

Tennessee State School Bond Authority

A Component Unit of the State of Tennessee



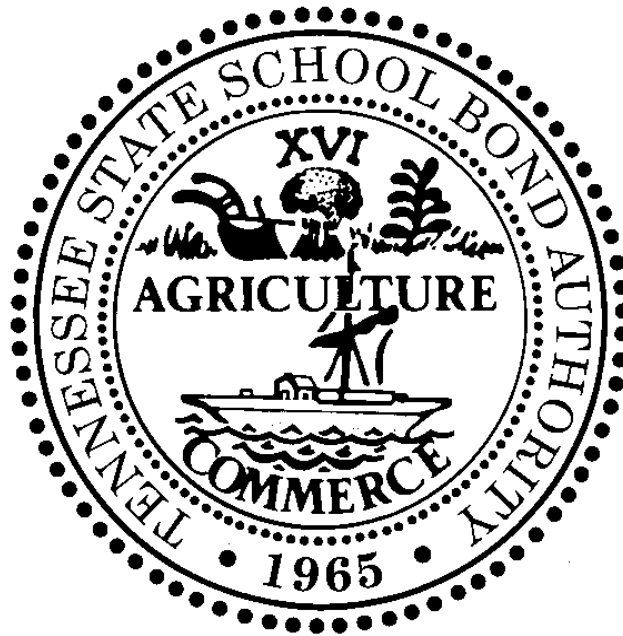
Comprehensive Annual Financial Report

For the Years Ended

June 30, 2017 and June 30, 2016

TENNESSEE STATE SCHOOL BOND AUTHORITY
COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED
JUNE 30, 2017 AND JUNE 30, 2016

Bill Haslam, Governor and Chairman



A COMPONENT UNIT OF THE STATE OF TENNESSEE

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

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

**TENNESSEE STATE SCHOOL BOND AUTHORITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016**

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INTRODUCTORY SECTION





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

December 22, 2017

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

I am pleased to submit the Comprehensive Annual Financial Report of the Tennessee State School Bond Authority (the "Authority"), a component unit of the State of Tennessee, for the fiscal years ended June 30, 2017 and June 30, 2016. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it. The Authority's Management Discussion and Analysis can be found on pages 4 - 11 of this report.

BUSINESS ENVIRONMENT

Legal Authority

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

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

In 1997, the Authority approved a Commercial Paper Resolution that authorized the Authority to issue commercial paper. The Credit Agreement with State Street Bank and Trust Company for the commercial paper program expired on March 20, 2014. On March 20, 2014, the Authority terminated the commercial paper program and entered into a Revolving Credit Agreement ("RCA") with Wells Fargo Bank, National Association, and U.S. Bank, National Association (collectively the "Banks"). Through the RCA, the Banks have agreed to make loans to the Authority in an aggregate amount not to exceed \$300 million. The loan proceeds are used to fund the construction phase of certain projects for the higher education facilities. When a project is completed or near completion, long-term, fixed-rate debt may be issued to finance the project. The debt issued to finance a project may be amortized over its useful life, but not to exceed 30 years. Proceeds from the issuance of the debt will be used to repay the RCA. Certain equipment and property acquisitions are financed solely within the RCA program. Equipment financed solely within the RCA program is deemed to have a useful life of less than ten years.

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

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

Responsibility of Management

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

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

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

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

- Overseeing the Authority’s financial reporting and related disclosures, especially when financial statements are issued;
- Reviewing the adequacy of the management’s process for assessment of risk, including fraud risk;
- Reviewing documentation of assessment results to determine that internal controls are sufficient to mitigate the assessed risks in the agency;
- Formally reiterating, on a regular basis, to the Authority or its management and staff, the responsibility of the Authority or its management and staff to prevent, detect and report fraud, waste and abuse;

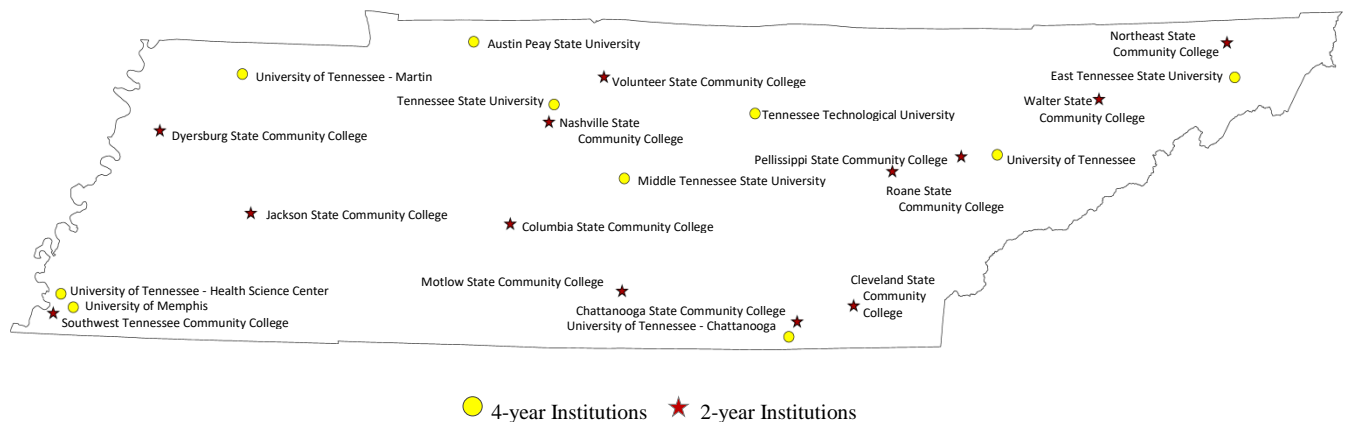
- Serving as a facilitator of any audits or investigations of the Authority, including advising auditors and investigators of any information the Committee may receive pertinent to audit or investigative matters;
- Promptly notifying the Comptroller of the Treasury of any indications of fraud; and
- Establishing a process by which employees, taxpayers, investors or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity and ensure procedures exist for the receipt, retention, and treatment of such complaints.

The Borrowers

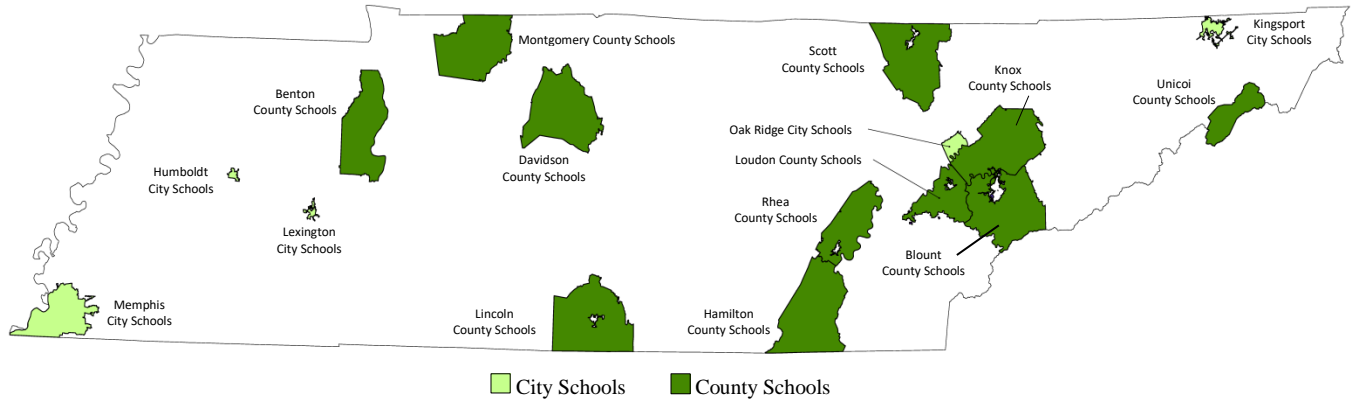
Higher Education Facilities Programs. Public higher education in Tennessee is coordinated by the Tennessee Higher Education Commission and consists of two systems: The University of Tennessee Board of Trustees (“Board of Trustees”) governs the University of Tennessee System and the Tennessee Board of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

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

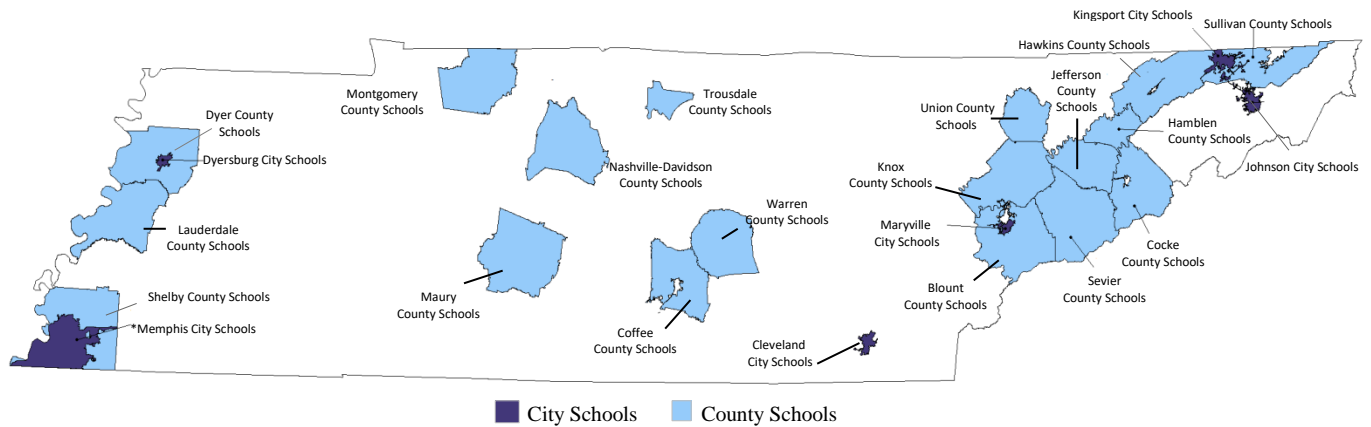
The University of Tennessee has four campuses (at Knoxville, Martin, Memphis, and Chattanooga), with 33 colleges, schools and divisions, all of which constitute a single Institution. The Tennessee Board of Regents system includes 6 universities, 13 community colleges, and 27 colleges of applied technology,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



Qualified Zone Academy Bond Program. The QZAB program is a capital financing program originally authorized by the federal government. The borrowers under the QZAB program are local government units that borrow on behalf of local education agencies that are governed by the Tennessee Department of Education. A total of 16 local education agencies have participated in the QZAB program. As of June 30, 2017, Humboldt City Schools, Knox County Schools, Lincoln County Schools, Scott County Schools, and Unicoi County Schools had paid their debt in full.



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



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

The Programs

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

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

Qualified School Construction Bond Program. To receive a QSCB loan, a local education agency, in cooperation with its city or county, completed an application provided by the Authority. The Tennessee Advisory Commission on Intergovernmental Relations (“TACIR”) recommended to the Authority the projects deemed worthy of funding. Each local education agency and respective city or county entered into a loan agreement with the Authority under which the Authority agreed to finance the projects and the respective city or county agreed to repay the loan.

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

Future Outlook

Enrollment Trends in Higher Education. Enrollment in higher education facilities surged due to the economic downturn that began in 2008. In 2010, enrollment reached its highest level, up 15% compared to before the recession. Enrollment in universities and community colleges increased by 5% and 10%, respectively. The Tennessee Education Lottery Scholarship program (“TELS”) enabled more Tennesseans to attend college. In the 2016-17 academic year, the Tennessee Lottery provided an \$339 million in scholarships to nearly 128,000 students. Beginning with the 2015 Tennessee high school graduates, the Tennessee Promise program provides for two years of tuition-free attendance at any of the state’s community colleges or colleges of applied technology. The Tennessee Promise is a last-dollar scholarship, meaning it will cover tuition and mandatory fees not covered by the federal Pell Grant, the HOPE scholarship (a TELS award), or the Tennessee Student Assistance Award (a state-funded grant program). In 2016-2017 the Tennessee Promise program distributed over \$25 million to nearly 14,000 students. In the Knowledge Economy, the importance of receiving training beyond high school is significant. The growing demand for higher education will guarantee that the higher education system will sustain its long-term debt commitments well into the future.

FINANCIAL INFORMATION

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

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

Relevant Financial Policies. The Authority adopted a Debt Management Policy (the “Policy”) on November 14, 2011. The Policy is reviewed annually. The Policy provides written guidance about the amount and type of debt issued as well as the method used for issuing the debt. The Policy governs the issuance of revolving credit facility loans as short-term debt as well the issuance of long-term debt. During fiscal year ending June 30, 2017, the Authority borrowed \$117,000,000 from the revolving credit facility. During fiscal year ending June 30, 2016, the Authority borrowed \$35,000,000 from the revolving credit facility, issued the 2014 Series A and B bonds in the amount of \$344,650,000, and issued the 2015 Series A and B bonds in the amount of \$464,165,000.

OTHER INFORMATION

Securities and Exchange Commission Disclosures. The Tennessee State School Bond Authority has entered into Continuing Disclosure Undertakings (“Undertakings”) with respect to certain debt issues. The Undertakings were made for the benefit of the holders of the debt pursuant to U.S. Securities and Exchange Commission Rule 15c2-12. The Authority has covenanted to provide certain annual financial information, including audited financial statements, as well as certain additional financial and operating data. However, certain financial and operating data required pursuant to the Undertakings are included in the Comprehensive Annual Financial Report of the State of Tennessee, not in this report.

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

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tennessee State School Bond Authority for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the fifteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

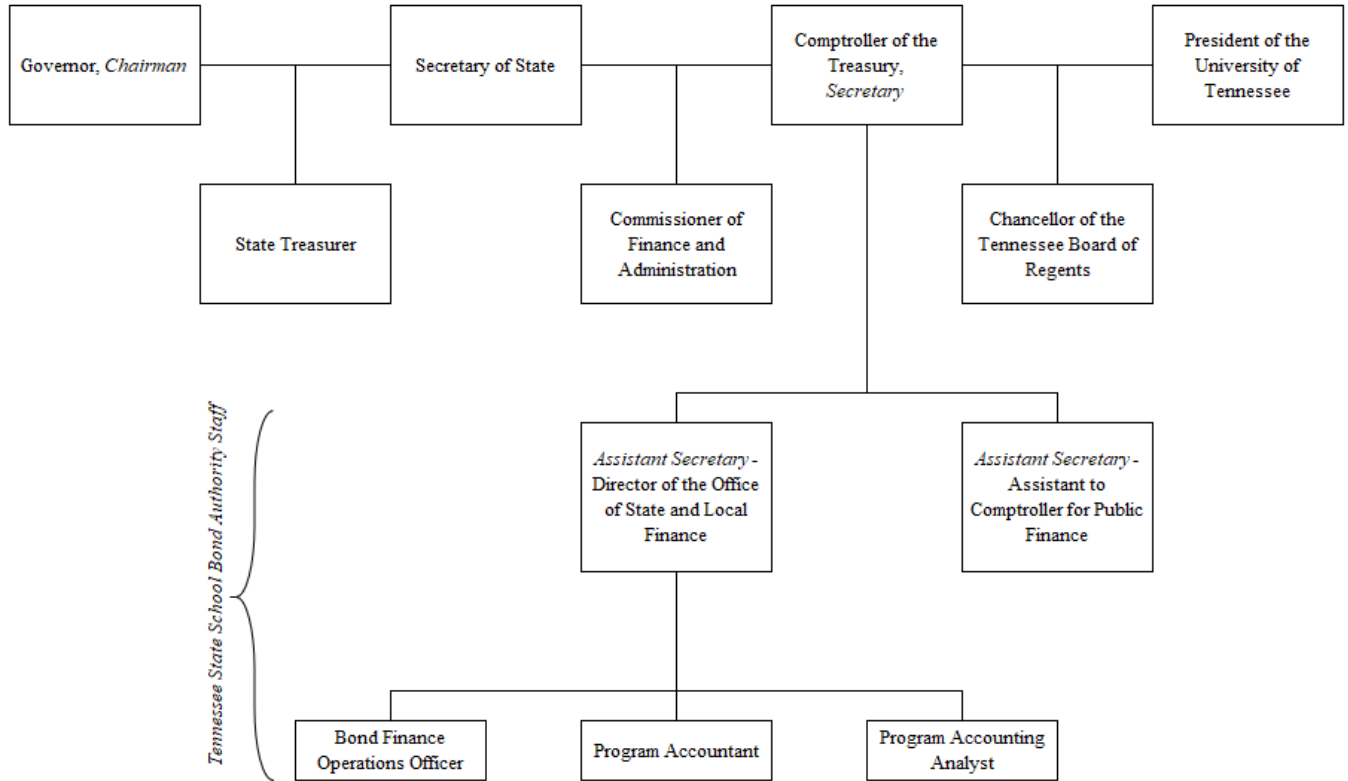
Respectfully submitted,

A handwritten signature in blue ink that reads "Sandra Thompson". The signature is fluid and cursive, with the first name "Sandra" written in a larger, more prominent script than the last name "Thompson".

Sandra Thompson, Assistant Secretary
Tennessee State School Bond Authority

Tennessee State School Bond Authority Organization Chart

Tennessee State School Bond Authority Members





TENNESSEE STATE SCHOOL BOND AUTHORITY

MEMBERS

Bill Haslam, Governor, *Chairman*

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

Tre Hargett, Secretary of State

David H. Lillard, State Treasurer

Larry B. Martin, Commissioner of Finance and Administration

Dr. Joseph DiPietro, President of the University of Tennessee

Dr. Flora Tydings, Chancellor of the Tennessee Board of Regents

STAFF

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

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



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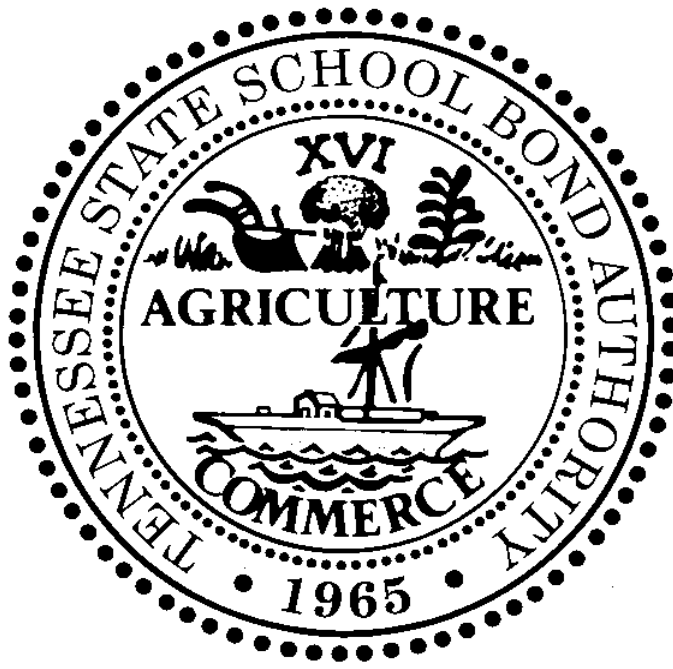
Presented to

**Tennessee State
School Bond Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



FINANCIAL SECTION





JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Tennessee State School Bond Authority, a component unit of the State of Tennessee, as of and for the years ended June 30, 2017, and June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Tennessee statutes, in addition to audit responsibilities, entrust certain other responsibilities to the Comptroller of the Treasury. Those responsibilities include serving as a member of the board of directors of the Tennessee State School Bond Authority. We do not believe that the Comptroller's service in this capacity affected our ability to conduct an independent audit of the Authority.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee State School Bond Authority as of June 30, 2017, and June 30, 2016, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tennessee State School Bond Authority's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tennessee State School Bond Authority's basic financial statements. The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2017, on our consideration of the Tennessee State School Bond Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts (including the bond resolutions) and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tennessee State School Bond Authority's internal control over financial reporting and compliance.



