,145</u>
Total Fund Balances	<u>18,080</u>	<u>17,145</u>
Total Liabilities and Fund Balances	<u>\$ 22,236</u>	<u>\$ 22,978</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**EXTENDED SCHOOL PROGRAM FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Charges for Services	\$ 377,342	\$ 354,640
Total Revenues	<u>377,342</u>	<u>354,640</u>
<u>Expenditures</u>		
Current:		
Non-Instructional:		
Community Service	<u>376,407</u>	<u>378,205</u>
Deficiency of Revenues Under Expenditures	<u>935</u>	<u>(23,565)</u>
Net Changes In Fund Balances	935	(23,565)
Fund Balances, Beginning of Year	<u>17,145</u>	<u>40,710</u>
Fund Balances, End of Year	<u><u>\$ 18,080</u></u>	<u><u>\$ 17,145</u></u>

OAK RIDGE SCHOOLS  
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
EXTENDED SCHOOL PROGRAM FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues</u>								
Charges for Services	\$ 416,482	\$ 416,482	\$ 377,342	\$ (39,140)	\$ 447,351	\$ 447,351	\$ 354,640	\$ (92,711)
<u>Expenditures</u>								
Current:								
Non-Instructional:								
Community Service	416,482	416,482	376,407	(40,075)	447,351	447,351	378,205	(69,146)
Deficiency Revenues								
Under Expenditures	-	-	935	935	-	-	(23,565)	(23,565)
Net Changes In Fund Balances	\$ -	\$ -	935	\$ 935	\$ -	\$ -	(23,565)	\$ (23,565)
Fund Balances, Beginning of Year			17,145				40,710	
Fund Balances, End of Year			\$ 18,080				\$ 17,145	

**OAK RIDGE SCHOOLS**  
**COMPARATIVE BALANCE SHEETS**  
**CENTRAL CAFETERIA FUND**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$ 303,559	\$ 311,502
Accounts Receivable	8,829	104
Grants Receivable	26,089	19,216
Prepaid Items	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 338,477</u>	<u>\$ 330,822</u>
<u>Liabilities, Deferred Inflows of Resources and Fund Balances</u>		
<u>Liabilities</u>		
Accounts Payable	\$ 97,808	\$ 71,897
Due to Other Funds	<u>107,192</u>	<u>16</u>
Total Liabilities	<u>205,000</u>	<u>71,913</u>
<u>Deferred Inflows of Resources</u>	<u>18,992</u>	<u>19,356</u>
<u>Fund Balances</u>		
Non-Spendable - Prepaid Items	-	-
Restricted for Non-Instruction - Food Service	<u>114,485</u>	<u>239,553</u>
Total Fund Balances	<u>114,485</u>	<u>239,553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 338,477</u>	<u>\$ 330,822</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**CENTRAL CAFETERIA FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Charges for Services	\$ 385,321	\$ 448,736
Federal Government	1,306,598	1,279,628
Other	<u>99,356</u>	<u>101,606</u>
Total Revenues	<u>1,791,275</u>	<u>1,829,970</u>
<u>Expenditures</u>		
Current:		
Non-Instructional:		
Food Service	<u>1,916,343</u>	<u>1,768,927</u>
Excess of Revenues Over Expenditures	<u>(125,068)</u>	<u>61,043</u>
Net Changes In Fund Balances	(125,068)	61,043
Fund Balances, Beginning of Year	<u>239,553</u>	<u>178,510</u>
Fund Balances, End of Year	<u><u>\$ 114,485</u></u>	<u><u>\$ 239,553</u></u>

OAK RIDGE SCHOOLS  
COMPARATIVE SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
CENTRAL CAFETERIA FUND  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014

	2015				2014			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues</u>								
Charges for Services	\$ 492,580	\$ 492,580	\$ 385,321	\$ (107,259)	\$ 560,156	\$ 560,156	\$ 448,736	\$ (111,420)
Federal Government	1,229,240	1,239,240	1,306,598	67,358	1,335,668	1,335,668	1,279,628	(56,040)
Other	104,170	104,170	99,356	(4,814)	80	80	101,606	101,526
Total Revenues	<u>1,825,990</u>	<u>1,835,990</u>	<u>1,791,275</u>	<u>(44,715)</u>	<u>1,895,904</u>	<u>1,895,904</u>	<u>1,829,970</u>	<u>(65,934)</u>
<u>Expenditures</u>								
Current:								
Non-Instructional:								
Food Service	<u>1,965,990</u>	<u>1,975,990</u>	<u>1,916,343</u>	<u>(59,647)</u>	<u>1,954,004</u>	<u>1,954,004</u>	<u>1,768,927</u>	<u>(185,077)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(140,000)</u>	<u>(140,000)</u>	<u>(125,068)</u>	<u>14,932</u>	<u>(58,100)</u>	<u>(58,100)</u>	<u>61,043</u>	<u>119,143</u>
Net Changes In Fund Balances	<u>\$ (140,000)</u>	<u>\$ (140,000)</u>	<u>(125,068)</u>	<u>\$ 14,932</u>	<u>\$ (58,100)</u>	<u>\$ (58,100)</u>	<u>61,043</u>	<u>\$ 119,143</u>
Fund Balances, Beginning of Year			<u>239,553</u>				<u>178,510</u>	
Fund Balances, End of Year			<u>\$ 114,485</u>				<u>\$ 239,553</u>	

