

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

**Comprehensive Annual
Financial Report**

Year Ended June 30, 2020

and

Independent Auditor's Report

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Comprehensive Annual Financial Report

June 30, 2020

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OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

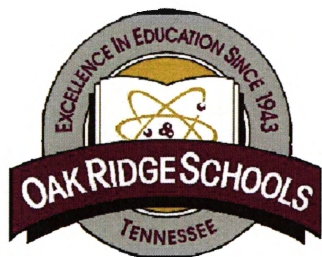
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INTRODUCTORY SECTION



Oak Ridge Schools

OFFICE OF
Finance Director

Telephone (865) 425-9003

January 11, 2021

Board of Education
Oak Ridge Schools
Oak Ridge, Tennessee

Comprehensive Annual Financial Report: (CAFR)

The Comprehensive Annual Financial Report ("CAFR") of Oak Ridge Schools (the "Schools") for the year ended June 30, 2020, is submitted herewith. This report was prepared by the Schools' Business Services Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with Oak Ridge Schools. Oak Ridge Schools believe the data, as it is presented and has been submitted to the independent auditing firm, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of all various funds; and that it contains all disclosures necessary to enable the reader to gain a complete understanding of the Schools' financial activities. This report includes all funds of the Schools and discusses in greater detail its financial position in the narrative to follow, the introduction, and the additional analysis sections of the analysis that cover the Schools' financial operating procedures, in addition to the financial highlights.

The CAFR for the year ended June 30, 2020, is presented in accordance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments issued in June 1999. The presentation of the CAFR includes: The Oak Ridge Schools' department-wide financial statements, fund financial statements, notes to the financial statements and required supplementary information. An additional section in the CAFR is the introductory section which includes this transmittal letter, the Schools' organizational chart and a list of principal officials and how corresponding departments are organized to be financially efficient for the betterment of educating our students.

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

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

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

Governance

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

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

The purpose of the board is to provide a program of education for the community. As such, the board represents the community in:

- Establishing a sound philosophy for all educational programs and activities;
- Adopting policies for the operation of school programs;
- Providing leadership for educational progress through the establishment of annual objectives; *
- Ensuring that there are adequate methods of evaluating existing programs, and;
- Adopting sound financial plans consistent with school needs and community resources.

The board formulates policy for carrying out the above roles and employs professional educators to administer the program.

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

Vision

Every student receives the highest-quality education and graduates prepared for college, career and life successes.

Mission

Provide an adaptive and challenging learning environment and instruction that prepares each student for excellence in education and the workplace, while cultivating integrity, responsibility and a sustained passion for continued learning.

History and Outlook

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

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

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

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

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

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

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

In the 2020 fiscal year, Oak Ridge City Schools were comprised of a preschool serving 231 students (ages 3-4), four elementary schools serving 1,643 students, two middle schools serving 1,450 students, and one high school serving 1,496 students. With a licensed staff of 381, our 670 employees work hard each day for our students. Eighty percent of our teachers hold a master's level degree and above.

Highlights of the Oak Ridge Schools Fiscal Year 2020 Finances

Revenues

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

County Revenues

County revenues come from two primary sources, property and sales tax, and are allocated to school systems based on their proportion of student attendance. The fiscal year ("FY") 2020 budget contained a projected increase in County funds of \$970,794 over the FY 2019 budgeted amount. County funds represented approximately 28.44% of the Oak Ridge Schools FY 2020 adopted budget.

State Revenues

Representing approximately 40.55% of total budget revenues for the Oak Ridge Schools' budget, state funds must be used for programming guidelines of the Education Improvement Act and the BEP 2.0. The Basic Education Program funding ("BEP") is a proportional funding formula based on a number of factors which include: number of certified staff, average daily attendance, and insurance and retirement costs among others. Overall, state funds are projected to increase by \$474,137. It should be noted that FY 1998 was the last year our system received BEP phased-in funding increases. Beginning in FY 1999 and in future years, all increases or decreases will be dictated primarily by student enrollment and fluctuations in State funds for teacher salaries and health insurance, etc. BEP 2.0 funding initiatives began in FY 2008 with specific spending requirements.

City Revenues

Funds from the City of Oak Ridge were budgeted with a \$ - 0 - increase for FY 2020 Budget. Overall City funding represents approximately 26.17% of total school revenues.