Deborah V. Loveless, CPA, Director
Division of State Audit
December 7, 2017

Management's Discussion and Analysis

As management of the Tennessee State School Bond Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities as presented in the financial statements and notes to the financial statements of the Authority for the fiscal year ended June 30, 2017. These activities are compared to the results of the fiscal years ended June 30, 2016, and June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal along with the Independent Auditor's Report, the audited financial statements and accompanying notes of this report.

Program Activity Highlights

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

	Higher Education Facilities Programs		
	2017	2016	2015
Number of higher education facilities with outstanding loans	19	19	19
Balance of outstanding loans	\$ 1,685,658,324	\$ 1,595,683,475	\$ 1,480,594,673
Total number of projects with outstanding loans	225	221	225
Number of projects approved in fiscal year	13	8	11
Dollar amount of loans approved in fiscal year	\$ 159,828,000	\$ 196,829,000	\$ 230,579,240
Dollar amount of loans approved in fiscal year - unspent	\$ 129,714,086	\$ 193,267,544	\$ 224,941,981
Dollar amount of loans financed in fiscal year	\$ 135,382,974	\$ 243,257,387	\$ 83,154,335
Balance of outstanding debt	\$ 1,768,511,257	\$ 1,739,673,979	\$ 1,784,191,852
Bonds issued in fiscal year	\$ -	\$ -	\$ 808,815,000
Revolving credit facility loans issued in fiscal year	\$ 117,000,000	\$ 35,000,000	\$ 50,000,000

	Qualified Zone Academy Bond Program		
	2017	2016	2015
Number of LEAs with outstanding loans	11	11	12
Total number of outstanding loans	13	13	16
Balance of outstanding loans	\$ 7,505,974	\$ 9,975,299	\$ 12,984,352
Balance held in Sinking Fund	\$ 25,014,347	\$ 22,614,701	\$ 30,834,174
Balance of outstanding debt	\$ 32,590,000	\$ 32,590,000	\$ 43,920,000

	Qualified School Construction Bond Program		
	2017	2016	2015
Number of LEAs with outstanding loans	23	23	23
Total number of outstanding loans	28	28	28
Balance of outstanding loans	\$ 235,032,069	\$ 259,596,908	\$ 284,021,020
Balance held in Sinking Fund	\$ 157,702,303	\$ 140,878,305	\$ 106,050,986
Balance of outstanding debt	\$ 389,440,000	\$ 389,440,000	\$ 389,440,000

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

Debt Administration

Pursuant to Section 49-3-1201 et seq., *Tennessee Code Annotated*, the General Assembly of the state created the Tennessee State School Bond Authority to issue revenue bonds and notes to fund capital projects for the higher education institutions including both four-year institutions and two-year community colleges. Such loans are payable from user fees or savings generated from the projects in the case of energy conservation projects. The statute was amended in 1999 to authorize the Authority to issue QZABs and again in 2009 to authorize the Authority to issue QSCBs on behalf of LEAs throughout the State. For more specific financial information on long-term debt activity, see **Note 5, Debt Payable, on pages 26 - 30 in the Notes to the Financial Statements.**

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

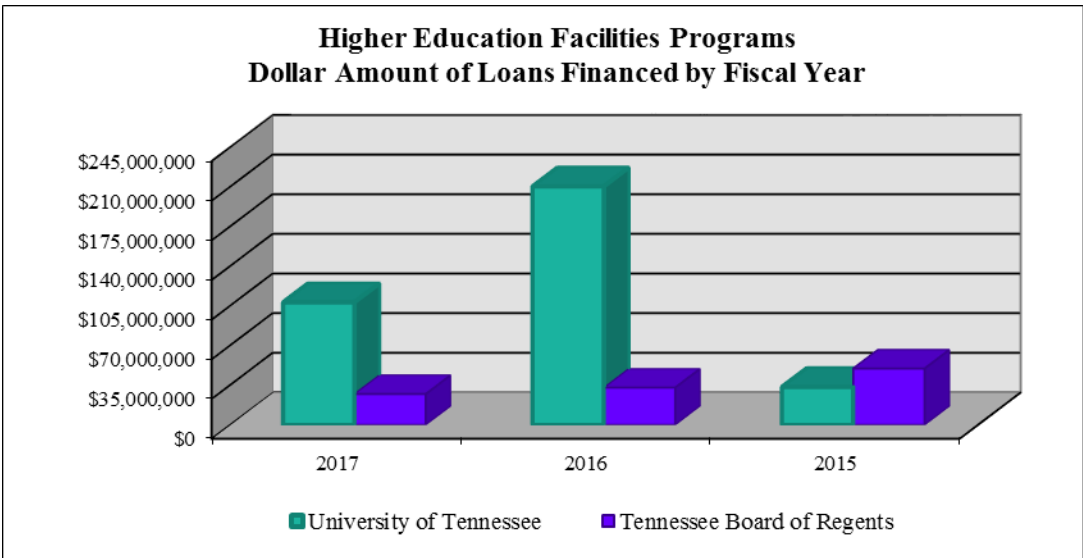
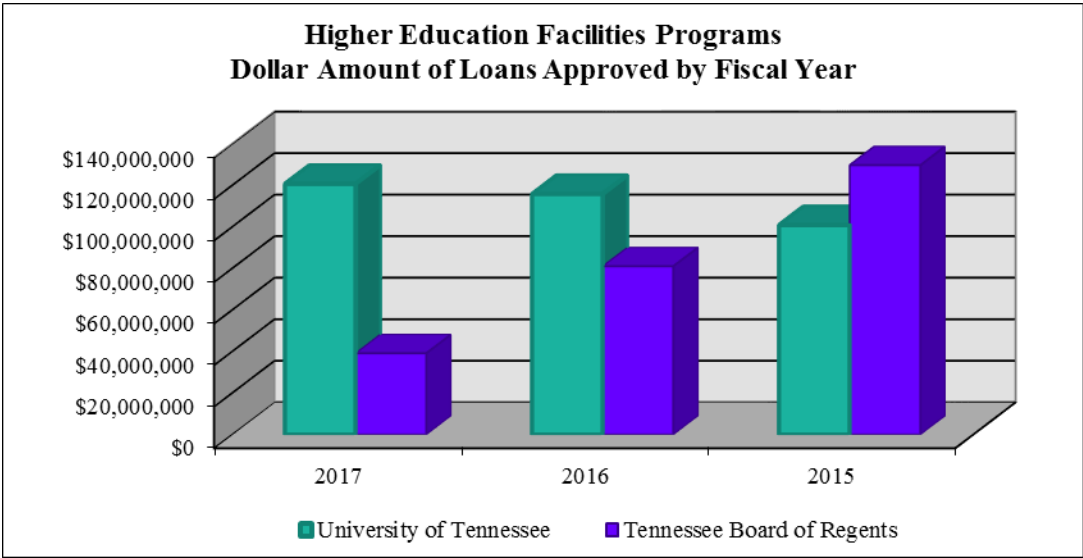
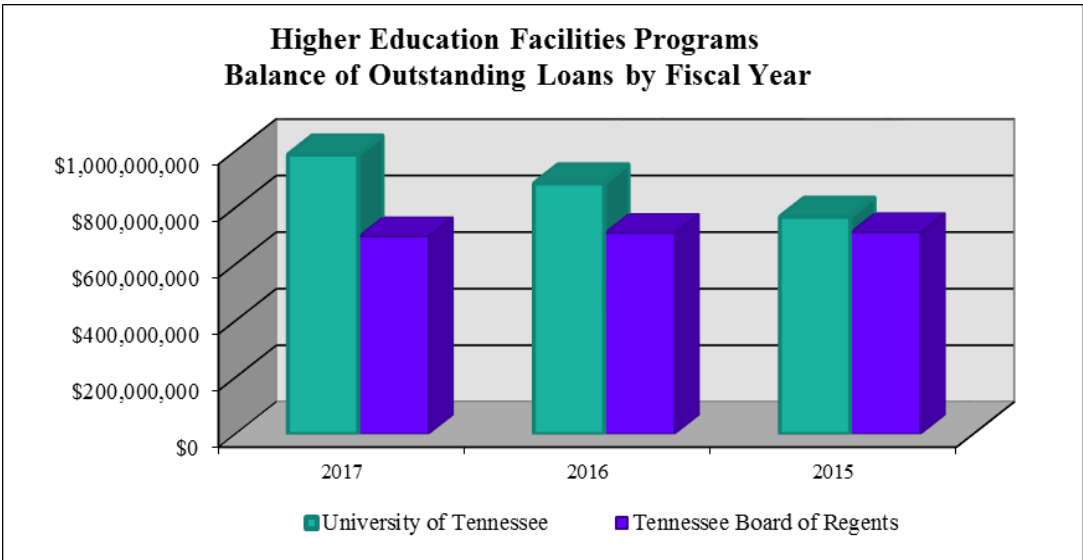
Higher Education Facilities Programs. When a higher education facility applies for project funding through the Authority, an analysis of the financial feasibility of each loan application is undertaken by comparing the projected debt service to the pledged revenue before it is approved by the Authority.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

On March 20, 2014, all outstanding commercial paper was redeemed and the commercial paper program was terminated when the Authority entered into a Revolving Credit Agreement (RCA) with Wells Fargo Bank, National Association, and U.S. Bank, National Association. As of March 20, 2014, and thereafter, projects are funded through the RCA program during its construction phase. For projects in the construction phase that are completed or near completion, the Authority may fix the interest rate for the term of the projects by issuing long-term debt. The range of RCA interest rates are shown below for the fiscal year ended June 30, 2017 as compared to fiscal years 2016 and 2015.

Higher Education Facilities Programs Revolving Credit Facility Interest Rates Ranges				
Fiscal Year	Tax-Exempt		Federally Taxable	
	Low	High	Low	High
2017	0.697%	1.120%	0.967%	1.581%
2016	0.501%	0.690%	0.687%	0.957%
2015	0.476%	0.499%	0.652%	0.684%

For the fiscal year ended June 30, 2017, interest rates on the higher education facilities long-term, fixed-rate, tax-exempt bonds ranged from a low of 2.50% to a high of 5.20%, and the interest rates on the higher education facilities long-term fixed-rate federally taxable bonds ranged from a low of 1.02% to a high of 4.207%. By pooling the financing of the capital needs for all public higher education facilities, management believes that economic efficiency is achieved through a single large borrowing administered by one agency. The creditworthiness of both large and small institutions is blended into one credit resulting in a lower cost of borrowing and providing a more equitable cost to students and other users who repay the debt through various user fees and charges and student debt service fees.

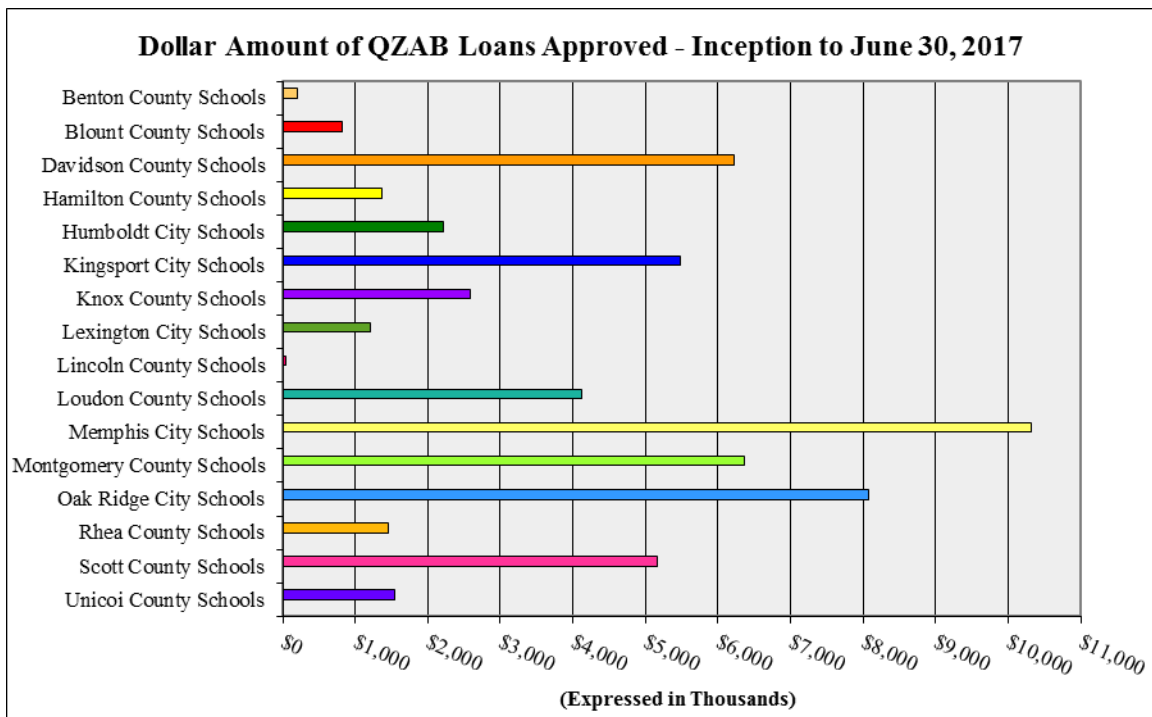
Higher Education Facilities Programs Debt Ratings. As of the fiscal year ended June 30, 2017, the Authority’s higher education facilities program is rated AA+, and AA+ by Fitch and S&P Global Ratings, respectively. Moody’s Investors Service has assigned the Authority’s bonds an enhanced rating of Aa1 and a programmatic rating of Aa1. As of the fiscal year ended June 30, 2016, the Authority’s higher education facilities program was rated AA+, and AA by Fitch and S&P Global Ratings, respectively. Moody’s Investors Service had assigned the Authority’s bonds an enhanced rating of Aa1 and a programmatic rating of Aa1. On July 27, 2016 S&P Global Ratings upgraded the Authority’s higher education facilities program rating to AA+ from AA.



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

The LEA and the city or county supporting the agency pledges its full faith and credit and unlimited taxing power to the Authority for the repayment of its loans. Should the LEA/local government fail to repay its loan timely, the Authority is authorized to intercept the local government's unobligated state-shared taxes.

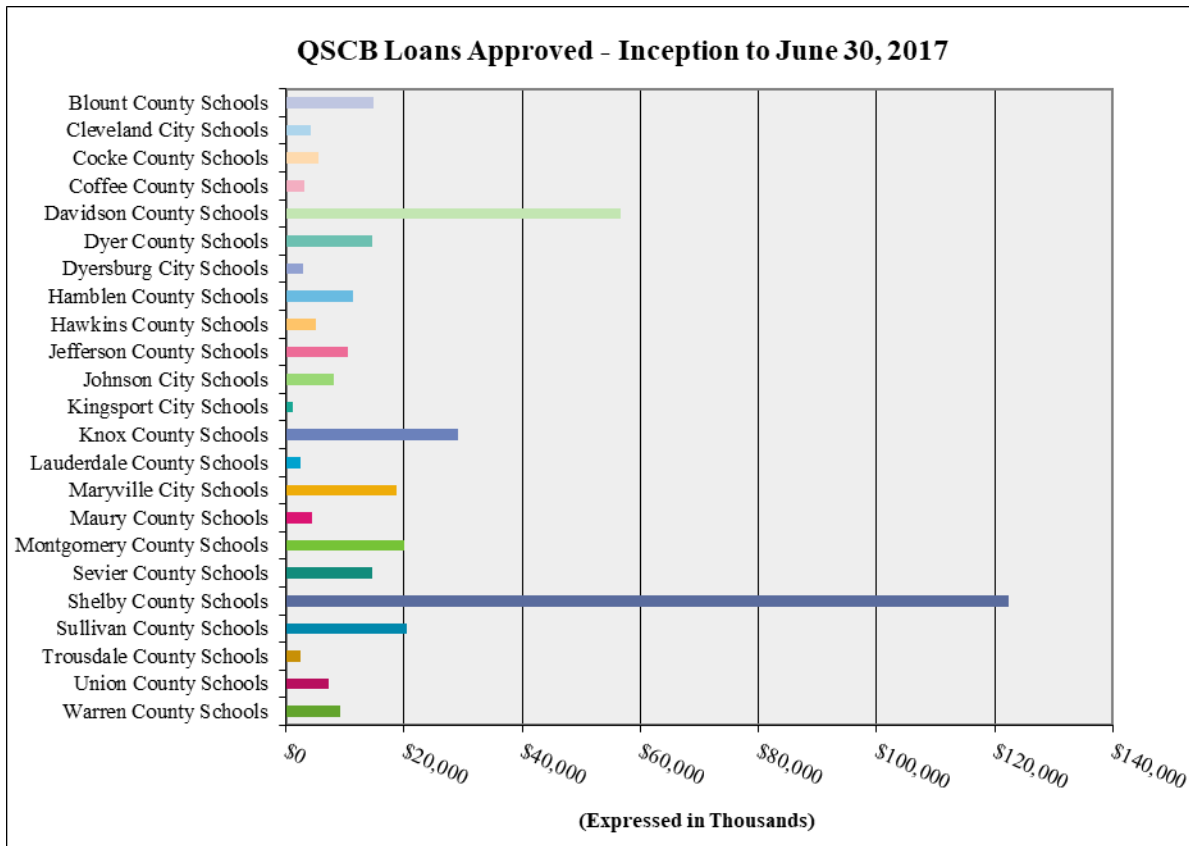
As of June 30, 2017, the QZAB program has no unused allocations. The State has up to two years after the yearly allocations are made by the federal government to issue bonds or the allocations will be forfeited. The Authority last issued bonds for the QZAB program on December 28, 2005, and does not have any intention to issue additional QZAB bonds.



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

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

The city or county supporting the LEA must pledge its full faith and credit and unlimited taxing power to the Authority for the repayment of its loans. Should the LEA/local government fail to repay its loan timely, the Authority is authorized to intercept the local government's unobligated state-shared taxes.