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**EQUIPMENT RENTAL AND REPLACEMENT FUND**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 872,585	\$ 855,625
Total Current Assets	<u>872,585</u>	<u>855,625</u>
<u>Capital Assets</u>		
Buses, Vehicles and Equipment	2,341,843	2,483,935
Less: Accumulated Depreciation	<u>(1,961,630)</u>	<u>(1,990,659)</u>
Total Capital Assets - Net	<u>380,213</u>	<u>493,276</u>
Total Assets	<u><u>\$ 1,252,798</u></u>	<u><u>\$ 1,348,901</u></u>
<u>NET POSITION</u>		
<u>Net Position</u>		
Net Investment in Capital Assets	\$ 380,213	\$ 493,276
Unrestricted	<u>872,585</u>	<u>855,625</u>
Total Net Position	<u><u>\$ 1,252,798</u></u>	<u><u>\$ 1,348,901</u></u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**EQUIPMENT RENTAL AND REPLACEMENT FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Operating Revenues</u>		
Rental Income	\$ 10,996	\$ 25,583
<u>Operating Expenditures</u>		
Depreciation	113,025	124,056
Operating Loss	<u>(102,029)</u>	<u>(98,473)</u>
<u>Non-Operating Revenues</u>		
Gain on Disposal of Capital Assets	5,926	5,946
Changes in Net Position	(96,103)	(92,527)
Net Position, Beginning of Year	<u>1,348,901</u>	<u>1,441,428</u>
Net Position, End of Year	<u>\$ 1,252,798</u>	<u>\$ 1,348,901</u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**EQUIPMENT RENTAL AND REPLACEMENT FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Cash Flows From Operating Activities</u>		
Receipts for Interfund Services	\$ 10,996	\$ 28,336
Net Cash Provided by Operating Activities	<u>10,996</u>	<u>28,336</u>
<u>Cash Flows From Capital and Related Financing Activities</u>		
Purchase of Capital Assets	-	(82,371)
Proceeds from Sale of Capital Assets	<u>5,964</u>	<u>5,946</u>
Net Cash Used in Capital and Related Financing Activities	<u>5,964</u>	<u>(76,425)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,960	(48,089)
Cash and Cash Equivalents, Beginning of Year	<u>855,625</u>	<u>903,714</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 872,585</u></u>	<u><u>\$ 855,625</u></u>
<u>Reconciliation of Operating Loss to Net Cash Provided</u>		
<u>By Operating Activities</u>		
Operating Loss	\$ (102,029)	\$ (98,473)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	113,025	124,056
Change in Accounts Receivable	<u>-</u>	<u>2,753</u>
Net Cash Provided by Operating Activities	<u><u>\$ 10,996</u></u>	<u><u>\$ 28,336</u></u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF FIDUCIARY NET POSITION - FIDUCIARY FUND**  
**PRIVATE PURPOSE TRUST AND AGENCY FUND**  
**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Asset</u>		
Current Asset:		
Cash and Cash Equivalents	\$ 1,137,278	\$ 320,486
Accounts Receivable	425	-
Inventory	<u>9,632</u>	<u>-</u>
Total Asset	<u><u>\$ 1,147,335</u></u>	<u><u>\$ 320,486</u></u>
<u>Liabilities and Fund Balances</u>		
<u>Liability</u>		
Due to Other Funds	\$ -	\$ 1,400
Accounts Payable	<u>1,405</u>	<u>-</u>
Total Liabilities	<u>1,405</u>	<u>1,400</u>
<u>Net Position</u>		
Held in Trust for Scholarships	238,911	319,086
Held in Internal School Funds	<u>907,019</u>	<u>-</u>
Total Net Position	<u>1,145,930</u>	<u>319,086</u>
Total Liability and Net Position	<u><u>\$ 1,147,335</u></u>	<u><u>\$ 320,486</u></u>

**OAK RIDGE SCHOOLS**  
**COMPARATIVE STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND**  
**PRIVATE PURPOSE TRUST AND AGENCY FUND**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<u>Additions</u>		
Investment Income	\$ 1,232	\$ 1,284
Contributions	1,452,948	6,500
Other	<u>-</u>	<u>500</u>
Total Revenues	<u>1,454,180</u>	<u>8,284</u>
<u>Deductions</u>		
Scholarship Awards	81,407	7,985
School Related Expenditures	<u>1,394,002</u>	<u>-</u>
Total Deductions	1,475,409	7,985
Change in Net Position	<u>(21,229)</u>	<u>299</u>
Net Position, Beginning of Year, before restatement	<u>319,086</u>	<u>318,787</u>
Prior Period Adjustment	<u>848,073</u>	<u>-</u>
Net Position, Beginning of Year	1,167,159	318,787
Net Position, End of Year	<u><u>\$ 1,145,930</u></u>	<u><u>\$ 319,086</u></u>

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor Pass-Through Grantor Grant Program Title	CFDA Number	Contract Number	Expenditures
<b><u>Federal Awards</u></b>			
<b>U.S. Dept. of Health and Human Services</b>			
Direct			
Head Start	93.600	PA20	9,067
Head Start	93.600	PA22	675,517
<b>Total U.S. Dept. of Health and Human Services</b>			<b>684,584</b>
<b>U.S. Department of Education</b>			
<b>Special Education Cluster</b>			
Passed through the TN Department of Education Special Education- Preschool Grants	84.173A	2015.010	30,979
Passed through the TN Department of Education Special Education- Grants to States	84.027A	2015.010	958,196
Passed through the TN Department of Education Special Education- Grants to States	84.027	ACCT.#47143	43,686
<b>Total Special Education Cluster</b>			<b>1,032,861</b>
Passed through the TN Department of Education State Fiscal Stabilization Fund	84.397	46591 (S397A090043)	75,000
Passed through the TN Department of Education State Fiscal Stabilization Fund	84.397	S397A090043	15,396
Passed through the TN Department of Education State Fiscal Stabilization Fund	84.397	11-11901 (S397A090043)	29,612
<b>Total State Fiscal Stabilization Fund</b>			<b>120,008</b>
Passed through the TN Department of Education Twenty-First Century Community Learning Centers	84.287C	194-14-01-002	173,747
Passed through the TN Department of Education Career and Technical Education - Basic Grants to States	84.048A	2015.010	68,441

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor</b>	<b>CFDA Number</b>	<b>Contract Number</b>	<b>Expenditures</b>
<b>Pass-Through Grantor</b>			
<b>Grant Program Title</b>			
Passed through the TN Department of Education Title I Grants to Local Educational Agencies	84.010A	2015.010	857,117
Passed through the TN Department of Education Improving Teacher Quality State Grants	84.367A	2015.010	163,442
Passed through the TN Department of Education English Language Acquisition State Grants	84.365A	2015.010	10,087
Direct Impact Aid	84.041	Act#47630	33,355
Passed through the TN Department of Education Race to the Top - ARRA	84.395	S395A100032	47,197
<b>Total U.S. Department of Education</b>			<b>2,506,255</b>
<b>U.S. Department of Agriculture</b>			
<b>Child Nutrition Cluster</b>			
Passed through the TN Department of Education National School Lunch Program	10.555	ACCT.# 47111	815,455
Passed through the TN Department of Education National School Lunch Program	10.555	ACCT. # 47114	3,252
<b>Total National School Lunch Program</b>			<b>818,707</b>
Passed through the TN Department of Education School Breakfast Program	10.553	AACT.#47113	274,195
Passed through the TN Department of Education Summer Food Service Program for Children	10.559	ACCT.#47114	50,833
<b>Total Child Nutrition Cluster</b>			<b>1,143,735</b>
Passed through the TN Department of Education Team Nutrition Grants	10.560	ACCT.# 46520	16,639
Passed through the TN Department of Human Services Child and Adult Care Food Program	10.558	03-47-59931-00-5	132,512
<b>Total U.S. Department of Agriculture</b>			<b>1,292,886</b>