Staff Development

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

Special Education-At-Risk

Special education programs serve the gifted, medically fragile and disabled students. To adequately meet the expectations from the "No Child Left Behind" and the "Every Student Succeeds Act" for special education students, special education staff is needed to address the increased number of students entering Oak Ridge Schools who have met

the federal and state criteria to receive special education services. The additional staff positions have, and will have, a direct impact on the educational instruction for our special needs students and students who are non-English speakers being served in the Oak Ridge School system.

Technology Initiatives

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

Other Information

Internal Controls

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

Independent Audit

State law and the City Charter require an annual audit of the accounts and financial records of the Schools by independent certified public accountants selected by the Board of Education. Brown Jake & McDaniel, P.C. has issued an unqualified opinion on the financial statements of Oak Ridge Schools for the year ended in June 30, 2020. The independent auditors' report has been included in this report at the front of the financial section.

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

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

Acknowledgements

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

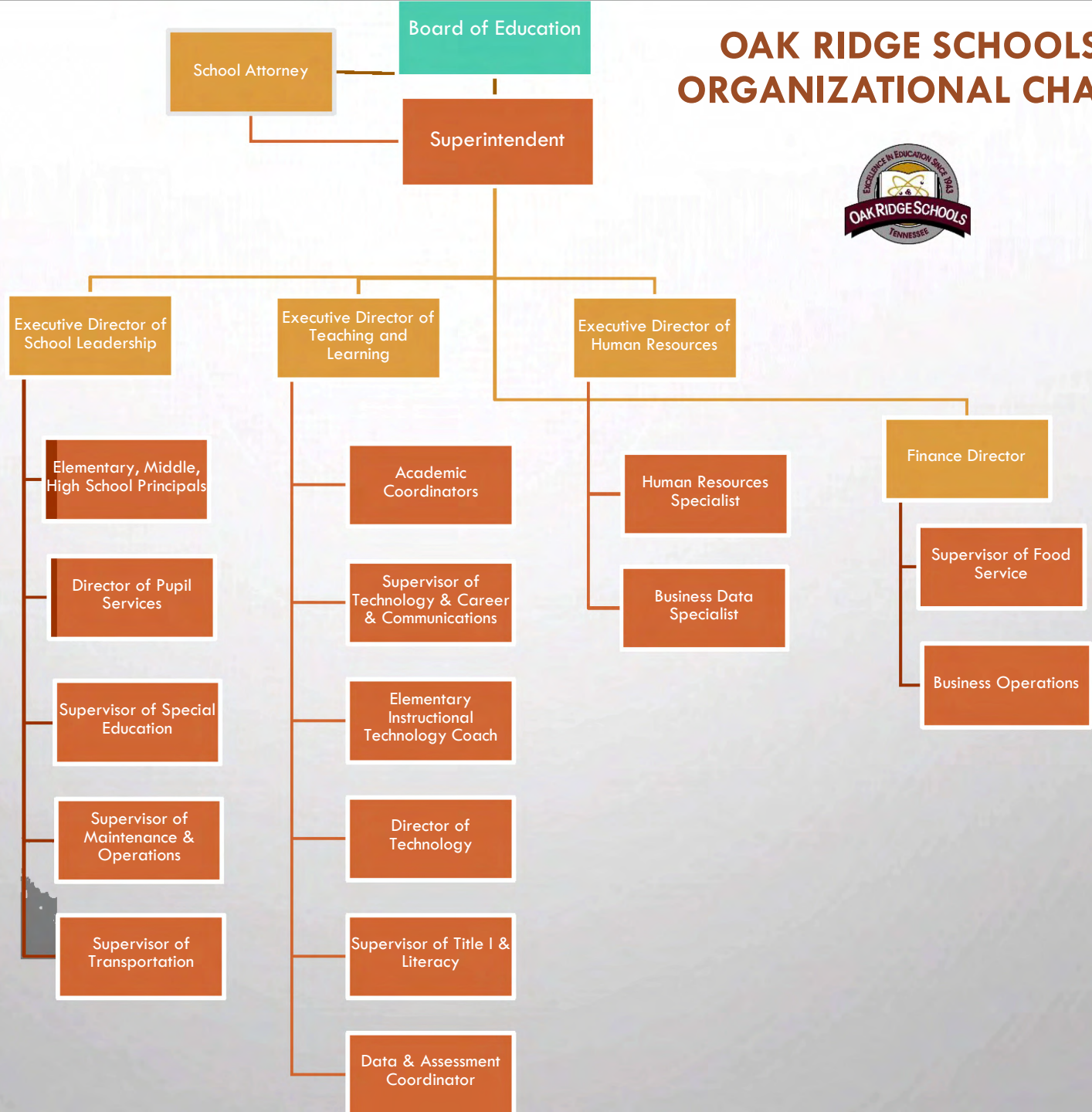
We also wish to thank members of the Board of Education for their continued consideration and support, and for planning and conducting the financial operations of the Schools in a responsible and progressive manner.