Qualified School Construction Bonds Program Debt Ratings. As of the fiscal year ended June 30, 2017, the Authority’s QSCB program is rated Aa2, AA+, and AA by Moody’s Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, respectively.

Overview of the Financial Statements

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

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

The Statements of Net Position on **page 15** present the Authority’s financial position at June 30, 2017, and June 30, 2016. The Statements of Revenues, Expenses and Changes in Net Position on **page 16** portray the results of operations and the change in net position for the years presented. The Statements of Cash Flows on **pages 17 - 18** summarize the sources and uses of cash for the fiscal years presented. These statements are accompanied by notes to the financial statements that provide information that is essential to the reader’s understanding of the financial statements. The Authority’s basic financial statements are followed by supplementary information containing the financial statement information at the program level.

Financial Analysis of the Authority

Standard indicators of financial success are not applicable to the Authority. The financial goals of the Authority are to provide timely access to the capital markets for public higher educational institutions and local governments on behalf of LEAs at the lowest possible cost, to repay debt timely and to achieve the highest possible rating for its debt. During the fiscal year ended June 30, 2017, the Authority did not issue bonds. At no time did the Authority deny approval of a loan application due to its inability to access the capital market. For long-term debt, the Authority made all debt service payments timely without having

to withdraw funds from the debt service reserve fund or intercept the state appropriations for the higher education institutions. For short-term debt, No Event of Default, as defined in the RCA, has occurred. The Authority maintained both its long and short-term credit ratings with all rating agencies.

Statements of Net Position Summary			
(in thousands of dollars)			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current assets	\$ 175,358	\$ 195,321	\$ 403,912
Noncurrent assets	<u>2,043,307</u>	<u>1,962,600</u>	<u>1,861,495</u>
Total assets	<u>2,218,665</u>	<u>2,157,921</u>	<u>2,265,407</u>
Deferred outflows of resources	<u>39,973</u>	<u>42,771</u>	<u>45,569</u>
Current liabilities	124,480	85,808	144,427
Noncurrent liabilities	<u>2,122,290</u>	<u>2,095,123</u>	<u>2,157,180</u>
Total liabilities	<u>2,246,770</u>	<u>2,180,931</u>	<u>2,301,607</u>
Deferred inflows of resources	<u>756</u>	<u>1,791</u>	<u>832</u>
Net position (unrestricted)	<u>\$ 11,112</u>	<u>\$ 17,970</u>	<u>\$ 8,537</u>
<i>Note: The Authority owns no capital assets.</i>			

At June 30, 2017, current assets include \$292,461 of unexpended proceeds from prior debt issued that will fund approved higher education loans as compared to \$53,092,376 at June 30, 2016, and \$224,121,627 at June 30, 2015. The Authority did not issue any bonds during the fiscal year ended June 30, 2017 or the fiscal year ended June 30, 2016. During the fiscal year ended June 30, 2015, the Authority issued \$808,815,000 in Higher Education Facilities Second Program bonds which were used to redeem \$141,896,739 of the Authority's revolving credit facility and refund \$468,010,000 of the Authority's outstanding long-term debt with the balance of the bond proceeds to be used to fund various project costs and costs of issuance.

Principal was repaid on the higher education outstanding long-term bonds in the amounts of \$66,595,000 in 2017; \$60,385,000 in 2016; \$56,435,000 in 2015. Deposits to the Sinking Fund for the QZABs were made in the amounts of \$2,406,957 in 2017; \$3,009,053 in 2016; \$3,025,204 in 2015. No QZAB Bonds were retired in fiscal year 2017 or fiscal year 2015. QZAB Series 2001 Bonds in the amount of \$11,330,000 were retired during the fiscal year 2016. Deposits to the Sinking Fund for the QSCBs were made in the amounts of \$26,543,123 in 2017; \$22,772,381 in 2016; \$22,434,828 in 2015. No QSCB bonds were retired during the fiscal years 2017, 2016, or 2015.

Net position is available to fund ongoing operations and other expenses necessary to meet the goals of the Authority. Assets and liabilities increase and decrease together in correlation to the issuance and repayment of debt and the resulting loans. The change in net position from fiscal year ending June 30, 2017, to fiscal year June 30, 2016, was due primarily to the unrealized loss on the QSCB investments. The change in net position from fiscal year ending June 30, 2016, to fiscal year ending June 30, 2015, was mostly due to the unrealized gain on the QSCB investments.

Statements of Revenues, Expenses, and Changes in Net Position Summary (in thousands of dollars)			
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues			
Revenue from loans	\$ 73,984	\$ 75,210	\$ 66,092
Investment earnings	(6,471)	15,146	5,697
Total operating revenues	<u>67,513</u>	<u>90,356</u>	<u>71,789</u>
Operating Expenses			
Interest expense	72,960	75,579	64,623
Subsidy to borrowers	10,282	13,939	13,341
Other expenses	719	994	2,473
Total operating expenses	<u>83,961</u>	<u>90,512</u>	<u>80,437</u>
Operating loss	<u>(16,448)</u>	<u>(156)</u>	<u>(8,648)</u>
Nonoperating Revenues			
Federal subsidy on bonds	9,590	9,589	9,549
Total nonoperating revenues	<u>9,590</u>	<u>9,589</u>	<u>9,549</u>
Increase (decrease) in net position	<u>\$ (6,858)</u>	<u>\$ 9,433</u>	<u>\$ 901</u>
Net Position			
Net position, July 1	<u>17,970</u>	<u>8,537</u>	<u>7,636</u>
Net position, June 30	<u>\$ 11,112</u>	<u>\$ 17,970</u>	<u>\$ 8,537</u>

The Authority's operating revenues include revenue from loans in the form of administrative fees, interest on loans, and income earned on investments. Operating expenses include interest expense on outstanding short-term and long-term debt and administrative expenses. The change in operating revenues and expenses for fiscal year ending June 30, 2017, can be attributed to the QSCB program. The QSCB had a decrease in value in the Sinking Fund which resulted in a significant decrease in unrealized investment earnings and a decrease in net position. The decrease was partially mitigated by lower bond interest expense in the higher education program and subsidy to borrowers.

The change in operating revenues and expenses for fiscal year ending June 30, 2016, can be attributed to the QSCB program and the higher education program. The QSCB program had an increase in value in the Sinking Fund thus allowing for an increase in unrealized investment earnings. The increase in the unrealized investment earnings was the major contributor to the decrease in operating loss and increase in the change in net position. The higher education program had an increase in revenue from loans due to the issuance of the 2014 and 2015 bonds and increased interest rates on the short-term financing.

For the fiscal years ended June 30, 2017, June 30, 2016, and June 30, 2015, the Authority elected to return the investment income that it earned on funds held by the trustee and interest earned on unspent bond proceeds to the borrowers in the higher education facilities program to be applied toward amounts due on debt service from the borrowers.

Pursuant to the bond resolution for the QZABs, Sinking Fund payments are invested in the State Pooled Investment Fund ("SPIF"). SPIF rates for fiscal year ended June 30, 2017, ranged from 0.35% to 0.86%. Investment earnings related to the QZAB program are held by the Authority for the benefit of the LEAs participating in the program and are applied as a subsidy toward each LEA's individual debt service Sinking Fund payment on an annual basis. Pursuant to the supplemental bond resolutions for the 2004 and 2005 Series QZABs, Sinking Fund payments are invested in Forward Delivery Agreements which guarantee a fixed rate of interest of 3.00% and 3.64%, respectively, on investments. The investments are held by the State Treasurer in the Authority's name.

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

Future Financing Activities

Higher Education Facilities Programs. As Tennessee continues into an economic era that emphasizes the human capital potential of its citizens rather than physical capital and natural resources, the higher education system must be positioned to

serve the broader-based need for access to post-secondary education and to produce degree and certificate holding work-ready citizens. A host of policy and environmental factors influence the demands for access and completion, and the means through which this demand will be met.

These factors include:

- Economic conditions in 2008 led to an enrollment bulge in Tennessee colleges and universities that rippled through 2010. University enrollment increased eight percent from 2008 to 2011, while community college enrollment increased 20 percent in the same time period, the largest increase in more than two decades. These enrollment increases began to wane soon after, however overall enrollment still tops pre-Great Recession levels. Compared to 2007, enrollments are up 4 percent at universities and 15 percent at community colleges.
- The demographic composition of the state is changing dramatically and the higher education system must position itself to serve the needs of an increasingly diverse population.
- The advent of the Tennessee Education Lottery Scholarship program allowed more Tennesseans to attend college. In 2016-17, the Tennessee Lottery provided an estimated \$339 million in scholarships to more than 128,000 students.

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

With the creation of CCTA, the importance of receiving training beyond high school became more significant. In 2008, 24.5% of Tennessee's working-age adults held a college degree, compared to the national average of 29.5%. To reach the national average educational attainment levels of 2008, Tennessee would have needed an additional 170,000 citizens with a bachelor's degree or higher, more than double the annual degree production of the state's public and private institutions at that time. Furthermore, the percentage of adults in the state with an associate's degree or some college in 2008 was 31.3%, in comparison with the national average of 37.9%. To reach the 2008 national average, Tennessee would have needed an additional 220,000 citizens with an associate's degree or higher. As of 2015, the percentage of adults in the state with a bachelor's degree or higher was 27.3 percent compared to the national rate of 32 percent. Those with an associate's degree or higher increased to 34.8 percent while the national rate was 40.9 percent.

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

Qualified Zone Academy Bonds and Qualified School Construction Bonds Programs. The issuance of bonds within the QZAB and QSCB programs is limited to the amounts allocated by the federal government. At this time, the Authority does not anticipate further issuance of debt for the QZAB program due to economic and financial conditions and constraints. The QSCB only received allocations for 2009 and 2010.

Contacting the Authority's Management Team

This discussion and analysis is designed to provide our citizens, education agencies, investors and creditors with a general overview of the Authority's finances and to demonstrate its accountability for the moneys it receives. If you have questions about this report or need additional financial information, contact the Director of the Office of State and Local Finance, State of Tennessee, Cordell Hull Building, 425 Fifth Avenue North, Nashville, Tennessee 37243-3400, visit our website at www.comptroller.tn.gov/TSSBA/, or call (615) 747-5369.

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BASIC FINANCIAL STATEMENTS



TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2017, AND JUNE 30, 2016

(Expressed in Thousands)

	June 30, 2017	June 30, 2016
ASSETS		
Current assets:		
Cash (Note 2)	\$ 57,859	\$ 76,403
Cash with fiscal agent (Note 2)	2,236	4,423
Fair value of derivatives (Notes 1 and 2)	756	1,791
Loans receivable (Note 3)	99,923	98,356
Interest receivable (Note 3)	11,640	11,414
Federal subsidy receivable	2,797	2,800
Receivables for administrative fees (Note 3)	147	134
Total current assets	175,358	195,321
Noncurrent assets:		
Restricted cash (Notes 2 and 4)	10,949	10,441
Restricted investments (Notes 2 and 4)	204,084	185,259
Loans receivable (Note 3)	1,828,274	1,766,900
Total noncurrent assets	2,043,307	1,962,600
Total assets	2,218,665	2,157,921
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	39,973	42,771
Total deferred outflows of resources	39,973	42,771
LIABILITIES		
Current liabilities:		
Accounts payable	37,351	171
Accrued liabilities	2,803	2,806
Accrued interest payable	13,799	14,001
Unearned revenue (Note 6)	2,262	2,235
Bonds payable (Note 5)	68,265	66,595
Total current liabilities	124,480	85,808
Noncurrent liabilities:		
Unearned revenue (Note 6)	16	18
Revolving credit facility (Note 5)	188,152	84,480
Bonds payable (Note 5)	1,934,122	2,010,625
Total noncurrent liabilities	2,122,290	2,095,123
Total liabilities	2,246,770	2,180,931
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - derivatives (Notes 1 and 2)	756	1,791
Total deferred inflows of resources	756	1,791
NET POSITION		
Unrestricted	\$ 11,112	\$ 17,970

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

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016

(Expressed in Thousands)

	<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>
OPERATING REVENUES		
Revenue from loans	\$ 73,984	\$ 75,210
Investment earnings (loss)	<u>(6,471)</u>	<u>15,146</u>
Total operating revenues	<u>67,513</u>	<u>90,356</u>
OPERATING EXPENSES		
Interest expense-revolving credit facility	1,137	470
Interest expense-bonds	71,823	75,109
Subsidy to borrowers	10,282	13,939
Administrative expense	<u>719</u>	<u>994</u>
Total operating expenses	<u>83,961</u>	<u>90,512</u>
Operating loss	<u>(16,448)</u>	<u>(156)</u>
NONOPERATING REVENUES		
Federal subsidy on bonds	<u>9,590</u>	<u>9,589</u>
Total nonoperating revenues	<u>9,590</u>	<u>9,589</u>
Increase (decrease) in net position	<u>(6,858)</u>	<u>9,433</u>
NET POSITION		
Net position, July 1	<u>17,970</u>	<u>8,537</u>
Net position, June 30	<u>\$ 11,112</u>	<u>\$ 17,970</u>

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

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016

(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from borrowers for administrative fees	\$ 809	\$ 825
Payment to suppliers	(832)	(890)
Net cash used in operating activities	<u>(23)</u>	<u>(65)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from sale of bonds	-	-
Proceeds from sale of refunding bonds	-	-
Proceeds from the sale of revolving credit facility	117,000	35,000
Bond interest subsidy from federal government	9,594	9,574
Bond issuance costs paid	-	(125)
Refunding bond proceeds placed in escrow	-	-
Debt Service Reserve Fund released in escrow	-	-
Principal paid - bonds and revolving credit facility	(79,923)	(83,917)
Interest paid - bonds and revolving credit facility	(78,649)	(79,908)
Subsidy to borrowers	(9,594)	(9,574)
Net cash used in noncapital financing activities	<u>(41,572)</u>	<u>(128,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(92,675)	(82,963)
Proceeds from sales and maturities of investments	64,472	63,697
Interest received on investments	3,448	3,275
Loans issued	(135,383)	(243,257)
Collections of loan principal	105,862	95,681
Interest received on loans	75,648	65,180
Net cash provided by (used in) investing activities	<u>21,372</u>	<u>(98,387)</u>
Net decrease in cash	(20,223)	(227,402)
Cash, July 1	91,267	318,669
Cash, June 30	<u>\$ 71,044</u>	<u>\$ 91,267</u>
Reconciliation of cash to the Statement of Net Position:		
Cash	\$ 57,859	\$ 76,403
Cash with fiscal agent	2,236	4,423
Restricted cash	10,949	10,441
Cash, June 30	<u>\$ 71,044</u>	<u>\$ 91,267</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016

(Expressed in Thousands)

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (16,448)	\$ (156)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Investment earnings (loss)	6,471	(15,147)
Interest expense	72,959	75,579
Subsidy to borrowers	10,282	13,939
Bond issuance costs	-	125
Interest income from loans	(73,162)	(74,370)
Changes in assets and liabilities:		
(Increase) decrease in receivables for administrative fees	(11)	(16)
Increase (decrease) in payables for administrative fees	(112)	(20)
Increase (decrease) in unearned revenue	(2)	1
Total adjustments	<u>16,425</u>	<u>91</u>
Net cash used in operating activities	<u>\$ (23)</u>	<u>\$ (65)</u>
Noncash investing activities:		
Increase in fair value of investments	<u>\$ 3,128</u>	<u>\$ 13,481</u>

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

Tennessee State School Bond Authority
Notes to the Financial Statements
June 30, 2017, and June 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Basis of Presentation

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

Measurement Focus and Basis of Accounting

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

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

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Investments

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

Amortized Amounts

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

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

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

NOTE 2. DEPOSITS AND INVESTMENTS

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

Deposits

The Authority has cash on deposit in the State Pooled Investment Fund and Local Government Investment Pool administered by the State Treasurer. The funds are very liquid; there are no minimum amounts or lengths of time for investment with the exception of a 24-hour notice for withdrawals exceeding \$5,000,000. The funds' investment policy and required risk disclosures are presented in the *State of Tennessee's Treasurer's Report*. That report is available on the state's website at www.tn.gov/treasury.

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

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Investments

As of June 30, 2017, the Authority has the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value (Level 1)</u>
U.S. Treasury Notes	October 31, 2017	\$ 2,152,543
	October 31, 2017	749,145
	October 31, 2017	2,896,694
	October 31, 2017	219,749
	April 30, 2018	2,817,633
	April 30, 2018	1,792,134
	April 30, 2018	7,297,968
	April 30, 2018	547,597
	October 31, 2018	1,991,068
	October 31, 2018	1,025,702
	October 31, 2018	4,233,534
	October 31, 2018	311,733
	August 15, 2026	32,877,147
	August 15, 2027	28,385,892
U.S. Treasury Securities:		
Agency Zeroes & Strips	August 15, 2026	44,978,163
	August 15, 2027	50,452,413
Total Level 1 Investments		<u>\$ 182,729,115</u>
<u>Investment</u>	<u>Maturity</u>	<u>Fair Value (Level 2)</u>
U.S. Treasury Bills	November 24, 2017	\$ 9,096,268
	December 7, 2017	12,258,484
Total Level 2 Investments		<u>\$ 21,354,752</u>
Total Investments		<u>\$ 204,083,867</u>

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

As of June 30, 2016, the Authority had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value (Level 1)</u>
U.S. Treasury Notes	November 30, 2016	\$ 1,146,214
	April 30, 2017	4,399,780
	April 30, 2017	579,971
	April 30, 2017	3,040,214
	April 30, 2017	10,829,459
	April 30, 2017	3,726,294
	April 30, 2017	849,957
	April 30, 2017	270,821
	October 31, 2017	1,483,582
	August 15, 2026	25,680,376
	August 15, 2027	25,834,557
U.S. Treasury Securities:		
Agency Zeroes & Strips	August 15, 2026	44,650,964
	August 15, 2027	43,563,450
Total Level 1 Investments		<u>\$ 166,055,639</u>
<u>Investment</u>	<u>Maturity</u>	<u>Fair Value (Level 2)</u>
U.S. Treasury Bills	November 25, 2016	\$ 8,234,262
	December 8, 2016	10,969,051
Total Level 2 Investments		<u>\$ 19,203,313</u>
Total Investments		<u>\$ 185,258,952</u>

Debt and equity securities classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk

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

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2017, and June 30, 2016, the Authority had cash on deposit in the State Pooled Investment Fund and Local Government Investment Pool administered by the State Treasurer, which are unrated. At June 30, 2017, and June 30, 2016, the Authority also invested in U.S. Government obligations, or obligations of which the principal and interest are guaranteed by the United States.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority's investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Authority, and are held by either the counterparty or the counterparty's trust department or agent but not in the Authority's name. At June 30, 2017, and June 30, 2016, the Authority's investments were registered in the name of the Authority.

Concentration of Credit Risk

A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. At June 30, 2017, and June 30, 2016, the Authority only invested in U.S. Treasury securities, or obligations of which the principal and interest are guaranteed by the United States.