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor Pass-Through Grantor Grant Program Title	CFDA Number	Contract Number	Expenditures
<b>U.S. Department of Energy</b>			
Direct			
Environmental Remediation and Waste Processing and Disposal	81.104	DE-FG05-93OR22105	67,258
Academic Partnerships	81.102	DE-EM0001888	32,380
<b>Total U.S. Department of Energy</b>			<b>99,638</b>
<b>TOTAL FEDERAL AWARDS</b>			<b>4,583,363</b>
<b><u>State Financial Assistance</u></b>			
TN Dept. of Education			
Early Childhood Ed. Pre- K Expansion	N/A	47590	10,000
TN Dept. of Education			
Early Childhood Ed. Pre- K Expansion	N/A	State 46515	450,079
TN Dept. of Education			
Lottery for Ed After School Programs	N/A	46530	3,723
TN Dept. of Education			
Lottery for Ed After School Programs	N/A	119-09-3-037	2,599
<b>TOTAL STATE AWARDS</b>			<b>466,401</b>
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ 5,049,764</b>
<p>Note - This schedule was prepared on a modified accrual basis. We calculated the cash receipts column using the beginning receivable amounts, the known expenses, and the known ending receivable balances. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.</p>			

OAK RIDGE SCHOOLS  
SCHEDULE OF NONCASH FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grantor Agency	CFDA Number	Project Period		Commodities Inventory June 1, 2014	Commodities Received	Commodities Consumed	Commodities Inventory June 30, 2015
		From	To				
U.S. Dept. of Agriculture through the TN Dept. of Education							
U.S.D.A., Commodities	10.555	7/1/2013	6/30/2014	\$ 25,314	\$ 98,895	\$ 95,126	\$ 29,083

**STATISTICAL SECTION (UNAUDITED)**

## STATISTICAL SECTION

This part of the 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 Schools' overall financial health.

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<b>Financial Trends</b>	<u>Page Numbers</u>
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**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Schools implemented GASB Statement No. 34 effective for the fiscal year ended June 30, 2008; schedules presenting departmental wide information include information beginning in that year.

**OAK RIDGE SCHOOLS**  
**NET POSITION BY COMPONENT**  
**LAST SIX FISCAL YEARS**  
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u> <u>(Restated)</u>	<u>2011</u>	<u>2010</u>
Governmental Activities:						
Net Investment in Capital Assets	\$ (4,988,392)	\$ (4,467,543)	\$ (3,631,784)	\$ (2,366,437)	\$ (966,589)	\$ 662,060
Restricted	133,981	143,972	89,870	27,016	71,666	171,115
Unrestricted (Deficit)	<u>(11,186,045)</u>	<u>(4,398,509)</u>	<u>(3,009,777)</u>	<u>(5,854,000)</u>	<u>(719,887)</u>	<u>(1,625,225)</u>
Total Governmental Activities:	<u>\$ (16,040,456)</u>	<u>\$ (8,722,080)</u>	<u>\$ (6,551,691)</u>	<u>\$ (8,193,421)</u>	<u>\$ (1,614,810)</u>	<u>\$ (792,050)</u>

Note: Fiscal year 2008 was the first year the Schools adopted GASB Statement No. 34. The governmental activities of the Schools is the primary department of the organization.

**OAK RIDGE SCHOOLS**  
**CHANGES IN NET POSITION**  
**LAST SIX FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2015 (Restated)	2014	2013	2012 (Restated)	2011	2010
Expenses						
<u>Governmental Activities:</u>						
Instructional	\$ 29,193,306	\$ 33,499,296	\$ 34,942,916	\$ 36,147,513	\$ 34,495,875	\$ 34,778,760
Support Services	21,344,213	19,081,808	18,067,089	18,167,296	17,610,147	17,023,868
Non-Instructional	3,915,339	5,363,080	4,028,545	3,910,058	3,920,163	4,001,466
Pension Expense	(120,675)	-	-	-	-	-
Interest on Long-Term Debt	2,737,256	2,778,855	2,868,515	2,763,493	2,697,482	2,899,923
Total Governmental Activities Expenses	57,069,439	60,723,039	59,907,065	60,988,360	58,723,667	58,704,017
Program Revenues						
<u>Governmental Activities:</u>						
<u>Charges for Services:</u>						
Instructional	303,813	296,773	327,892	354,642	400,746	478,794
Support Services	16,663	21,396	17,200	19,349	15,354	9,372
Non-Instructional	770,605	814,343	869,140	1,046,683	1,116,039	1,172,024
<u>Operating Grants and Contributions:</u>						
Instructional	3,533,592	4,040,198	3,903,431	5,083,714	3,294,489	3,900,376
Support Services	-	-	-	-	675,182	369,509
Non-Instructional	1,807,495	1,814,991	1,744,783	1,689,867	2,361,629	2,321,936
Total Governmental Activities Program Revenues	6,432,168	6,987,701	6,862,446	8,194,255	7,863,439	8,252,011
Net Expenses:						
Governmental Activities	(50,637,271)	(53,735,338)	(53,044,619)	(52,794,105)	(50,860,228)	(50,452,006)
General Revenues and Other Changes in Net Position						
<u>Governmental Activities:</u>						
General Revenues:						
Property Taxes	9,066,034	9,191,611	8,893,890	8,806,098	8,774,875	8,680,992
Local Option Sales and Mineral Severance Taxes	4,304,972	4,854,957	4,988,486	4,026,712	4,027,249	3,968,934
Mixed Drink Taxes	273	5,649	-	-	-	-
Other Local Sources	467,368	331,846	313,863	356,505	308,108	357,546
State of Tennessee - BEP	19,043,000	18,855,000	18,886,515	18,525,000	16,714,405	17,201,600
Federal Government - Unrestricted	33,355	47,176	73,083	66,544	1,936,754	922,596
Investment Income (Loss)	461	13,664	22,042	24,744	20,766	21,366
Investment Income (Loss) - Change in Fair Market Value of Swaps	(882,448)	(438,257)	3,169,166	(4,830,874)	(414,647)	(760,615)
Gain (Loss) on Sale and Disposal of Capital Assets	5,926	28,074	17,917	1,262	(18,896)	4,149
Payments from Component Unit	80,044	66,756	111,329	-	-	-
Transfers from the City's General Fund	14,629,302	14,112,832	13,862,832	14,629,302	14,686,834	13,980,802
Transfers from the City's Capital Projects Fund	286,194	222,314	15,254	524,703	-	-
Transfers from the City's Debt Service Fund	\$ 4,845,347	4,273,327	4,331,972	4,141,985	4,002,020	3,973,916
Total Governmental Activities	\$ 51,879,828	\$ 51,564,949	\$ 54,686,349	\$ 46,271,981	\$ 50,037,468	\$ 48,351,286
Changes in Net Position Governmental Activities	\$ 1,242,557	\$ (2,170,389)	\$ 1,641,730	\$ (6,522,124)	\$ (822,760)	\$ (2,100,720)