Respectfully submitted,



Pat Smith
Finance Director

OAK RIDGE SCHOOLS ORGANIZATIONAL CHART



OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

List of Principal Officials

June 30, 2020

Board of Education

Title	Name
Chairman	Keys Fillauer
Vice Chairman	Laura McLean
Board Member	Angi Agle
Board Member	Erin Webb
Board Member	Benjamin J. Stephens

Title	Name
Superintendent of Schools	Bruce Borchers, Ed. D
Executive Director of Teaching and Learning	Kelly Williams, Ed. D
Executive Director of School Leadership	Bruce Lay
Executive Director of Human Resources	Matthew Bradburn
School Attorney	Larry Giordano
Director of Pupil Services	Larrissa Henderson, Ed. D
Director of Technology	Doug Cofer
Finance Director	Pat Smith
Supervisor of Career Readiness and Communications	Holly Cross, Ed. D
Supervisor of Data Services	Jeff Edmonds
Supervisor of Food Services	Jennifer Taylor
Supervisor of Maintenance and Operations	Allen Thacker
Supervisor of Special Education	Myles Hebrard, Ed. D
Supervisor of Transportation and Safety	Clifford Bunch

FINANCIAL SECTION

BROWN JAKE & McDANIEL, PC

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Education
Oak Ridge Schools
Oak Ridge, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparison statements of the General Purpose School Fund and School Federal Projects Fund of the Oak Ridge Schools (the "Schools"), Oak Ridge, Tennessee, a special revenue fund of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oak Ridge Public Schools Education Foundation, Inc. (the "Foundation"), a discretely presented component unit, which represents \$4,873,289, \$4,873,289 and \$381,454, respectively, of the assets, net position, and revenues (losses) of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for the Foundation, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information and the respective budgetary comparison statements of the General Purpose School Fund and the School Federal Projects Fund of the Oak Ridge Schools, Oak Ridge, Tennessee, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Schools are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, discretely presented component units, each major fund, the aggregate remaining fund information of the City of Oak Ridge, Tennessee that is attributable to the transactions of the Schools. They do not purport to, and do not, present fairly the financial position of the City of Oak Ridge, Tennessee as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 19 and the required supplementary information on pages 93 through 102 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

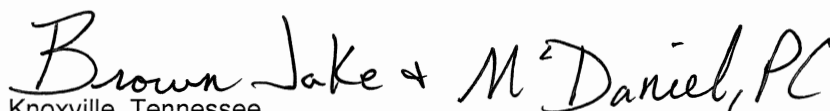
The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal and state awards, the schedule of noncash federal awards, and the other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the

auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal and state awards, the schedule of noncash federal awards, and the other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. In accordance with the Uniform Guidance, we have also issued our report dated December 9, 2020 on our consideration of the Schools' internal control over major programs and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Schools' internal control over financial reporting and compliance.


Knoxville, Tennessee
December 9, 2020

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

As management of Oak Ridge Schools (the "Schools"), we offer readers of the Schools' financials statements this narrative overview and analysis of the financial activities of the Schools for the fiscal year ended June 30, 2020.

Management's Discussion and Analysis ("MD&A") focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (beginning page 1) and the Schools' accompanying financial statements (beginning page 20).

INDEPENDENT AUDIT

The unqualified opinion of our independent external auditors, Brown, Jake and McDaniel, P.C., is included in this report on pages 7 through 9.