Forward Delivery Agreements

On November 24, 2004, the Authority entered into a Forward Delivery Agreement (the "Agreement") with Bank of America, N.A. related to the Series 2004 QZABs. The Agreement guarantees to the Authority a fixed rate of interest of 3%. Cash from borrowers' loan repayments will be used to purchase securities from Bank of America, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the \$12,600,000 Series 2004 QZABs at maturity. As a result of the Agreement, borrowers will repay only \$9,984,800 of the \$12,600,000 principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2017, \$9,096,268 is invested through the Agreement. As of June 30, 2016, \$8,234,262 was invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

On December 28, 2005, the Authority entered into a Forward Delivery Agreement (the "Agreement") with J.P. Morgan Chase Bank, N.A. related to the Series 2005 QZABs. The Agreement guarantees to the Authority a fixed rate of interest of 3.64%. Cash from borrowers' loan repayments will be used to purchase securities from J.P. Morgan Chase Bank, N.A. in accordance with the Agreement. The accumulated funds will be used to redeem the \$17,545,000 Series 2005 QZABs at maturity. As a result of the Agreement, borrowers will repay only \$13,438,510 of the \$17,545,000 principal. The investments will be held by the State Treasurer in the Authority's name. As of June 30, 2017, \$12,258,484 is invested through the Agreement. As of June 30, 2016, \$10,969,052 was invested through the Agreement. The Authority negotiated a "one way" termination provision in the event of counterparty default on the Agreement. The Authority also has the right to optionally terminate the Agreement at any time.

**Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016**

Terms of the Forward Delivery Agreements

	QZAB Series 2004	QZAB Series 2005
Trade Date	11/24/2004	12/28/2005
Provider	Bank of America, N.A	J.P Morgan Chase Bank, N.A.
Notional Amount	\$12,600,000	\$17,545,000
Guaranteed Interest Rate	3.00%	3.64%
Amount Invested in Agreement at 6/30/17 at fair value ¹	\$9,096,268	\$12,258,484
Amount Invested in Agreement at 6/30/16 at fair value ¹	\$8,234,262	\$10,969,052
Date of Deposits	Nov. 24, 2005 through 2020	Dec. 8, 2006 through 2020

¹ The forward delivery agreements are classified as Level 2 of the fair value hierarchy. Debt securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

For the fiscal year ended June 30, 2017, the Agreement for the 2004 QZABs has a positive fair value of \$202,970, and the Agreement for the 2005 QZABs has a positive fair value of \$553,197. For the fiscal year ended June 30, 2016, the Agreement for the 2004 QZABs had a positive fair value of \$605,021, and the Agreement for the 2005 QZABs had a positive fair value of \$1,186,128. The positive fair value is reported as a deferred inflow of resources on the statement of net position. The Agreements were valued by an independent investment advisor using the parameters contained in the Agreements and prevailing market conditions and benchmark yields on June 30, 2017, upon which the fair values depend. Borrowers pay no interest on these bonds. The interest rate credit is established by the federal government. The Agreements are agreed to as one of the terms of purchase to induce the investor to purchase the bond. The Authority has a scheduled amount of qualified securities required to be on deposit on specified delivery dates. These Agreements are forward contracts or commitments to deliver the same qualified securities on the scheduled dates at a pre-determined rate; therefore, these are hedging derivative instruments employed as a fair value hedge of the qualified securities for the required deposits. These forward contracts meet all criteria under GASB 53, Paragraph 39, which addresses the consistent critical terms method for forward contracts. All terms of the required deposits and the Agreements are consistent; therefore, hedge accounting is applied.

Termination Risk

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

If the current market interest rate is higher than the fixed interest rate agreed to in the Agreement, the Agreement has a negative fair value. In the event of termination under this circumstance, the State owes a termination payment to the counterparty. If the fair value is positive, the State is due a termination payment from the counterparty. As of June 30, 2017, the fair value of the State's Agreements is a total

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

positive value of \$756,167. As of June 30, 2016, the fair value of the State's Agreements was a total positive value of \$1,791,149.

NOTE 3. LOANS RECEIVABLE

Higher Education Facilities Programs

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

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

Qualified Zone Academy Bonds Program

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

Qualified School Construction Bonds Program

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

NOTE 4. RESTRICTED ASSETS

Cash and Investments

The Higher Education Facilities Second Program General Bond Resolution, effective for all bonds issued in 1998 and thereafter, permits the Authority to satisfy the debt service reserve requirement by either placing an amount equal to the maximum semiannual debt service requirement in a debt service reserve account or by maintaining a Reserve Fund Credit Facility. The Authority obtained a surety bond, constituting a Reserve Fund Credit Facility under the Resolution, in lieu of maintaining a debt service reserve fund for the 2005 Series A and B; 2006 Series A; 2007 Series A, B and C; and 2008 Series A

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Bonds. Due to market conditions at the time of issuance of the 2008 Series B, 2009 Series A, and 2010 Series A and B Bonds, the Authority deposited funds into a debt service reserve account equal to the maximum semiannual debt service for those bonds. The Authority elected to establish a separate debt service reserve fund solely for the 2012 Series A, B, and C, 2013 Series A, 2014 Series A and B, and 2015 Series A and B bonds with no current funding requirement.

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

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

NOTE 5. DEBT PAYABLE

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

Higher Education Facilities Programs

- A. *Bonds.* The principal, Sinking Fund installments, if any, and redemption price of and interest on the bonds are payable solely from the annual financing charges, legislative appropriations, and other moneys and securities held or set aside under the resolutions.
- B. *Revolving Credit Facility.* Revolving credit facility constitutes a special obligation of the Authority. Principal and interest on the revolving credit facility is payable from the following sources: (i) as to principal only, the proceeds of the draw on the revolving credit facility to pay the principal of other outstanding revolving credit facility, (ii) available revenues, (iii) the money and securities (if any) on deposit in the Reimbursement Fund and in the Debt Service Fund, (iv) the moneys and securities (if any) on deposit in the Project Construction Account for such projects, and (v) the proceeds of bonds or notes issued to make such payments.

Qualified Zone Academy Bonds Program

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

Qualified School Construction Bonds Program

On November 5, 2009, the Authority adopted a Qualified School Construction Bond Resolution authorizing the issuance of QSCBs to make loans to local governments on behalf of local education agencies for the purpose of financing eligible costs of certain projects. The Tennessee Advisory Commission on Intergovernmental Relations recommended the projects to be funded by the Authority under the QSCB program. The American Recovery and Reinvestment Act of 2009 provided this financial tool whereby interest on QSCBs, Series 2009, is paid by the federal government in the form of a quarterly tax credit to the financial institutions that hold the QSCBs. Market conditions at the time of issuance demanded the borrowers pay an additional quarterly interest payment to supplement the tax credit to the investors. The 2010 QSCBs were issued as direct subsidy payment bonds, a financial tool

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

whereby the interest on the QSCBs is intended to be fully subsidized by the federal government. The bonds are secured solely by the payments made by the borrowers under the Loan Agreements, including amounts collected from unobligated state-shared taxes in the event of non-payment by the local governments and by certain funds held under the Qualified School Construction Bond Resolution. The September 15, 2016, federal interest subsidy payment for the 2010 QSCBs was reduced by 6.8%, or \$350,169.10, as a part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year, September 30, 2016. On August 3, 2016, the Internal Revenue Service announced that federal subsidy payments will be cut by 6.9% during the 2017 federal fiscal year.

Changes in debt payable for the years ended June 30, 2017, and June 30, 2016, are as follows (expressed in thousands):

	Balance			Amounts	
	July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Revolving Credit Facility	\$ 84,480	\$ 117,000	\$ 13,328	\$ 188,152	\$ -
Bonds payable	\$ 1,908,125	\$ -	\$ 66,595	\$ 1,841,530	\$ 68,265
Less: unamortized bond discount	(52)	-	(3)	(49)	-
Add: unamortized bond premium	169,147	-	8,241	160,906	-
Total bonds payable	\$ 2,077,220	\$ -	\$ 74,833	\$ 2,002,387	\$ 68,265

	Balance			Amounts	
	July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Revolving Credit Facility	\$ 61,682	\$ 35,000	\$ 12,202	\$ 84,480	\$ -
Bonds payable	\$ 1,979,840	\$ -	\$ 71,715	\$ 1,908,125	\$ 66,595
Less: unamortized bond discount	(56)	-	(4)	(52)	-
Add: unamortized bond premium	176,080	-	6,933	169,147	-
Total bonds payable	\$ 2,155,864	\$ -	\$ 78,644	\$ 2,077,220	\$ 66,595

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Bonds and revolving credit facility at June 30, 2017, and June 30, 2016, are as follows (expressed in thousands):

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Bonds Payable:		
2007 Series A at interest rates of 4.25% maturing to 2036 (original par - \$33,730)	2,185	3,615
2007 Series B (Federally Taxable) at interest rate of 5.243% maturing to 2017 (original par - \$14,040)	0	480
2007 Series C at interest rates of 5.00% maturing to 2032 (original par - \$89,940)	41,640	42,045
2008 Series B at interest rates of 5.00% maturing to 2018 (original par - \$166,990)	7,315	14,315
2009 Series A at interest rates from 4.00% to 5.00% maturing to 2019 (original par - \$109,905)	7,075	10,625
2010 Series A at interest rates from 3.125% to 4.250% maturing to 2040 (original par - \$213,920)	69,240	79,315
2010 Series B at interest rates from 3.00% to 5.20% maturing to 2040 (original par - \$18,015)	14,845	15,355
2012 Series A at interest rates from 2.50% to 5.00% maturing to 2042 (original par - \$208,295)	189,810	194,445
2012 Series B (Federally Taxable) at interest rates from 1.772% to 3.845% maturing to 2042 (original par - \$103,790)	86,765	92,490
2012 Refunding Series C at interest rates from 3.00% to 5.00% maturing to 2034 (original par - \$125,635)	86,295	94,345
2013 Series A at interest rates from 4.00% to 5.00% maturing to 2044 (original par - \$149,130)	136,270	140,875
2014 Series A (Federally Taxable) at interest rates from 1.250% to 4.207% maturing to 2045 (original par - \$132,450)	111,130	121,825
2014 Refunding Series B at interest rates from 4.00% to 5.000% maturing to 2038 (original par - \$212,200)	208,940	212,200
2015 Series A (Federally Taxable) at interest rates from 1.020% to 3.950% maturing to 2046 (original par - \$75,550)	73,440	75,550
2015 Series B at interest rates of 5.00% maturing to 2046 (original par - \$388,615)	384,550	388,615
2003 Qualified Zone Academy Bonds non-interest bearing maturing in 2019 (original par - \$2,445)	2,445	2,445
2004 Qualified Zone Academy Bonds non-interest bearing maturing in 2021 (original par - \$12,600)	12,600	12,600

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
2005 Qualified Zone Academy Bonds non-interest bearing maturing in 2021 (original par - \$17,545)	17,545	17,545
2009 Qualified School Construction Bonds at an interest rate of 1.515% and a federal tax credit rate of 5.86% maturing in 2027 (original par - \$177,000)	177,000	177,000
2010 Qualified School Construction Bonds at an interest rate of 4.848% maturing in 2028 (original par - \$212,440)	<u>212,440</u>	<u>212,440</u>
Total Par Amount of Bonds Payable	<u>1,841,530</u>	<u>\$ 1,908,125</u>
Plus: Unamortized Premium/Less Unamortized Discount	<u>160,857</u>	<u>169,095</u>
Net Bonds Payable	<u>\$ 2,002,387</u>	<u>\$ 2,077,220</u>
Revolving Credit Facility, at interest rates from 0.697% to 1.758%	<u>\$ 188,152</u>	<u>\$ 84,480</u>

Debt service requirements to maturity of the bonds payable at June 30, 2017, are as follows (expressed in thousands):

For the Year(s)				
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2018	\$ 68,265	\$ 62,372	\$	130,637
2019	72,275	59,433		131,708
2020	68,665	56,313		124,978
2021	95,705	53,527		149,232
2022	65,890	50,790		116,680
2023-2027	718,595	211,579		930,174
2028-2032	280,405	141,650		422,055
2033-2037	217,985	84,378		302,363
2038-2042	181,550	38,298		219,848
2043-2046	72,195	6,282		78,477
	<u>\$ 1,841,530</u>	<u>\$ 764,622</u>	<u>\$</u>	<u>2,606,152</u>

The Authority may issue taxable and/or tax-exempt bonds. Proceeds for the tax-exempt bonds issued after September 1, 1986, are subject to the 1986 Tax Reform Act. The Authority invests, records, and reports these proceeds in the manner set forth by the U.S. Treasury and Internal Revenue Service to maintain the tax-exempt status of the bonds. Arbitrage liabilities, when applicable, are reported as a current accrued liability. For the year ended June 30, 2017, and June 30, 2016, the Authority did not have a liability for arbitrage.

Revolving Credit Facility

The Authority issues short-term debt to finance certain capital projects for the State's higher education institutions. On March 20, 2014, the Authority entered into a Revolving Credit Agreement (RCA) with Wells Fargo Bank, National Association, and U.S. Bank, National Association. The Revolving Credit Agreement permits loans (the Revolving Credit Facility) to be made from time to time (and prepayments and reborrowings) in an aggregate principal amount outstanding at any time not to exceed \$300,000,000.

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

The Revolving Credit Agreement was amended on March 20, 2017 with an expiration date of March 20, 2020. The revolving credit facility may be issued as tax-exempt or as taxable loans. At the program's inception, the revolving credit facility refinanced certain outstanding commercial paper proceeds that the Authority had previously issued to finance capital projects. At June 30, 2017, \$180,165,320 of tax-exempt revolving credit facility and \$7,986,746 of taxable revolving credit facility loans were outstanding. At June 30, 2016, \$75,367,383 of tax-exempt revolving credit facility and \$9,112,778 of taxable revolving credit facility loans were outstanding.

NOTE 6. UNEARNED REVENUE

Changes in unearned revenue for the years ended June 30, 2017, and June 30, 2016, are as follows (expressed in thousands):

	Balance			Balance		
	July 1, 2016	Additions	Deletions	July 1, 2017		
Prepaid Interest	\$ 2,233	\$ 2,260	\$ 2,233	\$ 2,260		
Other unearned revenue	20	-	2	18		
Total unearned revenue	<u>\$ 2,253</u>	<u>\$ 2,260</u>	<u>\$ 2,235</u>	<u>\$ 2,278</u>		

	Balance			Balance		
	July 1, 2015	Additions	Deletions	June 30, 2016		
Prepaid Interest	\$ 2,141	\$ 2,416	\$ 2,324	\$ 2,233		
Other unearned revenue	21	-	1	20		
Total unearned revenue	<u>\$ 2,162</u>	<u>\$ 2,416</u>	<u>\$ 2,325</u>	<u>\$ 2,253</u>		

NOTE 7. SUBSEQUENT EVENTS

On September 21, 2017, the Authority issued the 2017 Series A Bonds ("2017A"), the 2017 Refunding Series B Bonds ("2017B"), and the 2017 Refunding Series C Bonds (Federally Taxable) ("2017C"). The 2017A tax-exempt bond proceeds in the amount of \$247,570,000 were sold with an original issue premium of \$50,270,901.28. The 2017A bonds were issued to prepay \$128,306,796 of the principal amount of the revolving credit loans outstanding. The 2017B tax-exempt bond proceeds in the amount of \$139,740,000 were sold with an original issue premium of \$30,387,310.51. The 2017B bonds were issued to refund \$2,185,000 of the 2007 Series A Bonds, \$37,705,000 of the 2007 Series C Bonds, \$69,240,000 of the 2010 Series A Bonds, \$47,930,000 of the 2012 Series A Bonds, and \$14,250,000 of the 2013 Series A Bonds. The 2017C taxable bond proceeds in the amount of \$15,150,000 were issued at par. The 2017C bonds were issued to refund \$14,845,000 of the 2010 Series B Bonds. The balance of the proceeds of the 2017A, 2017B, and 2017C bonds will be used to pay for construction costs of certain projects and various costs of issuance.

The September 15, 2017, federal interest subsidy payment for the 2010 QSCBs was reduced by 6.9%, or \$355,318.65, as a part of the Budget Control Act of 2011. The sequestration reduction rate was applicable until the end of the federal fiscal year, September 30, 2017. On August 2, 2017, the Internal

Tennessee State School Bond Authority
Notes to the Financial Statements (Cont.)
June 30, 2017, and June 30, 2016

Revenue Service announced that federal subsidy payments will be cut by 6.6% during the 2018 federal fiscal year.

As of December 7, 2017, the Authority has \$50,670,716 outstanding in tax-exempt revolving credit facility and \$7,521,391 in taxable revolving credit facility. Between June 30, 2017, and December 7, 2017, the Authority has not drawn in the revolving credit facility to pay construction expenditures.