Note: Fiscal year 2008 was the first year the Schools adopted GASB Statement No. 34.

**OAK RIDGE SCHOOLS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	General Purpose School Fund				All Other Government Funds			
	Non-Spendable	Restricted	Unrestricted (A)	Total	Non-Spendable	Restricted	Unrestricted (A)	Total
2006	\$ 10,328	\$ 155,562	\$ 4,105,522	\$ 4,271,412	\$ -	\$ -	\$ 91,271	\$ 91,271
2007	8,343	199,475	3,640,387	3,848,205	-	-	103,318	103,318
2008	-	375,929	2,828,858	3,204,787	-	-	157,169	157,169
2009	364,453	191,434	2,109,483	2,665,370	-	-	67,138	67,138
2010	62,829	171,115	3,599,158	3,833,102	-	7,269	34,768	42,037
2011	53,580	67,261	5,509,326	5,630,167	-	4,405	54,109	58,514
2012	83,659	73,782	5,680,670	5,838,111	4,508	67,821	70,568	142,897
2013	58,739	30,692	5,978,950	6,068,381	4,566	175,778	40,710	221,054
2014	71,362	52,669	5,534,857	5,658,888	1,777	246,290	15,368	263,435
2015	87,814	18,295	5,900,231	6,006,340	-	121,476	18,080	139,556

Note: (A) Unrestricted fund balance includes committed, assigned and unassigned amounts.

**OAK RIDGE SCHOOLS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (A)**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Local Taxes	\$ 11,181,303	\$ 11,139,581	\$ 11,571,942	\$ 11,824,143	\$ 12,649,926	\$ 12,802,124	\$ 12,832,810	\$ 13,882,376	\$ 14,052,217	\$ 13,371,279
Charges for Services	1,740,046	1,776,167	1,886,084	1,810,598	1,650,818	1,514,327	1,401,325	1,197,033	1,111,116	1,074,418
Other Local Sources	458,809	440,922	296,111	252,442	221,755	178,545	160,263	196,074	179,589	182,835
State of Tennessee	15,590,578	16,530,794	18,627,316	19,216,214	18,307,746	17,698,595	19,809,329	20,055,845	20,229,863	19,043,000
State of TN - On-Behalf Payments	-	-	-	-	-	-	-	-	-	895,440
State of TN - On-Behalf Payments	-	-	175,587	182,699	194,338	178,079	165,609	178,429	172,409	170,285
Federal Government	3,580,084	3,687,555	3,712,383	3,787,503	6,204,151	7,098,920	5,455,401	4,453,497	4,439,807	4,477,066
Other	77,056	81,880	47,540	25,576	176,311	176,006	176,383	204,185	171,518	202,356
<b>Total Revenues</b>	<b>32,627,876</b>	<b>33,656,899</b>	<b>36,316,963</b>	<b>37,099,175</b>	<b>39,405,045</b>	<b>39,646,596</b>	<b>40,001,120</b>	<b>40,167,439</b>	<b>40,356,519</b>	<b>39,416,679</b>
<b>Expenditures</b>										
Instructional	25,025,687	26,454,760	30,011,282	29,442,234	30,983,850	30,539,940	32,468,000	31,319,400	30,396,647	30,936,574
Support Services	14,767,364	15,314,104	15,927,669	17,465,168	16,837,686	17,463,999	17,919,146	17,927,629	18,439,716	18,418,123
Non-Instructional	3,690,179	3,859,581	4,193,144	4,303,762	3,884,878	3,771,273	3,826,312	3,872,652	3,875,556	3,900,739
Capital Outlays	106,735	186,485	91,702	170,247	1,239,855	655,294	851,912	655,676	1,698,895	141,403
Debt Service - Principal	-	-	-	302,533	1,386,865	1,468,216	1,681,448	1,758,264	1,790,488	2,416,180
Debt Service - Interest	-	-	-	10,339	2,899,923	2,846,676	2,886,106	2,999,307	2,913,179	2,854,736
Other	419,415	323,272	403,694	13,875	134,075	117,204	-	-	-	-
<b>Total Expenditures</b>	<b>44,009,380</b>	<b>46,138,202</b>	<b>50,627,491</b>	<b>51,708,158</b>	<b>57,367,132</b>	<b>56,862,602</b>	<b>59,632,924</b>	<b>58,532,928</b>	<b>59,114,481</b>	<b>58,667,755</b>
<b>Deficiency of Revenues</b>										
<b>under Expenditures</b>	<b>(11,381,504)</b>	<b>(12,481,303)</b>	<b>(14,310,528)</b>	<b>(14,608,983)</b>	<b>(17,962,087)</b>	<b>(17,216,006)</b>	<b>(19,631,804)</b>	<b>(18,365,489)</b>	<b>(18,757,962)</b>	<b>(19,251,076)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers In-From City	11,578,070	12,070,143	12,988,482	13,508,020	17,954,718	18,688,854	18,771,287	18,194,804	18,386,159	19,474,649
Current Refunding of Bonds	-	-	-	-	(4,675,000)	(1,656,721)	-	-	(307,573)	-
Refunding Bonds Issued	-	-	-	-	-	1,645,631	-	-	306,653	-
Premium of Refunding Bonds Issued	-	-	-	-	-	33,500	-	-	8,179	-
General Obligation Bonds Issued	-	-	-	-	5,825,000	318,284	-	-	(2,568)	-
Transfer to Other Funds	-	-	-	-	-	-	-	-	-	-
Capitalized Lease Proceeds	-	-	732,479	471,515	-	-	1,152,844	479,112	-	-
<b>Total Other Financial Sources</b>	<b>11,578,070</b>	<b>12,070,143</b>	<b>13,720,961</b>	<b>13,979,535</b>	<b>19,104,718</b>	<b>19,029,548</b>	<b>19,924,131</b>	<b>18,673,916</b>	<b>18,390,850</b>	<b>19,474,649</b>
<b>Net Change in Fund Balances</b>	<b>196,566</b>	<b>(411,160)</b>	<b>(589,567)</b>	<b>(629,448)</b>	<b>1,142,631</b>	<b>1,813,542</b>	<b>292,327</b>	<b>308,427</b>	<b>(367,112)</b>	<b>223,573</b>
<b>Fund Balances, Beginning of Year</b>	<b>4,166,117</b>	<b>4,362,683</b>	<b>3,951,523</b>	<b>3,361,956</b>	<b>2,732,508</b>	<b>3,875,139</b>	<b>5,688,681</b>	<b>5,981,008</b>	<b>6,289,435</b>	<b>5,922,323</b>
<b>Fund Balances, End of Year</b>	<b>\$ 4,362,683</b>	<b>\$ 3,951,523</b>	<b>\$ 3,361,956</b>	<b>\$ 2,732,508</b>	<b>\$ 3,875,139</b>	<b>\$ 5,688,681</b>	<b>\$ 5,981,008</b>	<b>\$ 6,289,435</b>	<b>\$ 5,922,323</b>	<b>\$ 6,145,896</b>