FINANCIAL HIGHLIGHTS

Highlights of the financial statements for the year ended June 30, 2020, for Oak Ridge Schools are as follows:

- **Net Position.** Total governmental assets and deferred outflows of resources at year-end were \$106.2 million and were less than liabilities and deferred inflows of resources by \$(1.0) million. Of the total net position, the Schools had a deficit balance of \$(8.0) million in unrestricted net position. Net position increased from fiscal year ("FY") 2019 to FY 2020 by \$4,688,724.
- **Fund Balances.** At year end, the Schools' governmental funds reported combined ending fund balances of \$14.8 million, of which \$10.1 million is available for spending at the Schools' discretion (unrestricted fund balance).
- **General Purpose School Fund - Fund Balance.** During the current year, total fund balance for the General Purpose School Fund increased by \$715,326 to \$13.7 million or 19.9% of current year expenditures. During the current year, unrestricted fund balance for the General Purpose School Fund increased by \$1,498,225 to \$10.0 million or 14.5% of current year expenditures.
- **Governmental-type Revenues and Expenses.** Governmental-type revenues were \$70.8 million for FY 2020 and \$69.5 million for FY 2019. Governmental-type expenses for FY 2020 were \$66.1 million which includes depreciation expense of \$3.5 million.
- **Capital Assets.** Net capital assets increased by \$1.9 million during FY 2020, which was due mainly to building improvements and numerous equipment purchases.

SUMMARY OF ORGANIZATION

Oak Ridge Schools were established by the City of Oak Ridge, Tennessee (the City) under the provisions of the City's Charter, Article VI, Section 1-18. The City of Oak Ridge is located in Anderson and Roane Counties. The Schools began operations on June 16, 1959.

OAK RIDGE SCHOOLS OAK RIDGE, TENNESSEE

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Prior to this date, the Schools were operated by the U.S. Atomic Energy Commission, from 1943 through June 15, 1959. The Schools are governed by a Board of Education (the "Board") composed of five citizens who live within the City. Board members serve for a term of four years and are elected by citizens via a city-wide vote. The Board hires a School Superintendent who manages the Schools.

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

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

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The statement of activities presents information showing how the net position of the Schools changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows; thus, some revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., long-term liabilities).

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

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schools. Financial information for the Foundation is reported separately from the financial information for the primary department.

The departmental-wide financial statements can be found on pages 20 through 22 of this report.

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

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

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

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

The basic governmental fund financial statements, and reconciliations to the government-wide financial statements can be found on pages 23 through 26 of this report.

Budget to Actual Comparison - Major Funds. The Schools adopt an annual appropriated budget for all governmental funds. A budgetary comparison statement has been provided for the General Purpose School Fund and the School Federal Projects Fund (major funds) to demonstrate compliance with this budget. Budget to actual comparison for the major funds can be found on pages 27 through 28 of this report.

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

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The Schools use a private purpose trust fund to account for the college scholarships which are awarded to graduating seniors on an annual basis. The Schools also have included the Oak Ridge Schools Internal School Funds as an agency fund. The basic fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the departmental-wide and fund financial statements. The notes to the financial statements can be found on pages 31 through 92 of this report.

Required Supplementary Information (RSI): This information provides various schedules related to the Tennessee Consolidated Retirement System ("TCRS") plans for the Schools' personnel. Also included are schedules related to the TGOP OPEB Plan and the TNP OPEB Plan for retirees which can be found on pages 101 and 102 of this report.

Supplementary Section: This information provides comparative financial statements for individual funds, schedules of expenditures of federal and state awards and noncash federal awards. The supplementary information can be found on pages 103 through 130 of this report.