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SUPPLEMENTARY SCHEDULES



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TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF NET POSITION - PROGRAM LEVEL
JUNE 30, 2017, AND JUNE 30, 2016
(Expressed in Thousands)

	June 30, 2017			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
ASSETS				
Current assets:				
Cash	\$ 55,714	\$ 188	\$ 1,957	\$ 57,859
Cash with fiscal agent	2,202	-	34	2,236
Fair value of derivatives	-	756	-	756
Loans receivable	73,502	2,120	24,301	99,923
Interest receivable	10,642	-	998	11,640
Federal subsidy receivable	-	-	2,797	2,797
Receivables for administrative fees	142	5	-	147
Total current assets	<u>142,202</u>	<u>3,069</u>	<u>30,087</u>	<u>175,358</u>
Noncurrent assets:				
Restricted cash	-	3,919	7,030	10,949
Restricted investments	26,035	21,355	156,694	204,084
Loans receivable	1,612,156	5,386	210,732	1,828,274
Total noncurrent assets	<u>1,638,191</u>	<u>30,660</u>	<u>374,456</u>	<u>2,043,307</u>
Total assets	<u>1,780,393</u>	<u>33,729</u>	<u>404,543</u>	<u>2,218,665</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred amount on refunding	39,973	-	-	39,973
Total deferred outflows of resources	<u>39,973</u>	<u>-</u>	<u>-</u>	<u>39,973</u>
LIABILITIES				
Current liabilities:				
Accounts payable	37,351	-	-	37,351
Accrued liabilities	6	-	2,797	2,803
Accrued interest payable	10,647	-	3,152	13,799
Unearned revenue	-	1	2,261	2,262
Bonds payable	68,265	-	-	68,265
Total current liabilities	<u>116,269</u>	<u>1</u>	<u>8,210</u>	<u>124,480</u>
Noncurrent liabilities:				
Unearned revenue	15	1	-	16
Revolving credit facility	188,152	-	-	188,152
Bonds payable	1,512,094	32,588	389,440	1,934,122
Total noncurrent liabilities	<u>1,700,261</u>	<u>32,589</u>	<u>389,440</u>	<u>2,122,290</u>
Total liabilities	<u>1,816,530</u>	<u>32,590</u>	<u>397,650</u>	<u>2,246,770</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow - derivatives	-	756	-	756
Total deferred inflows of resources	<u>-</u>	<u>756</u>	<u>-</u>	<u>756</u>
NET POSITION				
Unrestricted	<u>\$ 3,836</u>	<u>\$ 383</u>	<u>\$ 6,893</u>	<u>\$ 11,112</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
 SUPPLEMENTARY SCHEDULES OF NET POSITION - PROGRAM LEVEL
 JUNE 30, 2017, AND JUNE 30, 2016
 (Expressed in Thousands)

June 30, 2016

Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
\$ 74,592	\$ 120	\$ 1,691	\$ 76,403
4,403	-	20	4,423
-	1,791	-	1,791
71,935	2,120	24,301	98,356
10,563	-	851	11,414
-	-	2,800	2,800
129	5	-	134
<u>161,622</u>	<u>4,036</u>	<u>29,663</u>	<u>195,321</u>
-	3,707	6,734	10,441
26,326	19,203	139,730	185,259
<u>1,523,748</u>	<u>7,855</u>	<u>235,297</u>	<u>1,766,900</u>
<u>1,550,074</u>	<u>30,765</u>	<u>381,761</u>	<u>1,962,600</u>
<u>1,711,696</u>	<u>34,801</u>	<u>411,424</u>	<u>2,157,921</u>
42,771	-	-	42,771
<u>42,771</u>	<u>-</u>	<u>-</u>	<u>42,771</u>
171	-	-	171
6	-	2,800	2,806
10,849	-	3,152	14,001
-	1	2,234	2,235
<u>66,595</u>	<u>-</u>	<u>-</u>	<u>66,595</u>
<u>77,621</u>	<u>1</u>	<u>8,186</u>	<u>85,808</u>
15	3	-	18
84,480	-	-	84,480
<u>1,588,599</u>	<u>32,586</u>	<u>389,440</u>	<u>2,010,625</u>
<u>1,673,094</u>	<u>32,589</u>	<u>389,440</u>	<u>2,095,123</u>
<u>1,750,715</u>	<u>32,590</u>	<u>397,626</u>	<u>2,180,931</u>
-	1,791	-	1,791
-	1,791	-	1,791
\$ 3,752	\$ 420	\$ 13,798	\$ 17,970

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016
(Expressed in Thousands)

	Year ended June 30, 2017			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
OPERATING REVENUES				
Revenue from loans	\$ 60,644	\$ 13	\$ 13,327	\$ 73,984
Investment earnings (loss)	286	(37)	(6,720)	(6,471)
Total operating revenues	<u>60,930</u>	<u>(24)</u>	<u>6,607</u>	<u>67,513</u>
OPERATING EXPENSES				
Interest expense-revolving credit facility	1,137	-	-	1,137
Interest expense-bonds	58,840	2	12,981	71,823
Subsidy to borrowers	257	-	10,025	10,282
Administrative expense	612	11	96	719
Total operating expenses	<u>60,846</u>	<u>13</u>	<u>23,102</u>	<u>83,961</u>
Operating income (loss)	<u>84</u>	<u>(37)</u>	<u>(16,495)</u>	<u>(16,448)</u>
NONOPERATING REVENUES				
Federal subsidy on bonds	-	-	9,590	9,590
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>9,590</u>	<u>9,590</u>
Increase (decrease) in net position	<u>84</u>	<u>(37)</u>	<u>(6,905)</u>	<u>(6,858)</u>
NET POSITION				
Net position, July 1	3,752	420	13,798	17,970
Net position, June 30	<u>\$ 3,836</u>	<u>\$ 383</u>	<u>\$ 6,893</u>	<u>\$ 11,112</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
 SUPPLEMENTARY SCHEDULES OF REVENUES,
 EXPENSES AND CHANGES IN NET POSITION - PROGRAM LEVEL
 FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016
 (Expressed in Thousands)

Year ended June 30, 2016

Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
\$ 61,868	\$ 14	\$ 13,328	\$ 75,210
634	19	14,493	15,146
<u>62,502</u>	<u>33</u>	<u>27,821</u>	<u>90,356</u>
470	-	-	470
62,126	2	12,981	75,109
616	-	13,323	13,939
<u>854</u>	<u>14</u>	<u>126</u>	<u>994</u>
<u>64,066</u>	<u>16</u>	<u>26,430</u>	<u>90,512</u>
<u>(1,564)</u>	<u>17</u>	<u>1,391</u>	<u>(156)</u>
-	-	9,589	9,589
-	-	9,589	9,589
<u>(1,564)</u>	<u>17</u>	<u>10,980</u>	<u>9,433</u>
5,316	403	2,818	8,537
<u>\$ 3,752</u>	<u>\$ 420</u>	<u>\$ 13,798</u>	<u>\$ 17,970</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016
(Expressed in Thousands)

	Year ended June 30, 2017			
	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from borrowers for administrative fees	\$ 450	\$ 10	\$ 349	\$ 809
Payment to suppliers	(724)	(12)	(96)	(832)
Net cash provided by (used in) operating activities	<u>(274)</u>	<u>(2)</u>	<u>253</u>	<u>(23)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Proceeds from sale of revolving credit facility	117,000	-	-	117,000
Bond interest subsidy from federal government	-	-	9,594	9,594
Bond issuance costs paid	-	-	-	-
Principal paid - bonds and revolving credit facility	(79,923)	-	-	(79,923)
Interest paid - bonds and revolving credit facility	(65,668)	-	(12,981)	(78,649)
Subsidy to borrowers	-	-	(9,594)	(9,594)
Net cash used in noncapital financing activities	<u>(28,591)</u>	<u>-</u>	<u>(12,981)</u>	<u>(41,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(24,669)	(41,842)	(26,164)	(92,675)
Proceeds from sales and maturities of investments	24,818	39,654	-	64,472
Interest received on investments	427	689	2,332	3,448
Loans issued	(135,383)	-	-	(135,383)
Collections of loan principal	79,923	1,788	24,151	105,862
Interest received on loans	62,670	(7)	12,985	75,648
Net cash provided by (used in) investing activities	<u>7,786</u>	<u>282</u>	<u>13,304</u>	<u>21,372</u>
Net increase (decrease) in cash	(21,079)	280	576	(20,223)
Cash, July 1	78,995	3,827	8,445	91,267
Cash, June 30	<u>\$ 57,916</u>	<u>\$ 4,107</u>	<u>\$ 9,021</u>	<u>\$ 71,044</u>
Reconciliation of cash to the Statement of Net Position:				
Cash	\$ 55,714	\$ 188	\$ 1,957	\$ 57,859
Cash with fiscal agent	2,202	-	34	2,236
Restricted cash	-	3,919	7,030	10,949
Cash, June 30	<u>\$ 57,916</u>	<u>\$ 4,107</u>	<u>\$ 9,021</u>	<u>\$ 71,044</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 84	\$ (37)	\$ (16,495)	\$ (16,448)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Investment earnings	(286)	36	6,721	6,471
Interest expense	59,977	1	12,981	72,959
Subsidy to borrowers	257	-	10,025	10,282
Bond issuance costs	-	-	-	-
Interest income (loss) from loans	(60,181)	-	(12,981)	(73,162)
Changes in assets and liabilities:				
(Increase) decrease in receivables for administrative fees	(13)	-	2	(11)
Increase (decrease) in payables for administrative fees	(112)	-	-	(112)
Increase (decrease) in unearned revenue	-	(2)	-	(2)
Total adjustments	<u>(358)</u>	<u>35</u>	<u>16,748</u>	<u>16,425</u>
Net cash provided by (used in) operating activities	<u>\$ (274)</u>	<u>\$ (2)</u>	<u>\$ 253</u>	<u>\$ (23)</u>
Noncash investing activities:				
Increase (decrease) in fair value of investments	\$ (110)	\$ -	\$ 3,238	\$ 3,128

TENNESSEE STATE SCHOOL BOND AUTHORITY
SUPPLEMENTARY SCHEDULES OF CASH FLOWS - PROGRAM LEVEL
FOR THE YEARS ENDED JUNE 30, 2017, AND JUNE 30, 2016
(Expressed in Thousands)

Year ended June 30, 2016			
Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
\$ 461	\$ 14	\$ 350	\$ 825
(738)	(14)	(138)	(890)
<u>(277)</u>	<u>-</u>	<u>212</u>	<u>(65)</u>
35,000	-	-	35,000
-	-	9,574	9,574
(125)	-	-	(125)
(72,587)	(11,330)	-	(83,917)
(66,927)	-	(12,981)	(79,908)
-	-	(9,574)	(9,574)
<u>(104,639)</u>	<u>(11,330)</u>	<u>(12,981)</u>	<u>(128,950)</u>
(22,904)	(37,503)	(22,556)	(82,963)
28,309	35,388	-	63,697
662	615	1,998	3,275
(243,257)	-	-	(243,257)
72,587	2,395	20,699	95,681
52,120	-	13,060	65,180
<u>(112,483)</u>	<u>895</u>	<u>13,201</u>	<u>(98,387)</u>
(217,399)	(10,435)	432	(227,402)
296,394	14,262	8,013	318,669
<u>\$ 78,995</u>	<u>\$ 3,827</u>	<u>\$ 8,445</u>	<u>\$ 91,267</u>
\$ 74,592	\$ 120	\$ 1,691	\$ 76,403
4,403	-	20	4,423
-	3,707	6,734	10,441
<u>\$ 78,995</u>	<u>\$ 3,827</u>	<u>\$ 8,445</u>	<u>\$ 91,267</u>
\$ (1,564)	\$ 17	\$ 1,391	\$ (156)
(636)	(18)	(14,493)	(15,147)
62,597	1	12,981	75,579
616	-	13,323	13,939
125	-	-	125
(61,389)	-	(12,981)	(74,370)
(17)	1	-	(16)
(9)	-	(11)	(20)
-	(1)	2	1
<u>1,287</u>	<u>(17)</u>	<u>(1,179)</u>	<u>91</u>
<u>\$ (277)</u>	<u>\$ -</u>	<u>\$ 212</u>	<u>\$ (65)</u>
\$ 22	\$ -	\$ 13,459	\$ 13,481

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STATISTICAL SECTION



STATISTICAL SECTION

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

Financial Trends Information

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

Schedules of Revenues, Expenses, and Changes in Net Position	46
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Revenue Capacity Information

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

Outstanding Loans to Borrowers	48
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Debt Capacity Information

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

Schedule of Ratios of Outstanding Debt Payable	49
Allocable Debt to Borrowers Per FTE – Higher Education Facilities Program	50
Allocable Debt to Borrowers Per Capita – Qualified Zone Academy Bonds Program	51
Allocable Debt to Borrowers Per Capita – Qualified School Construction Bonds Program	52
College and University Funds – Schedule of Fees/Charges, Legislative Appropriations and Debt Service	53
College and University Funds – Coverage of Annual Financing Charges	54
Debt Service Coverage - Qualified Zone Academy Bond Program	55
Debt Service Coverage - Qualified School Construction Bonds Program	60

Demographic and Economic Information

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

State of Tennessee – Demographic and Economic Information	69
Fall Term Full-Time Equivalent Enrollment in Public Higher Education Schools	70
History of Average Daily Membership Grades Kindergarten through Twelve 2007-2016	72

TENNESSEE STATE SCHOOL BOND AUTHORITY
SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR FISCAL YEARS ENDED 2008 TO 2017
(Expressed in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
OPERATING REVENUES			
Revenue from loans	\$ 73,984	\$ 75,210	\$ 66,092
Investment earnings (loss)	(6,471)	15,146	5,697
Total operating revenues	<u>67,513</u>	<u>90,356</u>	<u>71,789</u>
OPERATING EXPENSES			
Interest expense-commercial paper	-	-	-
Interest expense-revolving credit facility	1,137	470	679
Interest expense-bonds	71,823	75,109	63,944
Loss on retirement of bonds	-	-	-
Subsidy to borrowers	10,282	13,939	13,341
Administrative expense	719	994	2,473
Amortization of bond issuance costs	-	-	-
Total operating expenses	<u>83,961</u>	<u>90,512</u>	<u>80,437</u>
Operating income (loss)	<u>(16,448)</u>	<u>(156)</u>	<u>(8,648)</u>
NONOPERATING REVENUES			
Federal subsidy on bonds	<u>9,590</u>	<u>9,589</u>	<u>9,549</u>
Total nonoperating revenues	<u>9,590</u>	<u>9,589</u>	<u>9,549</u>
Increase (decrease) in net position	<u>(6,858)</u>	<u>9,433</u>	<u>901</u>
NET POSITION			
Net position, July 1 before change in accounting principle	17,970	8,537	7,636
Cumulative effect of a change in accounting principle	-	-	-
Net position, July 1	<u>17,970</u>	<u>8,537</u>	<u>7,636</u>
Net position, June 30	<u>\$ 11,112</u>	<u>\$ 17,970</u>	<u>\$ 8,537</u>

TENNESSEE STATE SCHOOL BOND AUTHORITY
SCHEDULES OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR FISCAL YEARS ENDED 2008 TO 2017
(Expressed in Thousands)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$	66,625	\$ 62,496	\$ 59,242	\$ 57,310	\$ 43,377	\$ 38,979	\$ 34,991
	2,571	1,725	1,100	512	386	742	1,356
	69,196	64,221	60,342	57,822	43,763	39,721	36,347
	173	244	323	450	757	3,457	6,244
	224	-	-	-	-	-	-
	65,636	60,761	57,684	54,905	41,357	33,999	27,385
	-	-	4	-	-	-	-
	12,097	12,314	11,314	8,061	291	511	1,183
	1,864	2,334	1,143	1,356	773	970	681
	-	-	-	787	632	543	561
	79,994	75,653	70,468	65,559	43,810	39,480	36,054
	(10,798)	(11,432)	(10,126)	(7,737)	(47)	241	293
	9,264	10,299	10,299	7,524	-	-	-
	9,264	10,299	10,299	7,524	-	-	-
	(1,534)	(1,133)	173	(213)	(47)	241	293
	9,170	10,303	7,831	8,044	8,091	7,850	7,557
	-	-	2,299	-	-	-	-
	9,170	10,303	10,130	8,044	8,091	7,850	7,557
\$	7,636	\$ 9,170	\$ 10,303	\$ 7,831	\$ 8,044	\$ 8,091	\$ 7,850

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

(Expressed in Thousands)

Fiscal Year	Higher Education Facilities Programs	Qualified Zone Academy Bonds Program	Qualified School Construction Bonds Program	Total
2017**	\$ 1,685,658	\$ 7,506	\$ 235,032	\$ 1,928,196
2016**	1,595,683	9,975	259,597	1,865,255
2015**	1,480,595	12,984	284,021	1,777,600
2014**	1,391,547	16,010	308,234	1,715,791
2013**	1,301,314	18,963	330,122	1,594,266
2012	1,165,181	21,927	290,801	1,477,909
2011	1,107,640	24,729	145,281	1,277,650
2010	1,071,729	28,011	23,192	1,122,932
2009	999,371	31,020	-	1,030,391
2008	859,706	33,614	-	893,320

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

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

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

**The outstanding loans for fiscal year 2013, 2014, 2015, 2016 and 2017 include amounts previously reported as unearned revenue on the Statement of Net Position, which are now included in loans receivable (See Note 3 in the Notes to the Financial Statements)

TENNESSEE STATE SCHOOL BOND AUTHORITY
SCHEDULE OF RATIOS OF OUTSTANDING DEBT PAYABLE
FOR THE LAST TEN YEARS
(Expressed in Thousands)

	<u>Higher Education</u>			<u>QZAB Bonds</u>	<u>QSCB Bonds</u>	<u>Total Debt Outstanding</u>	<u>Per Capita</u>	<u>As a percentage of personal income</u>
	<u>Bonds</u>	<u>Commercial Paper</u>	<u>Revolving Credit Facility</u>					
2017	\$ 1,580,359	-	188,152	32,588	389,440	\$ 2,190,539	\$ 329.35	0.76%
2016	\$ 1,655,194	-	84,480	32,586	389,440	\$ 2,161,700	\$ 327.53	0.78%
2015	\$ 1,722,510	-	61,682	43,914	389,440	\$ 2,217,546	\$ 338.61	0.83%
2014	\$ 1,347,205	-	157,584	43,913	389,440	\$ 1,938,142	\$ 298.36	0.73%
2013	\$ 1,242,712	209,429	-	43,911	389,440	\$ 1,885,492	\$ 292.05	0.71%
2012	\$ 1,006,108	253,676	-	43,909	389,440	\$ 1,693,133	\$ 264.43	0.66%
2011	\$ 1,041,312	162,653	-	57,193	389,440	\$ 1,650,598	\$ 260.10	0.68%
2010	\$ 840,824	281,782	-	57,181	177,000	\$ 1,356,787	\$ 213.80	0.58%
2009	\$ 888,295	174,300	-	57,168	-	\$ 1,119,763	\$ 177.85	0.50%
2008	\$ 639,185	243,229	-	57,155	-	\$ 939,569	\$ 151.18	0.43%

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

ALLOCABLE DEBT TO BORROWERS

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

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

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

(Expressed in Thousands)

Fiscal Year	University of Tennessee		Tennessee Board of Regents	
	Total Allocable Debt	Debt Per FTE*	Total Allocable Debt	Debt Per FTE*
2017	\$ 926,055	21.23	\$ 668,991	5.20
2016	873,910	20.03	681,136	5.29
2015	767,865	17.63	712,729	5.50
2014	694,598	16.01	696,948	5.47
2013	633,813	14.58	667,501	5.12
2012	567,280	12.61	597,900	4.41
2011	532,436	12.08	575,205	4.11
2010	545,156	12.45	526,573	3.74
2009	518,244	11.91	481,122	3.60
2008	461,963	10.80	397,693	3.27

*The 2017 Debt per FTE is based on 2016 FTE since 2017 FTE was not available by the date of this CAFR.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
ALLOCABLE DEBT TO BORROWERS PER CAPITA
QUALIFIED ZONE ACADEMY BONDS PROGRAM**

FOR THE LAST TEN YEARS

(Debt Expressed in Thousands)