Note: Includes General Purpose School Fund, School Federal Projects Fund, Other Education Special Revenue Fund, Extended School Program Fund and Cafeteria Fund (Governmental Funds).

**OAK RIDGE SCHOOLS**  
**LOCAL TAX REVENUES BY SOURCE OF ALL GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Option Sales Tax</u>	<u>Mineral Severance Tax</u>	<u>Mixed Drink Tax</u>	<u>Total</u>
2006	\$ 7,795,289	\$ 3,384,634	\$ 1,380	\$ -	\$ 11,181,303
2007	7,782,936	3,351,404	5,241	-	11,139,581
2008	7,993,442	3,571,471	7,029	-	11,571,942
2009	8,102,237	3,710,474	11,432	-	11,824,143
2010	8,680,992	3,935,389	33,545	-	12,649,926
2011	8,774,875	4,005,204	22,045	-	12,802,124
2012	8,806,098	3,984,776	41,936	-	12,832,810
2013	8,893,890	4,986,448	2,038	-	13,882,376
2014	9,191,611	4,854,777	180	5,649	14,052,217
2015	9,066,034	4,304,972	-	273	13,371,279

**OAK RIDGE SCHOOLS**  
**APPRAISED AND ASSESSED VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Years	Tax Years	(1a)		(1b)		(1c)				(3)	Ratio of Total
		Real Property		Personal Property		Public Utility Property		Total		Total Direct	Assessed to
		Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Tax Rate In/Out	Total Appraised Value
Anderson County											
2006	2005	\$ 3,809,604,800	\$ 1,077,413,360	\$ 324,661,031	\$ 97,398,417	\$ 74,055,042	\$ 40,730,273	\$ 4,208,320,873	\$ 1,215,542,050	2.68/2.82	28.88%
2007	2006	3,904,492,300	1,102,774,960	353,263,679	105,979,217	72,689,618	39,979,290	4,330,445,597	1,248,733,467	2.68/2.82	28.84%
2008	2007	4,043,862,400	1,149,011,110	389,371,776	100,002,700	64,086,782	35,247,730	4,497,320,958	1,284,261,540	2.68/2.82	28.56%
2009	2008	4,134,408,100	1,177,967,050	389,765,798	100,456,659	65,417,775	35,979,776	4,589,591,673	1,314,403,485	2.68/2.82	28.64%
2010	(2) 2009	4,203,971,000	1,198,159,565	413,123,786	103,947,656	60,168,982	33,092,940	4,677,263,768	1,335,200,161	2.68/2.82	28.55%
2011	2010	5,072,033,400	1,438,571,130	420,909,761	126,273,011	40,289,379	22,159,158	5,533,232,540	1,587,003,299	2.27/2.37	28.68%
2012	2011	5,103,304,200	1,447,259,535	405,505,830	121,651,846	61,665,568	33,916,062	5,570,475,598	1,602,827,443	2.38/2.53	28.77%
2013	2012	5,542,958,171	1,449,714,920	430,114,371	129,034,404	41,628,886	22,895,887	6,014,701,428	1,601,645,211	2.38/2.53	26.63%
2014	2013	5,357,302,815	1,446,471,760	468,171,156	135,558,295	74,311,389	40,871,190	5,899,785,360	1,622,901,245	2.35/2.53	27.51%
2015	2014	5,163,144,200	1,604,496,828	451,860,084	135,558,025	79,575,664	43,766,615	5,694,579,948	1,783,821,468	2.35/2.53	31.32%
Roane County											
2006	2005	\$ 3,072,492,400	\$ 829,240,755	\$ 170,034,930	\$ 51,029,054	\$ 67,911,814	\$ 29,612,047	\$ 3,310,439,144	\$ 909,881,856	2.02/2.32	27.49%
2007	2006	3,200,739,300	866,352,240	192,930,770	57,880,980	69,489,599	30,327,679	3,463,159,669	954,560,899	2.02/2.32	27.56%
2008	2007	3,916,956,583	910,546,800	186,125,914	47,842,722	77,290,363	26,367,221	4,180,372,860	984,756,743	2.27/2.63	23.56%
2009	2008	4,025,748,248	934,960,065	182,602,110	48,081,095	77,433,967	28,961,171	4,285,784,325	1,012,002,331	2.27/2.63	23.61%
2010	(2) 2009	3,441,527,800	935,961,790	247,225,906	60,890,771	46,453,829	25,549,606	3,735,207,535	1,022,402,167	2.27/2.63	27.37%
2011	2010	4,444,845,200	1,207,094,090	208,032,952	62,410,327	61,164,818	33,640,650	4,714,042,970	1,303,145,067	1.91/2.64	27.64%
2012	2011	4,417,064,900	1,195,580,630	204,154,677	61,246,843	64,821,498	35,651,824	4,686,041,075	1,292,479,297	1.97/2.18	27.58%
2013	2012	4,379,144,400	1,186,869,930	243,147,371	72,944,304	71,935,962	39,564,779	4,694,227,733	1,299,379,013	1.97/2.18	27.68%
2014	2013	4,438,610,300	1,206,934,925	176,714,484	53,014,418	69,235,187	38,079,353	4,684,559,971	1,298,028,696	1.97/2.18	27.71%
2015	2014	4,438,600,400	1,206,929,570	176,732,327	53,019,698	76,611,695	42,136,432	4,691,944,421	1,302,085,700	1.97/2.18	27.75%