DEPARTMENTAL-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2020 and 2019, the Schools' governmental-type assets and deferred outflows of resources were less than liabilities and deferred inflows by (\$1.0) million and (\$5.7) million, respectively.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Assets				
Current and Other Assets	\$ 28,049,367	\$ 21,770,067	\$ 6,279,300	28.84%
Capital Assets	<u>71,500,934</u>	<u>69,569,196</u>	<u>1,931,738</u>	<u>2.78%</u>
Total Assets	<u>\$ 99,550,301</u>	<u>\$ 91,339,263</u>	<u>\$ 8,211,038</u>	<u>8.99%</u>
Deferred Outflows of Resources	<u>\$ 6,692,724</u>	<u>\$ 6,567,002</u>	<u>\$ 125,722</u>	<u>1.91%</u>
Liabilities				
Current Liabilities	\$ 9,450,939	\$ 9,266,051	\$ 184,888	2.00%
Noncurrent Liabilities	<u>79,313,023</u>	<u>81,451,937</u>	<u>(2,138,914)</u>	<u>-2.63%</u>
Total Liabilities	<u>\$ 88,763,962</u>	<u>\$ 90,717,988</u>	<u>\$ (1,954,026)</u>	<u>-2.15%</u>
Deferred Inflows of Resources	<u>\$ 18,507,874</u>	<u>\$ 12,905,812</u>	<u>\$ 5,602,062</u>	<u>43.41%</u>
Net Position				
Net Investment in Capital Assets	\$ (6,865,976)	\$ (4,268,288)	\$ (2,597,688)	60.86%
Restricted	13,797,680	4,633,912	9,163,768	197.75%
Unrestricted	<u>(7,960,515)</u>	<u>(6,083,159)</u>	<u>(1,877,356)</u>	<u>30.86%</u>
Total Net Position	<u>\$ (1,028,811)</u>	<u>\$ (5,717,535)</u>	<u>\$ 4,688,724</u>	<u>-82.01%</u>

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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

The Schools' governmental change in net position increased by \$4,688,724 and \$6,260,916, during FY 2020 and FY 2019, respectively.

**Table 2
Statement of Revenues, Expenses and Change in Net Position**

	2020	2019	Increase (Decrease)	Percentage Change
Revenues				
Program Revenues:				
Charges for Services	\$ 635,899	\$ 872,752	\$ (236,853)	-27.14%
Operating Grants and Contributions	28,938,320	28,583,656	354,664	1.24%
General Revenues:				
Property Taxes	11,445,587	10,592,827	852,760	8.05%
Other Local Taxes	7,094,865	5,879,734	1,215,131	20.67%
Investment Income	136,533	183,638	(47,105)	-25.65%
Investment Income (Loss) - Change in Fair Value of Derivative Interest Rate Swaps	(2,265,857)	(1,479,459)	(786,398)	53.15%
Pension income	-	654,313	(654,313)	-100.00%
Contributions	110,456	104,927	5,529	5.27%
Miscellaneous	380,465	519,818	(139,353)	-26.81%
Transfers from the City's General Fund	24,350,126	23,552,605	797,521	3.39%
Total Revenues	70,826,394	69,464,811	1,361,583	1.96%
Program Expenses				
Instructional	37,165,827	34,986,630	2,179,197	6.23%
Support Services	20,757,959	20,828,817	(70,858)	-0.34%
Non-Instructional	4,668,489	4,416,946	251,543	5.69%
Interest on Long-Term Debt	3,545,395	2,971,502	573,893	19.31%
Total Expenses	66,137,670	63,203,895	2,933,775	4.64%
Change in Net Position	4,688,724	6,260,916	(1,572,192)	-25.11%
Beginning Net Position	(5,717,535)	(11,978,451)	6,260,916	-52.27%
Ending Net Position	\$ (1,028,811)	\$ (5,717,535)	\$ 4,688,724	-82.01%

The change in net position in FY 2020 was comparable to the prior year.

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OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

The split within the BEP formula between funding for classroom and non-classroom components has remained fairly constant at the statewide and at the system level, with classroom components making up about 70% of the total. The split between classroom and non-classroom categories in actual local spending varies from that in the BEP formula for several reasons. For example, the BEP formula does not include the cost of local salary supplements. As a result, the actual percent of funds spent in the classroom category may be greater than the percentage of the BEP formula that falls into the classroom category. The Schools' BEP revenues during FY 2020 and FY 2019 were \$22,869,340 and \$22,210,310, respectively, representing a 3.0% increase.

Local taxes which consist of Anderson County and Roane County property taxes and local option sales taxes were \$18,540,452 in FY 2020 and \$16,472,561 in FY 2019, for a 12.6% increase.

Expenses. Annual cash payments from the City's General Fund were \$15,493,963 for FY 2020 and \$15,493,963 for FY 2019, resulting in a 0.0% increase.