	2017		2016		2015		2014		2013	
	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹
Benton County	\$ 60	\$ 3.77	\$ 76	\$ 4.75	\$ 90	\$ 5.63	\$ 106	\$ 6.63	\$ 118	\$ 7.38
Blount County	135	1.10	192	1.56	248	2.02	302	2.46	354	2.88
Hamilton County	20	0.06	123	0.37	223	0.66	321	0.96	419	1.25
Humboldt City	-	-	-	-	156	19.50	314	39.25	471	58.88
Kingsport City	971	20.23	5,735	119.48	2,141	44.60	2,488	51.83	2,808	58.50
Knox County	-	-	-	-	-	-	-	-	-	-
Lexington City	333	41.61	417	52.13	499	62.38	578	72.25	656	82.00
Lincoln County	-	-	-	-	-	-	-	-	-	-
Loudon County	1,221	24.92	1,529	31.20	1,826	37.27	2,137	43.61	2,389	48.76
Memphis City	-	-	-	-	410	0.63	957	1.48	1,503	2.32
Montgomery County	-	-	-	-	1,838	10.69	2,307	13.41	2,721	15.82
Nashville-Davidson County	1,047	1.67	1,513	2.41	1,961	3.13	2,428	3.87	2,808	4.48
Oak Ridge City	301	10.38	378	13.03	3,363	115.97	3,905	134.66	4,417	152.31
Rhea County	46	1.45	192	6.00	229	7.16	268	8.38	299	9.34
Scott County	-	-	-	-	-	-	-	-	-	-
Unicoi County	-	-	-	-	-	-	-	-	-	-

	2012		2011		2010		2009		2008	
	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ²	Loans	Debt Per Capita ²
Benton County	\$ 131	\$ 8.19	\$ 144	\$ 9.00	\$ 156	\$ 9.75	\$ 168	\$ 9.88	\$ 179	\$ 10.53
Blount County	409	3.33	453	3.68	501	4.07	546	5.15	588	5.55
Hamilton County	517	1.54	614	1.83	713	2.12	812	2.64	917	2.98
Humboldt City	629	78.63	786	98.25	942	117.75	1,088	120.89	1,227	136.33
Kingsport City	3,146	65.54	3,469	72.27	3,802	79.21	4,121	91.58	4,424	98.31
Knox County	-	-	211	0.49	423	0.98	617	1.62	798	2.09
Lexington City	737	92.13	803	100.38	874	109.25	942	134.57	1,008	144.00
Lincoln County	-	-	-	-	-	-	-	-	-	-
Loudon County	2,656	54.20	2,913	59.45	3,161	64.51	3,400	87.18	3,628	93.03
Memphis City	2,051	3.17	2,304	3.56	2,850	4.40	3,364	5.18	3,898	6.00
Montgomery County	3,149	18.31	3,566	20.73	3,975	23.11	4,271	31.64	4,451	32.97
Nashville-Davidson County	3,210	5.12	3,597	5.74	3,971	6.33	4,316	7.57	4,461	7.83
Oak Ridge City	4,959	171.00	5,409	186.52	5,882	202.83	6,341	234.85	6,744	249.78
Rhea County	333	10.41	441	13.78	548	17.13	648	23.14	742	26.50
Scott County	-	-	-	-	-	-	-	-	-	-
Unicoi County	-	-	222	12.33	418	23.22	605	33.61	789	43.83

Note: QZAB Bonds were last issued in fiscal year 2006

¹ Per Capita for Fiscal Years ending June 30, 2010 through June 30, 2017 are calculated based on the 2010 Census

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

³ Loan amounts are pulled from the receivable schedule

**TENNESSEE STATE SCHOOL BOND AUTHORITY
ALLOCABLE DEBT TO BORROWERS PER CAPITA
QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM**

FOR THE LAST TEN YEARS

(Debt Expressed in Thousands)

	2017		2016		2015		2014		2013	
	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹
Blount County	\$ 9,371	\$ 76.18	\$ 10,305	\$ 83.77	\$ 11,229	\$ 91.29	\$ 12,155	\$ 98.81	\$ 13,057	\$ 106.15
Cocke County	3,517	98.62	3,867	108.43	4,214	118.16	4,562	127.92	4,909	137.66
Coffee County	1,925	36.46	2,114	40.04	2,303	43.62	2,492	47.20	2,617	49.56
Cleveland	2,365	57.28	2,627	63.63	2,886	69.90	3,145	76.18	3,404	82.46
Dyer County	8,672	226.22	9,593	250.24	10,503	273.98	11,416	297.79	12,328	321.58
Dyersburg	1,682	98.10	1,869	109.01	2,053	119.74	2,238	130.53	2,422	141.28
Hamblen County	6,412	102.52	7,122	113.87	7,824	125.10	8,528	136.35	9,231	147.59
Hawkins County	2,972	52.29	3,285	57.80	3,595	63.26	3,905	68.71	4,170	73.37
Jefferson County	6,683	130.00	7,350	142.98	8,009	155.80	8,670	168.65	9,330	181.49
Johnson City	4,683	74.15	5,152	81.58	5,660	89.63	6,169	97.68	6,678	105.74
Kingsport	705	14.63	783	16.24	860	17.84	937	19.44	1,015	21.05
Knox County	18,594	43.02	20,419	47.24	22,243	51.46	24,067	55.68	24,527	56.74
Lauderdale County	1,605	57.70	1,762	63.35	1,920	69.03	2,077	74.67	1,885	67.77
Maryville	10,641	387.44	11,820	430.37	12,985	472.78	14,152	515.27	15,319	557.77
Maury County	2,781	34.35	3,058	37.77	3,332	41.16	3,607	44.56	3,787	46.77
Montgomery County	11,368	65.97	12,628	73.28	13,968	81.05	15,216	88.30	16,464	95.54
Nashville-Davidson County	34,618	55.24	38,264	61.06	41,800	66.70	45,337	72.35	48,495	77.38
Sevier County	9,149	101.78	10,061	111.93	11,035	122.76	11,868	132.03	12,772	142.09
Shelby County	73,759	79.51	81,460	87.81	89,078	96.03	96,707	104.25	104,334	112.47
Sullivan County	11,999	76.51	13,293	84.76	14,573	92.93	15,854	101.09	17,135	109.26
Trousdale County	1,592	202.29	1,750	222.36	1,907	242.31	2,064	262.26	2,150	273.16
Union County	4,070	212.99	4,521	236.59	4,967	259.93	5,413	283.27	5,859	306.62
Warren County	5,915	148.47	6,495	163.03	7,075	177.59	7,656	192.17	8,236	206.73

	2012		2011		2010		2009		2008	
	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ¹	Loans	Debt Per Capita ²	Loans	Debt Per Capita ²
Blount County	\$ 13,594	\$ 110.51	\$ 12,476	\$ 101.43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cocke County	3,197	89.65	381	10.68	-	-	-	-	-	-
Coffee County	2,624	49.70	220	4.16	-	-	-	-	-	-
Cleveland	3,663	88.73	3,922	95.01	1,580	38.28	-	-	-	-
Dyer County	12,811	334.18	4,893	127.64	227	5.93	-	-	-	-
Dyersburg	2,607	152.03	2,791	162.78	749	43.69	-	-	-	-
Hamblen County	9,852	157.53	5,217	83.42	982	15.69	-	-	-	-
Hawkins County	3,312	58.28	1,684	29.62	643	11.32	-	-	-	-
Jefferson County	9,605	186.84	1,008	19.60	-	-	-	-	-	-
Johnson City	7,186	113.78	7,694	121.83	775	12.27	-	-	-	-
Kingsport	681	14.14	153	3.18	87	1.81	-	-	-	-
Knox County	6,948	16.08	1,854	4.29	-	-	-	-	-	-
Lauderdale County	2,036	73.20	1,143	41.10	-	-	-	-	-	-
Maryville	16,485	600.21	13,922	506.89	4,118	149.92	-	-	-	-
Maury County	2,756	34.05	2,054	25.37	-	-	-	-	-	-
Montgomery County	17,612	102.20	14,645	84.98	1,469	8.53	-	-	-	-
Nashville-Davidson County	52,120	83.17	26,629	42.49	6,928	11.05	-	-	-	-
Sevier County	11,368	126.47	1,120	12.46	-	-	-	-	-	-
Shelby County	79,189	85.37	30,672	33.06	4,153	4.48	-	-	-	-
Sullivan County	16,296	103.91	4,660	29.71	291	1.86	-	-	-	-
Trousdale County	1,738	220.87	333	42.33	-	-	-	-	-	-
Union County	6,305	329.95	6,661	348.60	1,188	62.18	-	-	-	-
Warren County	8,816	221.30	1,149	28.84	-	-	-	-	-	-

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

¹ Per Capita for Fiscal Years ending June 30, 2010 through June 30, 2016 are calculated based on the 2010 Census

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

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

(Expressed in Thousands)

UNIVERSITY OF TENNESSEE SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations ¹	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements ² (Authority Bonds)
2017	\$ 780,867	\$ 527,569	\$ -	\$ 73,608
2016	746,986	499,862	-	73,722
2015	700,757	475,416	-	55,553
2014	691,600	467,845	-	55,821
2013	609,399	432,636	-	52,859
2012	584,147	411,729	-	51,469
2011	685,003	548,787	-	48,256
2010	648,298	493,304	12	43,998
2009	599,973	476,333	35	35,373
2008	565,963	510,261	35	29,158

TENNESSEE BOARD OF REGENTS SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations ¹	Prior and Subordinate Debt Service Requirements (Non Authority)	Debt Service Requirements ² (Authority Bonds)
2017	\$ 1,131,352	\$ 750,764	\$ -	\$ 57,029
2016	1,102,572	660,789	-	57,511
2015	1,158,289	578,734	-	52,405
2014	1,057,701	644,437	-	53,349
2013	1,035,821	621,841	-	49,484
2012	1,216,903	501,867	1,399	45,016
2011	1,143,916	660,608	1,399	43,367
2010	1,039,268	633,006	1,399	43,120
2009	923,813	610,380	1,699	31,997
2008	863,336	645,952	1,889	27,556

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

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

² Debt Service Requirements consist of only principal and interest.

**TENNESSEE STATE SCHOOL BOND AUTHORITY
COLLEGE AND UNIVERSITY FUNDS
COVERAGE OF ANNUAL FINANCING CHARGES
LONG-TERM DEBT SECURED BY FINANCING AGREEMENTS¹
FOR THE LAST TEN YEARS**

(Expressed in Thousands)

UNIVERSITY OF TENNESSEE SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations ²	Annual Financing Charges ³	Coverage By:	
				Fees & Charges	Fees, Charges, & Appropriations
2017	\$ 780,867	\$ 527,569	\$ 74,793	10.44 X	17.49 X
2016	746,986	499,862	74,965	9.96 X	16.63 X
2015	700,757	475,416	56,855	12.33 X	20.90 X
2014	691,600	467,845	56,764	12.18 X	20.43 X
2013	609,399	432,636	53,855	11.32 X	19.35 X
2012	584,147	411,729	51,984	11.24 X	19.16 X
2011	685,003	584,787	41,583	16.47 X	30.54 X
2010	648,298	493,304	44,804	14.47 X	25.48 X
2009	599,973	476,333	36,122	16.61 X	29.80 X
2008	565,963	510,261	29,762	19.02 X	36.16 X

TENNESSEE BOARD OF REGENTS SYSTEM

Fiscal Year	Total Fees and Charges	Legislative Appropriations ²	Annual Financing Charges ³	Coverage By:	
				Fees & Charges	Fees, Charges, & Appropriations
2017	\$ 1,131,352	\$ 769,801	\$ 58,212	19.44 X	32.66 X
2016	1,102,572	660,789	58,754	18.77 X	30.01 X
2015	1,158,289	578,734	53,707	21.57 X	32.34 X
2014	1,057,701	644,437	54,346	19.46 X	31.32 X
2013	1,035,821	621,841	50,530	20.50 X	32.81 X
2012	1,216,903	501,867	46,048	26.43 X	37.33 X
2011	1,143,916	660,608	40,430	28.29 X	44.63 X
2010	1,039,268	633,006	44,194	23.52 X	37.84 X
2009	923,813	610,380	33,169	27.85 X	46.25 X
2008	863,336	645,952	28,163	30.65 X	53.59 X

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

¹ Includes Bonds. Excludes Revolving Credit Facility.

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

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

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

(Expressed in Thousands)

BENTON COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	State Shared Taxes	Coverage
2017	14	62	76	3,471	45.67 X
2016	14	62	76	3,486	45.87 X
2015	14	62	76	3,394	44.66 X
2014	14	62	76	3,285	43.23 X
2013	14	62	76	3,322	43.72 X
2012	14	62	76	3,356	44.16 X
2011	14	62	76	3,282	43.19 X
2010	14	62	76	3,192	42.00 X
2009	14	64	78	3,013	38.63 X
2008	14	170	184	2,982	16.21 X

BLOUNT COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	State Shared Taxes	Coverage
2017	51	1,647	1,698	5,110	3.01 X
2016	51	1,647	1,698	5,069	2.99 X
2015	51	1,647	1,698	4,765	2.81 X
2014	51	1,647	1,698	4,862	2.86 X
2013	51	1,647	1,698	4,766	2.81 X
2012	51	1,465	1,516	4,711	3.11 X
2011	51	633	684	4,475	6.54 X
2010	51	-	51	4,488	88.01 X
2009	51	-	51	4,597	90.14 X
2008	51	-	51	4,376	85.80 X

HAMILTON COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	State Shared Taxes	Coverage
2017	91	153	244	10,141	41.56 X
2016	91	153	244	9,950	40.83 X
2015	91	596	687	9,382	13.66 X
2014	91	596	687	9,073	13.21 X
2013	91	596	687	8,884	12.94 X
2012	91	596	687	9,245	13.46 X
2011	91	596	687	8,691	12.65 X
2010	91	596	687	8,961	13.04 X
2009	91	596	687	8,602	12.53 X
2008	91	596	687	8,510	12.39 X

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

(Expressed in Thousands)

HUMBOLDT CITY SCHOOLS²

Fiscal Year	STATE SHARED TAX OBLIGATIONS			State Shared	
	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	Taxes	Coverage
2017	-	76	76	1,078	14.11 X
2016	-	279	279	1,055	3.78 X
2015	158	279	437	1,019	2.33 X
2014	158	279	437	934	2.13 X
2013	158	279	437	948	2.17 X
2012	158	227	385	941	2.44 X
2011	158	215	373	1,047	2.81 X
2010	158	203	361	1,022	2.83 X
2009	158	203	361	1,049	2.91 X
2008	158	203	361	1,134	3.14 X

KINGSPORT CITY SCHOOLS

Fiscal Year	STATE SHARED TAX OBLIGATIONS			State Shared	
	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	Taxes	Coverage
2017	324	883	1,207	7,841	6.50 X
2016	324	988	1,312	7,705	5.87 X
2015	324	96	420	7,197	17.15 X
2014	324	96	420	6,820	16.26 X
2013	324	1,876	2,200	6,552	2.98 X
2012	358	1,876	2,234	6,329	2.83 X
2011	358	763	1,121	5,643	5.03 X
2010	358	621	979	5,770	5.89 X
2009	358	609	967	6,180	6.39 X
2008	358	609	967	6,185	6.39 X

KNOX COUNTY SCHOOLS²

Fiscal Year	STATE SHARED TAX OBLIGATIONS			State Shared	
	QZAB Obligations	Other Pledged Obligations ³	Total Obligations	Taxes	Coverage
2017	-	3,242	3,242	14,069	4.34 X
2016	-	3,242	3,242	14,014	4.32 X
2015	-	3,242	3,242	11,435	3.53 X
2014	-	3,242	3,242	12,085	3.73 X
2013	-	3,242	3,242	11,659	3.60 X
2012	215	2,882	3,097	11,512	3.72 X
2011	215	1,246	1,461	11,071	7.58 X
2010	215	-	215	11,435	53.18 X
2009	215	-	215	11,366	52.86 X
2008	215	-	215	11,413	53.09 X

LEXINGTON CITY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations ³</u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2017	76	-	76	1,030	13.55 X
2016	76	-	76	999	13.14 X
2015	76	-	76	931	12.25 X
2014	76	-	76	886	11.66 X
2013	76	-	76	848	11.15 X
2012	76	-	76	829	10.91 X
2011	76	-	76	800	10.53 X
2010	76	-	76	789	10.38 X
2009	76	-	76	830	10.91 X
2008	76	-	76	729	9.59 X

LOUDON COUNTY SCHOOLS ¹**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations ³</u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2017	275	234	509	4,142	8.13 X
2016	275	313	588	4,154	7.07 X
2015	275	-	275	3,646	13.26 X
2014	275	-	275	3,723	13.54 X
2013	275	-	275	3,592	13.06 X
2012	275	-	275	3,637	13.23 X
2011	275	-	275	3,431	12.48 X
2010	275	-	275	3,715	13.51 X
2009	275	-	275	3,588	13.05 X
2008	275	-	275	3,447	12.53 X

MEMPHIS CITY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations ³</u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2017	-	6,827	6,827	99,485	14.57 X
2016	72	7,019	7,091	100,038	14.11 X
2015	547	-	547	90,692	165.80 X
2014	547	-	547	85,750	156.76 X
2013	547	-	547	80,902	147.90 X
2012	547	-	547	79,473	145.29 X
2011	547	-	547	82,675	151.14 X
2010	547	-	547	99,243	181.43 X
2009	547	-	547	100,257	183.28 X
2008	547	-	547	101,127	184.88 X

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

(Expressed in Thousands)

MONTGOMERY COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QZAB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations</u> ³	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	260	1,551	1,811	5,148	2.84 X
2016	260	1,551	1,811	5,125	2.83 X
2015	436	1,551	1,987	4,945	2.49 X
2014	436	1,551	1,987	4,824	2.43 X
2013	436	1,551	1,987	4,815	2.42 X
2012	436	1,551	1,987	4,806	2.42 X
2011	436	1,343	1,779	4,489	2.52 X
2010	436	200	636	4,348	6.84 X
2009	436	-	436	4,164	9.55 X
2008	436	-	436	4,231	9.70 X

NASHVILLE - DAVIDSON COUNTY SCHOOLS¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QZAB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations</u> ^{3,4}	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	415	5,580	5,995	99,009	16.52 X
2016	415	5,580	5,995	100,038	16.69 X
2015	415	5,580	5,995	90,280	15.06 X
2014	415	5,580	5,995	86,077	14.36 X
2013	415	5,580	5,995	77,201	12.88 X
2012	415	31,369	31,784	77,093	2.43 X
2011	415	29,160	29,575	69,820	2.36 X
2010	415	26,438	26,853	71,367	2.66 X
2009	415	24,144	24,559	75,512	3.07 X
2008	415	25,788	26,203	78,039	2.98 X

OAK RIDGE CITY SCHOOLS

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QZAB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations</u> ³	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	510	1,068	1,578	4,600	2.91 X
2016	510	1,068	1,578	4,612	2.92 X
2015	510	188	698	4,256	6.10 X
2014	510	1,203	1,713	3,998	2.33 X
2013	510	1,203	1,713	3,880	2.26 X
2012	510	1,420	1,930	3,812	1.98 X
2011	510	1,203	1,713	3,569	2.08 X
2010	510	1,203	1,713	3,652	2.13 X
2009	510	1,219	1,729	3,771	2.18 X
2008	510	1,219	1,729	3,965	2.29 X

RHEA COUNTY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations ³</u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2017	34	-	34	3,455	101.61 X
2016	34	-	34	3,635	106.90 X
2015	34	-	34	3,511	103.26 X
2014	34	-	34	3,434	101.01 X
2013	34	-	34	3,447	101.37 X
2012	112	-	112	3,476	31.04 X
2011	112	-	112	3,361	30.01 X
2010	112	-	112	3,285	29.33 X
2009	112	-	112	3,081	27.50 X
2008	112	-	112	2,609	23.29 X

UNICOI COUNTY SCHOOLS²**STATE SHARED TAX OBLIGATIONS**

<u>Fiscal Year</u>	<u>QZAB Obligations</u>	<u>Other Pledged Obligations ³</u>	<u>Total Obligations</u>	<u>State Shared Taxes</u>	<u>Coverage</u>
2017	-	-	-	1,820	0.00 X
2016	-	-	-	1,790	0.00 X
2015	-	-	-	1,715	0.00 X
2014	-	-	-	1,692	0.00 X
2013	-	-	-	1,680	0.00 X
2012	225	-	225	1,737	7.72 X
2011	197	-	197	1,670	8.47 X
2010	197	-	197	1,704	8.65 X
2009	197	-	197	1,599	8.12 X
2008	197	-	197	1,703	8.64 X

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

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

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

² Borrower has paid-off QZAB loan.