Notes: (1) Assessment Rates are set by Tennessee State Law as follows:  
(a) Real Property: Residential and Farm at 25 percent of value  
Commercial and Industrial at 40 percent of value  
(b) Personal Property at 30 percent of value.  
(c) Railroads at 40 percent of value and other Public Utilities at 55 percent of value  
(2) In fiscal years 2005 and 2010, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessment.  
Also the county-wide reappraisals of real property were completed during tax years 2005 and 2010.  
(3) "In" means inside the City of Oak Ridge. "Out" means outside the City of Oak Ridge's corporate limits or county-wide (County Tax).

Sources: 2014 Tax Aggregate Report of Tennessee provided by the Tennessee Comptroller Treasury, Division of Property Assessments.  
Anderson County, Tennessee, Finance Department  
Roane County, Tennessee, Finance Department

**OAK RIDGE SCHOOLS**  
**PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City of Oak Ridge</u>	<u>Anderson County</u>	<u>Roane County</u>
2006	\$ 2.55	\$ 2.68	\$ 2.02
2007	2.55	2.68	2.02
2008	2.65	2.68	2.27
2009	2.77	2.68	2.27
2010	2.77	2.68	2.27
2011	2.39	2.26	1.91
2012	2.39	2.35	1.97
2013	2.39	2.35	1.97
2014	2.39	2.35	1.97
2015	2.39	2.35	1.97

Each governmental unit uses the same property tax assessment rolls which were certified at the time of the most recent reappraisal of property in fiscal year 2008. The Anderson County and Roane County rates include the respective County's Board of Education. Oak Ridge Schools and the Anderson and Roane County Boards of Education receive a pro-rata share of tax revenues based upon weighted-average daily attendance. These rates are for county residents living within the City of Oak Ridge vs. other municipalities or rural unincorporated areas.

Source: 2014 Tax Aggregate Report of Tennessee provided by the  
Tennessee Comptroller Treasury, Division of Property Assessments.

**OAK RIDGE SCHOOLS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT TAX YEAR AND NINE YEARS AGO**

Taxpayer	Type of Business	Tax Year 2014			Tax Year 2005		
		Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
UT-Battelle	Management Contractor	\$ 55,390,175	1	6.72%	26,719,825	1	4.96%
Oak Ridge Projects LLC	Real Estate Developer	36,615,687	2	4.44%	-	-	-
Scientific Ecology Group (AKA GTS Duratek)	Environmental Services	12,648,429	3	1.53%	5,895,507	8	1.09%
Oak Ridge Tech Center	Office Complex	12,461,728	4	1.51%	13,441,322	2	2.49%
R&R Properties/ Richard Chinn	Entrepreneur	12,086,889	5	1.47%	8,570,840	5	1.59%
Methodist Medical Center of Oak Ridge	Health Services	10,500,405	6	1.27%	8,748,772	4	1.62%
Wilkinson Realty	Apartment Complexes	7,107,938	7	0.86%	-	-	-
Bellsouth	Communications	6,716,259	8	0.81%	7,664,103	6	142.00%
A & M Enterprises Inc.	Real Estate Developer	5,968,480	9	0.72%	-	-	-
Advanced Measurement Tec (ORTEC)	Manufacturing and Services	5,124,728	10	0.62%	-	-	-
Boeing Tennessee Inc.	Manufacturing and Engineering	-	-	-	11,691,029	3	2.17%
Crown America	Shopping Mall/Misc. Development	-	-	-	7,472,680	7	1.39%
International Environmental Resources (AKA Manufacturing Sciences)	Environmental Services	-	-	-	3,988,912	9	0.74%
Wal-Mart	Retail	-	-	-	3,807,259	10	0.71%
TOTAL		\$ 164,620,718		19.95%	\$ 71,040,369		13.22%

Note: Does not included in-lieu of tax payments.

**OAK RIDGE SCHOOLS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Fiscal Years (2)	Tax Years	Total Tax Levy for		Collected within the Fiscal Year of the Levy		Collections in Subsequent	Total Collections to Date		Uncollected Taxes to Date	
		Fiscal Year	Amount	Percentage of Levy	Years (1)	Amount	Percentage of Levy	Amount	Percentage of Levy	
Anderson County										
2006	2005	\$ 33,550,148	\$ 31,908,542	95.11%	\$ 1,621,238	\$ 33,529,780	99.94%	\$ 20,368	0.06%	
2007	2006	34,484,834	32,724,486	94.90%	1,744,444	34,468,930	99.95%	15,904	0.05%	
2008	2007	34,479,582	33,772,795	97.95%	685,805	34,458,600	99.94%	20,982	0.06%	
2009	2008	35,271,646	34,150,225	96.82%	1,089,557	35,239,782	99.91%	31,864	0.09%	
2010	2009	35,939,486	34,723,573	96.62%	1,159,813	35,883,386	99.84%	56,100	0.16%	
2011	2010	36,336,767	35,100,300	96.60%	945,120	36,045,420	99.20%	291,347	0.80%	
2012	2011	39,418,410	36,853,130	93.49%	1,937,885	38,791,015	98.41%	627,395	1.59%	
2013	2012	39,767,690	37,296,389	93.79%	-	37,296,389	93.79%	1,186,925	2.98%	
2014	2013	37,774,665	35,246,914	93.31%	253,861	35,500,775	93.98%	2,273,890	6.02%	
2015	2014	39,278,128	35,078,432	89.31%	1,786,966	36,865,398	93.86%	2,412,730	6.14%	
City of Oak Ridge										
(3)										
2006	2005	\$ 15,563,401	\$ 15,280,442	98.18%	\$ 248,983	\$ 15,529,425	99.78%	\$ 33,976	0.22%	
2007	2006	16,207,091	15,901,543	98.11%	268,021	16,169,564	99.77%	37,527	0.23%	
2008	2007	17,755,416	17,303,022	97.45%	411,864	17,714,886	99.77%	40,530	0.23%	
2009	2008	19,084,350	18,519,409	97.04%	535,008	19,054,417	99.84%	29,933	0.16%	
2010	2009	18,975,624	18,120,891	95.50%	831,319	18,952,210	99.88%	23,414	0.12%	
2011	2010	19,286,297	18,322,654	95.00%	835,188	19,157,842	99.33%	128,455	0.67%	
2012	2011	19,231,752	18,695,063	97.21%	310,675	19,005,738	98.82%	226,014	1.18%	
2013	2012	19,059,666	18,350,887	96.28%	-	18,350,887	96.28%	708,779	3.72%	
2014	2013	19,427,727	18,853,042	97.04%	-	18,853,042	97.04%	574,685	2.96%	
2015	2014	19,699,050	19,128,736	97.10%	-	19,128,736	97.10%	543,125	2.76%	