Annual payments from the City's Debt Service Fund were \$7,172,611 during FY 2020 and \$6,979,877 during FY 2019 for principal and interest payments related to City issued school debt for a 2.8% increase.

The city also issued school debt totaling \$16,245,110 and used those funds and existing cash from other bond issues to refund existing debt of \$13,802,452 and for capital improvements totaling \$4,854,012 during FY20.

Instructional expenses represent the largest category for FY 2020 and FY 2019 with expenses of \$37,165,827 and \$34,986,630, respectively, which is 56% and 55% of total expenses in FY 2020 and FY 2019, respectively.

FINANCIAL ANALYSIS OF THE SCHOOLS' FUNDS

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

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

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

As of June 30, 2020, the Schools' governmental funds reported a combined fund balance of \$14,754,888, an increase of \$852,451 from the previous year. The unassigned fund balance of \$9,460,112 is 64% of the combined fund balances. The unassigned fund balance is available for spending at the Schools' discretion. Pursuant to GASB Statement No. 54, the remainder of the fund balance is classified as nonspendable - \$70,338, restricted for a specific purpose per enabling legislation (Career Ladder/Extended Contract and Support Services/Non-instructional) - \$932,244, restricted bond proceeds - \$3,458,913, restricted Stabilization Reserve Trust - \$236,771 and unspent for a specific purpose per action by the Board of Education - \$596,510.

**Table 3
Balance Sheets - Governmental Funds**

	2020	2019
Total Assets	<u>\$ 19,179,470</u>	<u>\$ 18,450,678</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 4,424,582</u>	<u>\$ 4,548,241</u>
Fund Balances:		
Nonspendable	70,338	115,733
Restricted	4,627,928	5,215,505
Committed	596,510	827,868
Unassigned	<u>9,460,112</u>	<u>7,743,331</u>
Total Fund Balances	<u>14,754,888</u>	<u>13,902,437</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 19,179,470</u>	<u>\$ 18,450,678</u>

**Table 4
Statements of Revenues, Expenditures and Changes
in Fund Balance - Governmental Funds**

	2020	2019
Revenues		
Local Taxes	\$ 18,540,452	\$ 16,472,561
Charges for Services	909,659	1,161,953
Other Local Sources	349,569	446,670
State of Tennessee - BEP	22,869,340	22,210,310
State of Tennessee - Other	980,518	1,051,170
Federal Government	5,483,217	5,326,296
Other Local Sources	<u>-</u>	<u>68,395</u>
Total Revenues	<u>49,132,755</u>	<u>46,737,355</u>
Expenditures		
Instructional	34,470,126	33,532,008
Support Services	22,841,155	22,260,854
Non-Instructional	4,839,309	4,607,230
Capital Outlays	5,615,616	8,427,627
Debt Service	<u>7,307,095</u>	<u>7,404,878</u>
Total Expenses	<u>75,073,301</u>	<u>76,232,597</u>
Total Other Financing Sources (Uses) - Net	<u>26,792,997</u>	<u>32,100,318</u>
Net Changes in Fund Balances	852,451	2,605,076
Beginning Net Position	<u>13,902,437</u>	<u>11,297,361</u>
Ending Net Position	<u>\$ 14,754,888</u>	<u>\$ 13,902,437</u>

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

General Purpose School Fund. The General Purpose School Fund is the main operating fund of the Schools. At June 30, 2020, unrestricted fund balance was \$9,980,665 while total fund balance was \$13,717,778. As a measure of the fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total expenditures. Unrestricted fund balance represents 14.5% of total general purpose school fund expenditures. The total fund balance represents 19.9% of total general purpose school fund expenditures.

The fund balance of the Schools' General Purpose School Fund increased by \$715,326 during the current fiscal year. A few highlights of the General Purpose School Funds are as follows:

- Revenues and other net financing sources were \$83,600,148 for FY 2020 and \$72,705,701 for FY 2019, an increase of \$10,894,447 due primarily to a bond issue used to refund an existing bond.
- Expenditures and other financing uses were \$82,884,882 for FY 2020 and \$70,231,377 for FY 2019, an increase of \$12,653,505 due primarily to a bond issue used to refund an existing bond.
- Instructional expenditures represent 47.8% of the total expenditures for FY 2020 and 45.5% for FY 2019.