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

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

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

(Expressed in Thousands)

BLOUNT COUNTY SCHOOLS

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 1,647	\$ 51	\$ 1,698	\$ 5,069	2.99 X
2015	1,647	51	1,698	4,765	2.81 X
2014	1,647	51	1,698	4,862	2.86 X
2013	1,647	51	1,698	4,766	2.81 X
2012	1,465	51	1,516	4,711	3.11 X
2011	633	51	684	4,475	6.54 X
2010	-	51	51	4,488	88.01 X
2009	-	51	51	4,597	90.14 X
2008	-	51	51	4,376	85.80 X
2007	-	51	51	3,977	77.99 X

CLEVELAND CITY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 323	\$ 834	\$ 1,156	\$ 7,471	6.46 X
2015	323	50	373	5,738	15.40 X
2014	323	50	373	5,658	15.18 X
2013	323	50	373	5,557	14.91 X
2012	323	50	373	5,253	14.10 X
2011	279	21	300	4,736	15.78 X
2010	42	-	42	5,327	127.84 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X

COCKE COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 618	\$ -	\$ 618	\$ 2,753	4.45 X
2015	618	-	618	2,648	4.28 X
2014	618	-	618	2,595	4.20 X
2013	618	-	618	2,601	4.21 X
2012	550	-	550	2,610	4.75 X
2011	238	-	238	2,594	10.92 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X

COFFEE COUNTY SCHOOLS¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	336	-	336	3,157	9.41 X
2016	336	-	336	3,150	9.38 X
2015	336	-	336	3,022	9.00 X
2014	336	-	336	2,957	8.81 X
2013	336	-	336	2,950	8.79 X
2012	298	-	298	2,987	10.01 X
2011	129	-	129	2,921	22.63 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

DYER COUNTY SCHOOLS¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	1,324	-	1,324	2,944	2.22 X
2016	1,324	-	1,324	2,929	2.21 X
2015	1,324	-	1,324	2,786	2.10 X
2014	1,324	-	1,324	2,714	2.05 X
2013	1,324	-	1,324	2,700	2.04 X
2012	1,254	-	1,254	2,718	2.17 X
2011	843	-	843	2,712	3.22 X
2010	90	-	90	2,662	29.67 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

DYERSBURG CITY SCHOOLS¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	230	-	230	2,417	10.53 X
2016	230	-	230	2,360	10.28 X
2015	230	-	230	2,205	9.60 X
2014	230	-	230	2,066	9.00 X
2013	230	-	230	2,034	8.86 X
2012	230	-	230	2,042	8.89 X
2011	199	-	199	2,014	10.13 X
2010	30	-	30	2,035	68.63 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

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

(Expressed in Thousands)

HAMBLEN COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	875	-	875	2,980	3.41 X
2016	875	-	875	2,904	3.32 X
2015	875	-	875	2,791	3.19 X
2014	875	-	875	2,705	3.09 X
2013	875	-	875	2,687	3.07 X
2012	875	-	875	2,696	3.08 X
2011	757	-	757	2,685	3.54 X
2010	113	-	113	2,635	23.32 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

HAWKINS COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	463	113	576	3,679	6.38 X
2016	463	-	463	3,741	8.07 X
2015	463	-	463	3,730	8.05 X
2014	463	-	463	3,711	8.01 X
2013	463	-	463	3,733	8.06 X
2012	435	-	435	3,761	8.65 X
2011	277	-	277	3,349	12.10 X
2010	26	-	26	3,270	123.68 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

JEFFERSON COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	1,175	-	1,175	3,132	2.67 X
2016	1,175	-	1,175	2,952	2.51 X
2015	1,175	-	1,175	3,236	2.75 X
2014	1,175	-	1,175	2,955	2.52 X
2013	1,175	-	1,175	2,956	2.52 X
2012	1,045	-	1,045	2,903	2.78 X
2011	452	-	452	2,769	6.13 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

JOHNSON CITY SCHOOLS ¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	633	-	633	9,896	15.64 X
2016	633	-	633	9,067	14.33 X
2015	633	-	633	8,439	13.34 X
2014	633	-	633	8,167	12.91 X
2013	633	-	633	7,914	12.51 X
2012	633	-	633	7,777	12.29 X
2011	548	-	548	6,551	11.96 X
2010	82	-	82	7,145	87.42 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

KINGSPORT CITY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ^{2,3}	Total Obligations	State Shared Taxes	Coverage
2017	96	1,111	1,207	7,841	6.50 X
2016	96	1,216	1,312	7,705	5.87 X
2015	96	324	420	7,197	17.13 X
2014	96	324	420	6,820	16.23 X
2013	96	2,104	2,200	6,552	2.98 X
2012	96	2,138	2,234	6,329	2.83 X
2011	83	1,038	1,121	5,643	5.03 X
2010	12	967	979	5,770	5.89 X
2009	-	967	967	6,180	6.39 X
2008	-	967	967	6,185	6.40 X

KNOX COUNTY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	3,242	-	3,242	14,069	4.34 X
2016	3,242	-	3,242	14,014	4.32 X
2015	3,242	-	3,242	11,435	3.53 X
2014	3,242	-	3,242	12,085	3.73 X
2013	3,242	-	3,242	11,659	3.60 X
2012	2,882	215	3,097	11,512	3.72 X
2011	1,246	215	1,461	11,071	7.58 X
2010	-	215	215	11,435	53.18 X
2009	-	215	215	11,366	52.86 X
2008	-	215	215	11,413	53.09 X

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

(Expressed in Thousands)

LAUDERDALE COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	280	-	280	2,617	9.36 X
2016	280	-	280	2,581	9.22 X
2015	280	-	280	2,489	8.90 X
2014	280	-	280	2,426	8.67 X
2013	280	-	280	2,424	8.67 X
2012	249	-	249	2,449	9.85 X
2011	108	-	108	2,456	22.83 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

MARYVILLE CITY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	1,452	141	1,593	4,226	2.65 X
2016	1,452	141	1,593	4,137	2.60 X
2015	1,452	141	1,593	3,758	2.36 X
2014	1,452	141	1,593	3,650	2.29 X
2013	1,452	141	1,593	3,395	2.13 X
2012	1,452	141	1,593	3,332	2.09 X
2011	1,257	-	1,257	2,870	2.28 X
2010	187	-	187	2,920	15.58 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

MAURY COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	489	364	853	3,942	4.62 X
2016	489	364	853	3,897	4.57 X
2015	489	364	853	3,793	4.45 X
2014	489	364	853	3,746	4.39 X
2013	489	364	853	3,745	4.39 X
2012	435	364	799	3,720	4.66 X
2011	188	364	552	3,600	6.52 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

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

(Expressed in Thousands)

LAUDERDALE COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 280	\$ -	\$ 280	\$ 2,581	9.22 X
2015	280	-	280	2,489	8.90 X
2014	280	-	280	2,426	8.67 X
2013	280	-	280	2,424	8.67 X
2012	249	-	249	2,449	9.85 X
2011	108	-	108	2,456	22.83 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X

MARYVILLE CITY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 1,452	\$ 141	\$ 1,593	\$ 4,137	2.60 X
2015	1,452	141	1,593	3,758	2.36 X
2014	1,452	141	1,593	3,650	2.29 X
2013	1,452	141	1,593	3,395	2.13 X
2012	1,452	141	1,593	3,332	2.09 X
2011	1,257	-	1,257	2,870	2.28 X
2010	187	-	187	2,920	15.58 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X

MAURY COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2016	\$ 489	\$ 364	\$ 853	\$ 3,897	4.57 X
2015	489	364	853	3,793	4.45 X
2014	489	364	853	3,746	4.39 X
2013	489	364	853	3,745	4.39 X
2012	435	364	799	3,720	4.66 X
2011	188	364	552	3,600	6.52 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X
2007	-	-	-	-	0.00 X

METROPOLITAN GOVERNMENT OF NASHVILLE**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ^{2,3}	Total Obligations	State Shared Taxes	Coverage
2017	5,580	415	5,995	99,009	16.52 X
2016	5,580	415	5,995	100,038	16.69 X
2015	5,580	415	5,995	90,280	15.06 X
2014	5,580	415	5,995	86,077	14.36 X
2013	5,580	415	5,995	77,201	12.88 X
2012	5,143	26,641	31,784	77,093	2.43 X
2011	2,934	26,641	29,575	69,820	2.36 X
2010	212	26,641	26,853	71,367	2.66 X
2009	-	24,559	24,559	75,512	3.07 X
2008	-	26,203	26,203	78,039	2.98 X

MONTGOMERY COUNTY SCHOOLS**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	1,551	260	1,811	5,148	2.84 X
2016	1,551	260	1,811	5,125	2.83 X
2015	1,551	436	1,987	4,945	2.49 X
2014	1,551	436	1,987	4,824	2.43 X
2013	1,551	436	1,987	4,815	2.42 X
2012	1,551	436	1,987	4,806	2.42 X
2011	1,343	436	1,779	4,348	2.44 X
2010	200	436	636	4,348	6.83 X
2009	-	436	436	4,164	9.55 X
2008	-	436	436	4,231	9.70 X

SEVIER COUNTY SCHOOLS ¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	1,608	-	1,608	4,369	2.72 X
2016	1,608	-	1,608	4,315	2.68 X
2015	1,608	-	1,608	4,057	2.52 X
2014	1,608	-	1,608	3,977	2.47 X
2013	1,608	-	1,608	3,921	2.44 X
2012	1,430	-	1,430	3,997	2.80 X
2011	618	-	618	3,740	6.05 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

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

(Expressed in Thousands)

SHELBY COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	11,732	-	11,732	19,268	1.64 X
2016	11,732	-	11,732	19,110	1.63 X
2015	11,732	-	11,732	18,477	1.57 X
2014	11,732	-	11,732	21,015	1.79 X
2013	11,732	-	11,732	20,925	1.78 X
2012	10,906	-	10,906	20,890	1.92 X
2011	6,568	-	6,568	21,591	3.29 X
2010	552	-	552	21,097	38.21 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

SULLIVAN COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	1,763	-	1,763	5,857	3.32 X
2016	1,763	-	1,763	5,259	2.98 X
2015	1,763	-	1,763	5,072	2.88 X
2014	1,763	-	1,763	4,967	2.82 X
2013	1,763	-	1,763	4,929	2.80 X
2012	1,701	-	1,701	4,980	2.93 X
2011	1,256	-	1,256	5,050	4.02 X
2010	155	-	155	5,111	32.96 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

TROUSDALE COUNTY SCHOOLS ¹

STATE SHARED TAX OBLIGATIONS

<u>Fiscal</u> <u>Year</u>	<u>QSCB</u> <u>Obligations</u>	<u>Other Pledged</u> <u>Obligations ²</u>	<u>Total</u> <u>Obligations</u>	<u>State Shared</u> <u>Taxes</u>	<u>Coverage</u>
2017	280	-	280	1,829	6.54 X
2016	280	-	280	1,791	6.40 X
2015	280	-	280	1,721	6.15 X
2014	280	-	280	1,675	5.99 X
2013	280	-	280	1,662	5.94 X
2012	249	-	249	1,671	6.72 X
2011	108	-	108	1,684	15.65 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

UNION COUNTY SCHOOLS ¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	555	-	555	2,655	4.78 X
2016	555	-	555	2,636	4.75 X
2015	555	-	555	2,584	4.65 X
2014	555	-	555	2,497	4.50 X
2013	555	-	555	2,492	4.49 X
2012	555	-	555	2,519	4.54 X
2011	481	-	481	2,473	5.14 X
2010	72	-	72	2,407	33.57 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

WARREN COUNTY SCHOOLS ¹**STATE SHARED TAX OBLIGATIONS**

Fiscal Year	QSCB Obligations	Other Pledged Obligations ²	Total Obligations	State Shared Taxes	Coverage
2017	1,031	103	1,134	2,837	2.50 X
2016	1,031	-	1,031	2,813	2.73 X
2015	1,031	-	1,031	2,726	2.64 X
2014	1,031	-	1,031	2,687	2.61 X
2013	1,031	-	1,031	2,663	2.58 X
2012	917	-	917	2,667	2.91 X
2011	396	-	396	2,663	6.72 X
2010	-	-	-	-	0.00 X
2009	-	-	-	-	0.00 X
2008	-	-	-	-	0.00 X

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

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

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

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

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

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

For the calendar year ending December 31,	Population	Total personal income	Per capita personal income	Unemployment rate
2016	6,651 (est)	\$287,851,000	\$ 42,740	4.6%
2015	6,600 (est)	\$277,316,000	\$ 42,215	5.9%
2014	6,549 (est)	\$266,467,000	\$ 40,233	6.9%
2013	6,496 (est)	\$256,814,000	\$ 40,734	8.2%
2012	6,456 (est)	\$243,018,000	\$ 39,682	8.0%
2011	6,403 (est)	\$232,832,000	\$ 38,233	9.1%
2010	6,346	\$224,358,000	\$ 36,489	9.4%
2009	6,296	\$217,884,000	\$ 35,065	10.9%
2008	6,215	\$213,124,000	\$ 34,995	7.9%
2007	6,157	\$205,112,000	\$ 33,746	5.3%

Source: Population from
 All other from the University of Tennessee Economic Report to the Governor

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

Institution⁴	2002	2003	2004	2005	2006	2007	2008	2009
Four Year Institutions								
APSU	6,079	6,278	6,939	7,336	7,443	7,139	7,499	7,566
ETSU ¹	9,664	9,936	10,070	10,185	10,594	10,770	11,117	11,727
ETSU Medical ³	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	239	245	253
ETSU Pharmacy ³	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	215	334	298
MTSU	18,151	18,735	19,037	19,139	19,355	19,525	20,062	21,049
TSU	7,703	7,716	7,662	7,462	7,464	7,465	6,694	7,025
TTU	7,554	7,509	7,559	7,562	7,900	8,312	8,568	9,057
UM	15,696	15,720	16,128	15,910	15,946	15,747	15,910	16,792
TBR Total	64,846	65,894	67,394	67,593	68,702	69,412	70,429	73,767
UT Chattanooga	7,050	7,138	7,326	7,317	7,564	8,168	8,446	9,116
UT Knoxville ²	23,221	22,730	23,141	23,642	24,016	24,160	24,697	24,214
UT Veterinary ³	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	408	429	484
UT Space Inst	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	105	104	88
UT Martin	5,311	5,265	5,570	5,833	5,968	6,108	6,305	6,714
UT Health Science ³	1,977	2,008	2,062	2,295	2,505	2,733	2,778	2,914
UT Total	37,559	37,141	38,099	39,088	40,053	41,682	42,759	43,530
Total 4 Year	102,404	103,035	105,494	106,681	108,755	111,094	113,188	117,297
Two Year Institutions⁵								
Chattanooga	5,264	5,186	5,124	4,890	5,054	5,044	5,334	5,987
Cleveland	2,200	2,224	2,088	2,103	2,034	2,022	2,195	2,504
Columbia	3,108	3,082	3,145	3,120	2,963	3,003	3,081	3,569
Dyersburg	1,657	1,819	1,770	1,744	1,693	1,668	1,741	2,213
Jackson	2,713	2,743	2,702	2,573	2,791	2,953	2,803	3,313
Motlow	2,556	2,436	2,465	2,392	2,566	2,739	2,892	3,353
Nashville	3,757	3,769	3,889	4,074	4,083	4,063	4,315	5,154
Northeast	2,968	3,112	3,334	3,142	3,374	3,387	3,606	4,231
Pellissippi	5,208	5,013	4,963	4,963	5,149	5,446	5,686	6,695
Roane	3,767	3,775	3,850	3,603	3,738	3,764	3,766	4,227
Southwest	7,141	7,361	7,561	7,332	7,306	6,794	7,219	8,465
Volunteer	4,525	4,426	4,483	4,553	4,677	4,427	4,582	5,501
Walters	3,867	4,067	3,864	3,826	3,872	3,884	4,082	4,780
Total 2 Year	48,729	49,013	49,238	48,315	49,300	49,194	51,302	59,993
Grand Total	151,133	152,048	154,732	154,995	158,055	160,288	164,490	177,290

1- Prior to 2010, 14th day enrollment was used to calculate FTE. Since 2010 end-of-term enrollment is used.

1- Prior to 2007, ETSU totals included ETSU Med and ETSU Pharm.