Notes: (1) Collections in subsequent years include amounts collected by the Trustee's Office after June 30 of each year and amounts collected by the Clerk and Master in Chancery Court.

(2) Source is the Anderson County, Tennessee, Finance Department.

(3) On September 20, 2004, City Council authorized the Anderson County Delinquent Tax Attorney to collect City of Oak Ridge delinquent real property taxes in consolidation with the collection of Anderson County delinquent taxes. As real property becomes eligible for a delinquent property tax sale under Tennessee State law, the City is turning those delinquencies over to the Anderson County Delinquent Tax Attorney for collection.

(4) Roane County information is not available.

**OAK RIDGE SCHOOLS**  
**DIRECT AND OVERLAPPING LOCAL OPTION SALES TAX RATES**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Direct Rate	Overlapping Rates	
	City of Oak Ridge	Anderson County	Roane County
2006	2.75	2.25	2.5
2007	2.75	2.75	2.5
2008	2.75	2.75	2.5
2009	2.75	2.75	2.5
2010	2.75	2.75	2.5
2011	2.75	2.75	2.5
2012	2.75	2.75	2.5
2013	2.75	2.75	2.5
2014	2.75	2.75	2.5
2015	2.75	2.75	2.5

Sources: City of Oak Ridge, Finance Department and Tennessee Department of Revenue

Note: The sales tax rates may be changed by a vote of the Oak Ridge City Council, Anderson County Commission, Roane County Commission or by voter referendum.

**OAK RIDGE SCHOOLS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST SIX FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds (A)</u>	<u>QZAB Bonds (A)</u>	<u>Notes Payable</u>	<u>Capitalized Lease Obligations</u>	<u>Total Debt</u>	<u>Total Debt Per Capita</u>
2010	\$ 19,319,372	\$ 5,603,602	\$ 53,792,287	\$ 420,076	\$ 79,135,337	\$ 2,698
2011	19,117,977	5,094,184	53,702,287	119,869	78,034,317	2,661
2012	17,968,189	4,075,347	53,252,287	851,825	76,147,648	2,596
2013	17,968,219	4,075,347	53,252,287	930,736	76,226,589	2,599
2014	17,455,229	3,565,929	52,882,287	531,707	74,435,152	2,538
2015	16,353,940	3,056,510	52,487,288	121,313	72,019,051	2,455

Notes: (A) Does not include unamortized bond discounts and premiums.  
(B) FY 2008 is the first year the Schools adopted GASB Statement No. 34.  
(C) Per Capita for FY 2009 is based upon the 2000 census population of 27,387.  
(D) Per Capita after FY 2009 is based upon the 2010 census population of 29,330.  
(E) Personal Income information not available.

**OAK RIDGE SCHOOLS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST SIX FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2010	\$ 19,319,372	0.41%	\$ 659
2011	19,117,977	0.35%	652
2012	17,968,189	0.32%	613
2013	17,968,219	0.30%	613
2014	17,455,229	0.30%	595
2015	16,353,940	0.29%	558

Notes: (A) FY 2008 is the first year the Schools have adopted GASB Statement No. 34.  
(B) Per Capita for FY 2009 is based upon the 2000 census population of 27,387.  
(C) Per Capita after FY 2009 is based upon the 2010 census population of 29,330.  
(D) See the Schedule of Appraised and Assessed Value of Taxable Property.  
(E) Property Values are for Anderson County Only.

**OAK RIDGE SCHOOLS**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	(1) Population	(2) Personal Income (expressed in thousands)	(2) Per Capita Income	(2) Median Age	(3) Unemployment Rate	School Enrollment
2006	27,387	\$ 2,158,127	\$ 29,780	40.7	5.30%	4,306
2007	27,387	2,191,183	29,780	41.4	3.60%	4,394
2008	27,387	2,217,002	29,780	41.4	5.40%	4,362
2009	27,387	2,258,433	30,218	41.4	10.80%	4,411
2010	29,330	2,154,154	28,780	39.2	9.40%	4,472
2011	29,330	2,162,213	28,780	39.9	9.40%	4,532
2012	29,330	2,543,192	33,851	39.5	8.60%	4,468
2013	29,330	N/A	N/A	40.5	7.40%	4,687
2014	29,330	N/A	33,859	43.0	7.60%	4,689
2015	29,419	N/A	N/A	N/A	5.70%	4,637

(1) Source: U. S. Census Bureau. Statistic is for the City Oak Ridge.

(2) Source: Tennessee Advisory Commission on Intergovernmental Relations ("TACIR"). Statistic is for Anderson County. Information is maintained on a county basis and is unavailable for the City of Oak Ridge. It is a separate entity in a non-census year. The City comprises approximately 38% of Anderson County.

(3) Source: Tennessee Department of Labor and Workforce Development. Statistic is for Anderson County.