School Federal Projects Fund. The School Federal Projects Fund, which accounts for a majority of the Schools' federal grants, reported expenditures of \$3,329,081 for 2020 and \$3,352,084 for 2019, with a net decrease of \$23,003.

MAJOR FUNDS BUDGETARY HIGHLIGHTS

The General Purpose School Fund's fund balance increased \$715,326 which was due in large part to the Schools borrowing of funds in FY 2019 and 2020 but not expending the entire portion.

The General Purpose School Fund's budgetary comparison statements are on pages 106 and 107.

The School Federal Projects Fund had (\$416) thousand less than budgeted in revenues and (\$400) thousand less than budgeted in expenditures in 2020.

The School Federal Project Fund's budgetary comparison statements are on page 110.

CAPITAL ASSETS

The Schools' investment in capital assets for its governmental activities as of June 30, 2020, was \$139.8 million with accumulated depreciation of \$68.3 million resulting in a net book value of \$71.5 million. The majority of net capital assets are land, buildings, and related improvements, which were \$67.0 million or 93.7% of total net capital assets.

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

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

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES

Total long-term debt at June 30, 2020, and 2019, was \$78.4 million and \$79.6 million, respectively. Total long-term debt decreased from FY 2019 to FY 2020 by \$1.3 million.

Total other long-term liabilities at June 30, 2020, and 2019, were \$6.1 million and \$6.7 million, respectively. Total other long-term liabilities decreased from FY 2019 to FY 2020 by \$0.6 million.

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

ENROLLMENT

The Schools' enrollment has remained constant since FY 2003. Current enrollment is 4,820 for FY 2020 compared to 4,679 for FY 2019. Due to projected new residential developments, management is closely monitoring various factors affecting future enrollment.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the preparation of the FY 2021 budget, the following major assumptions were used.

- FY 2021 budgeted expenditures for the General Purpose School Fund were \$61.2 million.
- Compensation and benefits budgeted in FY 2021 for employees increased by \$1,320,192 over the prior year.
- For FY 2021, the Schools have projected no increase in vision or life insurance premiums, but a 2.5% increase in health insurance premiums & a 2.84% increase in dental insurance premiums. A projected TCRS employer contribution rate of 10.27% for certified (teachers) staff and 9.97% for non-certified (support) staff was used.

FINAL COMMENTS

The entire Oak Ridge School District (all four elementary schools, two middle schools, and the high school) are STEM Certified by AdvancED. It is the first entire district to be certified in the State of Tennessee and the second entire district in the world. Our focus on STEM demonstrates our continued commitment to ensure every Oak Ridge student is prepared for college, career, and life success.

**OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The Oak Ridge School District was born in the shadow of the Manhattan Project in 1943. Like the project that brought together the nation's greatest minds for a common goal, the school system set the bar high for educational excellence from the beginning. Oak Ridge Schools offer a challenging STEM curriculum with a deliberate focus on collaboration, communication, critical thinking, and creativity to ensure success for every student.

CONTACTING THE SCHOOLS

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

Ms. Pat Smith
Finance Director
Oak Ridge Schools
304 New York Avenue, Oak Ridge, Tennessee 37830
865-425-9004
www.ortn.edu

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Net Position

June 30, 2020

	Departmental - Governmental Activities	Component Unit - Foundation
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current assets:		
Cash and cash equivalents	\$ 11,955,559	\$ 193,709
Investments, at fair value	-	3,788,470
Accounts receivable	6,361	-
Grants receivable	444,139	-
Due from other governments	1,668,890	-
Other accounts receivable	-	200
Inventory	28,909	18,685
Prepaid items	41,429	-
Total current assets	<u>14,145,287</u>	<u>4,001,064</u>
Restricted assets:		
Cash and cash equivalents	4,526,466	
Investment - Stabilization Reserve Trust	236,771	-
	<u>4,763,237</u>	<u>-</u>
Capital assets:		
Land	156,355	-
Construction in progress	140,436	-
Building and equipment - net of accumulated depreciation	<u>71,204,143</u>	<u>-</u>
Total capital assets	<u>71,500,934</u>	<u>-</u>
Other assets:		
Net pension asset	9,140,843	-
Unconditional promises to give, net	-	131,553
Investments - endowment, at fair value	-	740,672
Total other assets	<u>9,140,843</u>	<u>872,225</u>
Total non-current assets	<u>80,641,777</u>	<u>872,225</u>
Total assets	<u>99,550,301</u>	<u>4,873,289</u>
Deferred outflows of resources:		
Pension contributions subsequent to the measurement date - pension	3,322,104	-
Contributions subsequent to the measurement date - OPEB	222,212	-
Changes in proportionate and differences between contributions and proportionate share of contributions - pension	248,058	-
Changes in proportionate share of liability - OPEB	61,207	-
Change in assumptions - pension	1,048,119	-
Change in assumptions - OPEB	209,281	-
Differences between expected and actual experience - pension	566,456	-
Differences between expected and actual experience - OPEB	<u>1,015,287</u>	<u>-</u>
Total deferred outflows of resources	<u>6,692,724</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 106,243,025</u>	<u>\$ 4,873,289</u>