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

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

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

5 - Two Year Schools = State Community Colleges

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

2010	2011	2012	2013	2014	2015	2016	% Change	
							15 to 16	11 to 16
Four Year Institutions								
8,493	8,513	8,508	8,416	8,241	8,180	8,466	3.5%	-0.5%
12,224	12,442	12,187	11,763	11,683	11,740	11,707	-0.3%	-5.9%
733	795	816	282	288	284	282	-0.7%	-64.5%
493	488	505	329	324	323	321	-0.6%	-34.2%
22,010	21,807	20,824	19,637	18,787	18,362	18,177	-1.0%	-16.6%
7,142	7,159	6,901	7,080	7,388	7,639	7,342	-3.9%	2.6%
9,361	9,525	9,636	9,797	9,983	9,569	9,208	-3.8%	-3.3%
17,536	17,725	17,462	16,704	16,554	16,112	16,744	3.9%	-5.5%
77,992	78,453	76,839	74,007	73,247	72,209	72,247	0.1%	-7.9%
9,788	9,845	9,951	10,208	10,029	9,886	10,029	1.4%	1.9%
23,797	23,065	23,193	23,456	23,698	24,201	24,422	0.9%	5.9%
520	480	522	351	354	347	352	1.4%	-26.7%
85	88	67	52	55	53	53	-0.5%	-39.5%
6,959	6,852	6,770	6,555	6,273	5,989	5,670	-5.3%	-17.3%
2,623	3,751	4,477	2,859	2,977	3,075	3,097	0.7%	-17.4%
43,773	44,081	44,980	43,481	43,386	43,551	43,623	0.2%	-1.0%
121,765	122,534	121,819	117,489	116,633	115,761	115,870	0.1%	-5.4%
Two Year Institutions⁵								
6,712	6,671	6,585	6,388	5,901	6,190	5,743	-7.2%	-13.9%
2,592	2,617	2,482	2,487	2,316	2,413	2,282	-5.4%	-12.8%
3,579	3,417	3,348	3,352	3,263	3,634	3,816	5.0%	11.7%
2,419	2,334	2,217	1,918	1,678	1,690	1,694	0.2%	-27.4%
3,410	3,260	2,847	2,722	2,825	2,907	2,968	2.1%	-8.9%
3,337	3,069	2,925	2,984	2,984	3,654	4,152	13.6%	35.3%
5,619	5,686	5,681	5,796	5,807	6,272	5,588	-10.9%	-1.7%
4,624	4,423	4,289	3,912	3,888	4,215	4,250	0.8%	-3.9%
7,274	7,402	7,057	6,978	6,644	6,755	6,645	-1.6%	-10.2%
4,389	4,205	4,153	3,964	3,777	3,891	3,788	-2.6%	-9.9%
8,431	8,216	7,555	6,801	6,355	6,169	5,624	-8.8%	-31.5%
5,777	5,449	5,091	4,985	4,747	5,406	5,869	8.6%	7.7%
4,808	4,595	4,425	4,103	4,008	4,074	4,086	0.3%	-11.1%
62,973	61,343	58,656	56,392	54,192	57,269	56,505	-1.3%	-7.9%
184,738	183,877	180,475	173,880	170,825	173,030	172,375	-0.4%	-6.3%
							Five-Year Growth Rate	
							-1.3%	

HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2007-2016 **

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
ANDERSON COUNTY	6,370	6,397	6,433	6,570	6,597	6,660	6,617	6,830	6,968	6,890
CLINTON	880	910	905	900	887	886	857	858	853	860
OAK RIDGE	4,420	4,403	4,492	4,439	4,457	4,533	4,460	4,457	4,385	4,361
BEDFORD COUNTY	8,438	8,335	8,212	8,100	7,964	7,818	7,761	7,750	7,656	7,461
BENTON COUNTY	2,134	2,159	2,212	2,221	2,231	2,290	2,372	2,437	2,477	2,477
BLED SOE COUNTY	1,731	1,763	1,814	1,856	1,801	1,825	1,802	1,834	1,886	1,910
BLOUNT COUNTY	10,748	10,937	10,909	11,060	11,044	11,249	11,412	11,467	11,599	11,466
ALCOA	1,890	1,868	1,812	1,797	1,749	1,699	1,681	1,637	1,610	1,594
MARYVILLE	5,047	5,039	5,062	4,970	4,914	4,962	4,965	5,021	4,997	4,868
BRADLEY COUNTY	9,917	9,990	10,051	10,087	10,056	10,043	10,076	10,087	9,995	9,859
CLEVELAND	5,406	5,275	5,157	5,136	5,082	4,961	4,801	4,849	4,630	4,567
CAMPBELL COUNTY	5,475	5,552	5,617	5,595	5,673	5,822	5,875	5,830	5,823	6,019
CANNON COUNTY	1,938	1,975	1,999	2,008	2,024	2,109	2,125	2,184	2,244	2,191
CARROLL COUNTY	2	3	5	5	6	2	6	6	4	5
*HOLLOW ROCK-BR	640	627	629	645	682	663	667	696	714	718
*HUNTINGDON	1,184	1,204	1,205	1,212	1,229	1,208	1,225	1,229	1,252	1,253
*MCKENZIE	1,306	1,320	1,362	1,358	1,378	1,377	1,371	1,398	1,377	1,390
*S. CARROLL	338	349	371	369	352	364	365	389	394	399
*W. CARROLL	893	911	954	970	965	988	1,000	1,026	1,041	1,024
CARTER COUNTY	5,241	5,238	5,313	5,425	5,436	5,560	5,702	5,804	5,908	5,842
ELIZABETHTON	2,448	2,433	2,416	2,413	2,326	2,235	2,137	2,055	1,991	2,000
CHEATHAM COUNTY	6,249	6,328	6,494	6,525	6,649	6,702	6,843	6,799	6,815	6,978
CHESTER COUNTY	2,814	2,791	2,739	2,744	2,742	2,713	2,720	2,718	2,698	2,635
CLAIBORNE COUNTY	4,271	4,379	4,446	4,526	4,545	4,644	4,644	4,657	4,730	4,764
CLAY COUNTY	1,039	1,036	1,026	1,024	1,027	1,041	1,056	1,056	1,070	1,170
COCKE COUNTY	4,468	4,522	4,620	4,670	4,676	4,665	4,771	4,815	4,809	4,720
NEWPORT	713	729	734	725	703	729	754	759	752	715
COFFEE COUNTY	4,351	4,381	4,426	4,402	4,351	4,336	4,333	4,369	4,414	4,476
MANCHESTER	1,317	1,256	1,268	1,287	1,373	1,340	1,321	1,288	1,282	1,265
TULLAHOMA	3,410	3,346	3,396	3,333	3,258	3,209	3,328	3,364	3,408	3,507
CROCKETT COUNTY	1,942	1,957	1,910	1,849	1,827	1,774	1,801	1,743	1,798	1,766
ALAMO	583	580	596	595	592	579	578	586	547	517
BELLS	373	367	379	388	380	397	369	391	373	378
CUMBERLAND COUNTY	7,179	7,150	7,170	7,218	7,103	7,308	7,380	7,276	7,235	7,207
DA VIDSON COUNTY	81,571	80,731	79,129	77,860	76,130	74,832	73,447	72,293	72,014	72,004
DECATUR COUNTY	1,585	1,542	1,574	1,603	1,591	1,612	1,598	1,614	1,601	1,587
DEKALB COUNTY	2,864	2,870	2,786	2,886	2,905	2,870	2,794	2,831	2,827	2,736
DICKSON COUNTY	8,179	8,234	8,197	8,265	8,299	8,287	8,362	8,394	8,421	8,353
DYER COUNTY	3,833	3,808	3,723	3,719	3,693	3,619	3,497	3,439	3,434	3,364
DYERSBURG	2,610	2,600	2,622	2,744	2,859	2,971	3,136	3,276	3,364	3,464
FA YETTE COUNTY	3,226	3,259	3,377	3,533	3,475	3,518	3,533	3,601	3,586	3,612
FENTRESS COUNTY	2,093	2,128	2,198	2,242	2,282	2,335	2,347	2,385	2,353	2,332
FRANKLIN COUNTY	5,411	5,398	5,506	5,536	5,585	5,789	5,804	5,836	5,953	5,952
GIBSON COUNTY	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HUMBOLDT	1,046	1,050	1,059	1,092	1,166	1,204	1,293	1,318	1,368	1,398
*MILAN	1,938	1,950	2,000	2,033	2,083	2,120	2,108	2,095	2,051	2,058
*TRENTON	1,289	1,305	1,333	1,321	1,335	1,357	1,400	1,388	1,396	1,432
*BRADFORD	500	500	509	506	531	543	526	554	585	609
*GIBSON CO. SPEC.	3,937	3,879	3,857	3,814	3,722	3,622	3,458	3,306	3,117	2,910
GILES COUNTY	3,861	3,830	3,905	3,921	3,956	4,066	4,158	4,317	4,342	4,342
GRAINGER COUNTY	3,538	3,470	3,562	3,572	3,514	3,540	3,528	3,538	3,444	3,460

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HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2007-2016 **

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GREENE COUNTY	6,672	6,875	6,946	6,969	7,063	7,123	7,113	7,252	7,232	7,183
GREENEVILLE	2,769	2,725	2,715	2,726	2,682	2,676	2,696	2,705	2,740	2,771
GRUNDY COUNTY	2,078	2,150	2,118	2,186	2,209	2,218	2,192	2,271	2,200	2,285
HAMBLEN COUNTY	10,091	10,052	10,007	9,976	9,918	9,890	9,819	9,564	9,651	9,654
HAMILTON COUNTY	43,102	42,669	42,385	42,427	41,836	41,615	40,677	39,892	39,852	40,007
HANCOCK COUNTY	985	960	967	977	985	1,012	1,027	1,006	1,019	1,010
HARDEMAN COUNTY	3,575	3,731	3,800	3,839	3,883	3,958	4,063	4,108	4,214	4,252
HARDIN COUNTY	3,456	3,522	3,510	3,556	3,581	3,464	3,657	3,739	3,740	3,724
HA W K I N S COUNTY	6,899	6,962	7,073	7,235	7,301	7,400	7,545	7,630	7,695	7,618
ROGERSVILLE	639	624	648	657	673	681	665	663	658	645
HA Y W O O D COUNTY	2,909	2,970	3,112	3,156	3,225	3,310	3,265	3,301	3,326	3,401
HENDERSON COUNTY	3,870	3,833	3,836	3,768	3,695	3,734	3,682	3,555	3,476	3,518
LEXINGTON	881	935	909	970	991	995	1,025	1,062	1,100	1,077
HENRY COUNTY	2,957	2,998	3,020	3,050	3,045	3,104	3,171	3,119	3,145	3,120
*PARIS	1,690	1,683	1,685	1,686	1,656	1,646	1,580	1,589	1,578	1,539
HICKMAN COUNTY	3,339	3,488	3,511	3,567	3,615	3,740	3,807	3,839	3,872	3,884
HOUSTON COUNTY	1,308	1,311	1,322	1,345	1,333	1,410	1,466	1,442	1,464	1,486
HUMPHREYS COUNTY	2,886	2,852	2,842	2,942	2,955	3,033	3,052	3,064	3,060	3,024
JACKSON COUNTY	1,468	1,520	1,537	1,577	1,500	1,532	1,627	1,646	1,651	1,678
JEFFERSON COUNTY	7,154	7,228	7,208	7,280	7,246	7,353	7,372	7,389	7,429	7,377
JOHNSON COUNTY	2,004	2,080	2,108	2,128	2,130	2,167	2,211	2,215	2,244	2,270
KNOX COUNTY	57,929	57,582	57,022	56,811	56,298	55,588	55,521	55,265	54,293	54,215
LAKE COUNTY	789	813	840	870	873	884	893	900	920	897
LAUDERDALE COUNTY	4,133	4,318	4,406	4,452	4,441	4,458	4,503	4,510	4,547	4,528
LA W R E N C E COUNTY	6,609	6,531	6,659	6,851	6,603	6,726	6,732	6,675	6,717	6,732
LEWIS COUNTY	1,728	1,767	1,797	1,840	1,839	1,874	1,900	1,892	1,901	1,898
LINCOLN COUNTY	3,835	3,859	3,870	3,933	3,921	3,921	4,009	4,043	4,087	4,053
FA Y E T T E V I L L E	1,434	1,432	1,352	1,216	1,166	1,162	993	986	995	956
LOUDON COUNTY	4,674	4,723	4,718	4,816	4,928	4,846	5,040	5,028	5,086	5,046
L E N O I R C I T Y	2,264	2,274	2,248	2,234	2,209	2,244	2,191	2,191	2,118	2,146
MCMINN COUNTY	5,518	5,558	5,698	5,801	5,877	5,859	5,885	5,952	5,928	5,872
A T H E N S	1,570	1,563	1,587	1,537	1,494	1,594	1,674	1,673	1,744	1,716
E T O W A H	353	314	341	339	329	311	329	351	374	365
MCNAIRY COUNTY	4,199	4,200	4,183	4,225	4,268	4,295	4,353	4,310	4,318	4,318
MACON COUNTY	3,679	3,680	3,670	3,710	3,664	3,710	3,724	3,736	3,735	3,723
MADISON COUNTY	12,492	12,543	12,599	12,704	12,649	12,756	12,808	13,134	13,409	13,783
MARION COUNTY	4,030	4,077	4,161	4,176	4,227	4,224	4,271	4,253	4,163	4,130
*RICHARD CITY	275	270	277	297	339	322	312	286	322	327
MARSHALL COUNTY	5,311	5,266	5,278	5,248	5,211	5,228	5,260	5,258	5,286	5,146
MAURY COUNTY	11,900	11,725	11,664	11,554	11,418	11,327	11,403	11,501	11,505	11,421
MEIGS COUNTY	1,712	1,742	1,726	1,715	1,734	1,752	1,827	1,813	1,841	1,820
MONROE COUNTY	5,353	5,396	5,414	5,458	5,446	5,523	5,524	5,518	5,487	5,424
S W E E T W A T E R	1,532	1,520	1,537	1,513	1,501	1,481	1,480	1,492	1,516	1,468
MONTGOMERY COUNTY	31,882	31,384	30,706	29,871	29,728	29,202	28,661	28,401	27,813	27,449
MOORE COUNTY	852	891	924	978	993	992	973	975	970	981
MORGAN COUNTY	3,032	3,050	3,136	3,189	3,178	3,198	3,206	3,277	3,265	3,281
OBION COUNTY	3,411	3,509	3,576	3,633	3,645	3,787	3,837	3,907	3,987	4,017
U N I O N C I T Y	1,565	1,531	1,473	1,447	1,451	1,444	1,454	1,399	1,376	1,420
OVERTON COUNTY	3,099	3,146	3,238	3,298	3,317	3,430	3,448	3,352	3,372	3,371
PERRY COUNTY	1,041	1,078	1,087	1,069	1,110	1,120	1,110	1,116	1,099	1,102
PICKETT COUNTY	722	740	747	733	725	705	682	665	658	674
POLK COUNTY	2,361	2,418	2,493	2,520	2,564	2,650	2,640	2,658	2,673	2,656

HISTORY OF AVERAGE DAILY MEMBERSHIP GRADES KINDERGARTEN THROUGH TWELVE 2007-2016 **

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
PUTNAM COUNTY	10,723	10,706	10,640	10,632	10,511	10,501	10,434	10,388	10,337	10,251
RHEA COUNTY	4,248	4,229	4,296	4,275	4,214	4,192	4,236	4,152	4,118	4,133
DAYTON	821	791	822	802	791	743	755	734	705	722
ROANE COUNTY	6,583	6,708	6,874	6,882	7,036	7,115	7,293	7,320	7,480	7,451
ROBERTSON COUNTY	10,977	11,143	10,807	11,182	11,050	10,957	10,909	10,774	10,710	10,551
RUTHERFORD COUNTY	42,650	41,425	40,932	39,969	38,645	38,122	37,238	36,497	35,706	34,384
MURFREESBORO	7,981	7,528	7,072	7,151	7,069	6,837	6,903	6,859	6,849	6,661
SCOTT COUNTY	2,840	2,888	2,904	2,869	2,848	2,866	2,750	2,806	2,768	2,679
*ONEIDA	1,219	1,230	1,241	1,252	1,225	1,201	1,192	1,263	1,276	1,318
SEQUATCHIE COUNTY	2,257	2,260	2,277	2,257	2,261	2,274	2,277	2,251	2,217	2,179
SEVIER COUNTY	14,265	14,253	14,304	14,303	14,216	14,315	14,291	14,277	14,317	14,202
SHELBY COUNTY ¹	106,455	110,807	144,338	146,896	150,109	150,955	151,868	153,070	155,750	159,870
ARLINGTON	4,985	4,850	0	0	0	0	0	0	0	0
BARTLETT	8,500	8,332	0	0	0	0	0	0	0	0
COLLIERVILLE	8,021	7,853	0	0	0	0	0	0	0	0
GERMANTOWN	5,727	5,676	0	0	0	0	0	0	0	0
LAKELAND	901	844	0	0	0	0	0	0	0	0
MILLINGTON	2,539	2,653	0	0	0	0	0	0	0	0
SMITH COUNTY	3,025	3,013	3,080	3,084	3,138	3,201	3,253	3,240	3,245	3,260
STEWART COUNTY	2,003	2,001	2,113	2,113	2,140	2,130	2,161	2,239	2,235	2,202
SULLIVAN COUNTY	9,899	10,079	10,355	10,596	10,737	11,054	11,418	11,659	11,860	12,020
BRISTOL	3,966	3,990	3,883	3,895	3,842	3,876	3,853	3,918	3,914	3,876
KINGSPORT	7,151	7,038	7,011	6,798	6,698	6,556	6,439	6,392	6,396	6,455
SUMNER COUNTY	28,764	28,346	28,237	27,958	27,612	27,377	27,032	26,554	26,241	25,872
TIPTON COUNTY	10,940	11,152	11,215	11,398	11,544	11,738	11,767	11,781	11,736	11,670
TROUSDALE COUNTY	1,236	1,194	1,225	1,230	1,246	1,219	1,297	1,373	1,331	1,331
UNICOI COUNTY	2,319	2,412	2,499	2,538	2,575	2,520	2,583	2,533	2,491	2,534
UNION COUNTY	3,484	4,228	5,305	5,871	4,549	2,953	2,970	2,968	2,989	3,026
VAN BUREN COUNTY	724	728	718	729	732	717	758	782	782	778
WARREN COUNTY	6,363	6,457	6,396	6,427	6,450	6,475	6,501	6,341	6,326	6,244
WASHINGTON COUNTY	8,596	8,668	8,864	8,927	9,058	9,050	9,169	9,174	9,150	9,123
JOHNSON CITY	7,772	7,732	7,645	7,529	7,425	7,390	7,313	7,328	7,239	7,094
WAYNE COUNTY	2,215	2,229	2,303	2,312	2,333	2,356	2,398	2,394	2,445	2,491
WEAKLEY COUNTY	4,204	4,253	4,340	4,373	4,499	4,550	4,662	4,751	4,721	4,766
WHITE COUNTY	3,859	3,944	3,935	3,929	3,969	3,966	3,981	4,007	3,990	4,003
WILLIAMSON COUNTY	36,303	34,991	33,916	32,912	31,949	31,275	30,517	29,762	28,585	27,301
*FRANKLIN	3,438	3,585	3,633	3,710	3,671	3,748	3,688	3,720	3,825	3,781
WILSON COUNTY	17,206	16,766	16,446	16,002	15,637	15,408	15,057	14,778	14,269	14,048
*LEBANON	3,552	3,628	3,581	3,547	3,381	3,327	3,183	3,117	3,145	3,053
ASD ²	9,603	6,790	3,912	1,503	0	0	0	0		0
GRAND TOTAL	960,959	959,532	958,276	956,975	951,035	948,616	946,668	944,621	943,594	942,645

*SPECIAL SCHOOL DISTRICT

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

¹ YEARS PRIOR TO 2015 WERE NOT LISTED SEPARATELY BY CITY

² ACHIEVEMENT SCHOOL DISTRICT FOUNDED IN 2013

ACKNOWLEDGMENTS

OFFICE OF STATE AND LOCAL FINANCE

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