**OAK RIDGE SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Consolidated Nuclear Services	4,500	1	11.60%	4,600	1	12.55%
UT-Battelle	4,400	2	11.35%	4,045	2	11.04%
UCOR	1,383	3	3.57%	N/A		N/A
Methodist Medical Center	1,175	4	3.03%	1,350	3	3.68%
Energy Solutions (AKA Duratek, Scientific Ecology Group, Inc.)	625	5	1.61%	600	9	1.64%
Oak Ridge Associated Universities	549	6	1.42%	600	8	1.64%
Science Applications Int'l Corp. (SAIC)	546	7	1.41%	1,000	5	2.73%
Sitel (Client Logic)	500	8	1.29%	450	10	1.23%
ORNL Federal Credit Union	412	9	1.06%	N/A		N/A
Oak Ridge Schools	367	10	0.95%	674	7	1.84%
Wackenhut-Oak Ridge Team	N/A		N/A	900	6	2.46%
Bechtel Jacobs Co. LLC	N/A		N/A	1,337	4	3.65%
	<u>14,457</u>		<u>37.29%</u>	<u>15,556</u>		<u>42.46%</u>

Source: Oak Ridge Chamber of Commerce and Tennessee Department of Labor and Workforce Development

Note: The City of Oak Ridge resides in two counties, Anderson and Roane. For Total City Employment, Anderson County's Civilian Workforce was used.

**OAK RIDGE SCHOOLS**  
**FULL-TIME EQUIVALENT SCHOOL EMPLOYEES**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Non-Teachers</u>	<u>Total</u>
2006	401.2	273.39	674.59
2007	406.7	266.14	672.84
2008	414.9	282.39	697.29
2009	390	296.7	686.7
2010	398.7	306.1	704.8
2011	420.5	271.47	691.97
2012	420.9	260.53	681.43
2013	418.6	243.83	662.43
2014	411.48	237.60	649.08
2015	409.48	242.10	651.58

Source: All numbers taken from appendices of Board of Education approved budgets.

**OAK RIDGE SCHOOLS**  
**ENROLLMENT, MEMBERSHIP AND ATTENDANCE DATA**  
**LAST TEN FISCAL YEARS**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Enrollment (A)	4,306	4,394	4,362	4,411	4,472	4,532	4,468	4,687	4,671	4,637
Average Daily Membership (A)	4,348	4,364	4,407	4,452	4,472	4,532	4,456	4,438	4,464	4,389
Average Daily Attendance (A)	4,127	4,142	4,185	4,220	4,214	4,288	4,240	4,247	4,212	4,173
Teacher/Pupil Ration (B)	12	13	12	12	13	13	14	14	11	12.50
Number Graduating (B)	313	320	319	325	346	353	347	331	317	293
Avg. Test Scores(ACT) (B)	24.3	23.6	23.6	24.7	23.0	23.4	23.2	23.0	23.3	23.1
Number of Graduated Going to College (B)	282	275	255	302	294	318	295	284	281	278
Number of Free and Reduced Students (C)	1,322	1,511	1,448	1,633	1,735	1,929	2,171	2,208	1,996	2,308
Number of Student Meals Served (Lunch) (C)	355,232	380,315	396,796	418,796	489,546	449,930	383,005	372,676	358,029	673,108

Sources of Information:  
(A) Technology Department  
(B) Director of Pupil Services  
(C) Food Service Director  
(D) Human Resources

**OAK RIDGE SCHOOLS**  
**CAPITAL ASSETS STATISTIC BY FUNCTION**  
**LAST SIX FISCAL YEARS**

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Elementary Schools	4	4	4	4	4	4
Middle Schools	2	2	2	2	5	5
High Schools	1	1	1	1	4	1
Football Fields	3	3	3	3	3	3
Soccer Fields	1	1	1	1	1	1
Track Fields	3	3	3	3	3	3
Buses	35	35	35	32	30	29

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**PATTERSON, HARDEE & BALLENTINE, P.C.**

Certified Public Accountants

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

Board of Education  
Oak Ridge Schools  
Oak Ridge, Tennessee

We have audited, in accordance with the 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 department wide financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Ridge Board of Education (the schools), a department of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated December 10, 2015. Other auditors audited the financial statements of the Oak Ridge Public Schools Education Foundation, Inc. (the Foundation), a discretely presented component unit, as described in our report on the Schools' financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' financial statements are free from 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.

## Purpose of this Report

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

A handwritten signature in blue ink that reads "Patten Handee & Ballentine". The signature is written in a cursive, flowing style.

December 10, 2015



**PATTERSON, HARDEE & BALLENTINE, P.C.**  
Certified Public Accountants

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

Board of Education  
Oak Ridge Schools  
Oak Ridge, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the Oak Ridge Board of Education's (the Schools), (a department of the City of Oak Ridge, Tennessee), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Schools' major federal programs for the year ended June 30, 2015. The Schools' major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Schools' major federal programs based on our audit of the types of compliance requirements referred to above. Other auditors audited the financial statements of the Oak Ridge Public Schools Education Foundation, Inc. (the Foundation), a discretely presented component unit, as described in our report on the Schools' financial statements.

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

***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

Management of the School 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 Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 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 that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Schools as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements. We issued our report thereon dated December 10, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in blue ink that reads "Patterson Handley & Bellentine". The signature is written in a cursive, flowing style.

December 10, 2015

**OAK RIDGE SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2015**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's reports issued:	<u>Unqualified</u>	
Internal control over financial reporting:	<u>YES</u>	<u>NO</u>
Material weakness identified?		X
Significant deficiency identified that are not considered to be material weakness?		X
Noncompliance material to financial statements noted?		X

***Federal Awards***

Type of auditor's reports issued on compliance for major programs:	<u>Unqualified</u>	
Internal control over major programs:	<u>YES</u>	<u>NO</u>
Material weakness identified?		X
Significant deficiency identified that are not considered to be material weakness?		X
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the OMB Circular A-133?		X

***Identification of Major Programs***

<u>CFDA Number:</u>	<u>Name of Federal Program or Cluster:</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.395	Race to the Top - ARRA

Dollar threshold used to distinguish between type A and type B programs:	\$	300,000
	<u>YES</u>	<u>NO</u>
Auditee qualified as low-risk auditee?	X	

**Section II - Financial Statement Finding**

No matters are being reported

**Section III - Federal Award Findings and Questioned Costs**

No matters are being reported

OAK RIDGE SCHOOLS  
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2015

There were no prior findings reported.