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Net Position
(Continued)

June 30, 2020

	Departmental - Governmental Activities	Component Unit - Foundation
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 452,713	\$ -
Accrued interest payable - long-term debt	197,333	-
Accrued salaries and benefits	3,476,473	-
Current portion of other long-term liabilities	594,515	-
Current portion of long-term debt	4,570,972	-
Current liabilities (payable from restricted assets):		
Accounts payable	76,943	-
Accrued salaries and benefits	81,990	-
Total current liabilities (payable from current assets)	<u>9,450,939</u>	<u>-</u>
Non-current liabilities:		
Net OPEB liability	5,064,825	-
Long-term debt	73,795,938	-
Other long-term liabilities	452,260	-
Total non-current liabilities	<u>79,313,023</u>	<u>-</u>
Total liabilities	<u>88,763,962</u>	<u>-</u>
Deferred inflows of resources:		
Advance payments - school food service	31,428	-
Other deferred inflows of resources	34,089	-
Derivative instrument - interest rate swaps	8,617,220	-
Differences between expected and actual experience - pension	4,820,289	-
Differences between expected and actual experience - OPEB	1,525,383	-
Changes in proportionate and differences between contributions and proportionate share of contributions - pension	81,924	-
Changes in proportionate share of liability - OPEB	198,081	-
Changes in assumptions - OPEB	594,887	-
Differences between projected and actual earnings on pension plan investments	2,604,573	-
Total deferred inflows of resources	<u>18,507,874</u>	<u>-</u>
Net position:		
Net investment in capital assets	(6,865,976)	-
Restricted	13,797,680	1,187,529
Unrestricted	(7,960,515)	3,685,760
Total net position	<u>(1,028,811)</u>	<u>4,873,289</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 106,243,025</u>	<u>\$ 4,873,289</u>

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Departmental Governmental Activities	Component Unit - Foundation
<u>Governmental Activities</u>						
Instructional	\$ 37,165,827	\$ 225,678	\$ 24,717,844	\$ -	\$ (12,222,305)	\$ -
Support services	20,757,959	-	814,030	-	(19,943,929)	-
Non-instructional	4,668,489	410,221	3,406,446	-	(851,822)	-
Interest on long-term debt	3,545,395	-	-	-	(3,545,395)	-
Total governmental activities	<u>\$ 66,137,670</u>	<u>\$ 635,899</u>	<u>\$ 28,938,320</u>	<u>\$ -</u>	<u>(36,563,451)</u>	<u>-</u>
<u>Component Unit</u>						
Foundation	\$ 60,225	\$ -	\$ -	\$ 261,425	-	201,200
General revenues:						
					11,445,587	-
					7,094,673	-
					192	-
					136,533	682,601
					(2,265,857)	-
					-	-
					110,456	-
					380,465	-
					-	(502,347)
					24,350,126	-
					<u>41,252,175</u>	<u>180,254</u>
					4,688,724	381,454
					<u>(5,717,535)</u>	<u>4,491,835</u>
					<u>\$ (1,028,811)</u>	<u>\$ 4,873,289</u>

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Balance Sheet - Governmental Funds

June 30, 2020
(With Comparative Totals for June 30, 2019)

	Major Funds			Total (Memorandum Only)	
	General Purpose School Fund	School Federal Projects Fund	Other Nonmajor Funds	2020	2019
<u>ASSETS</u>					
Cash and cash equivalents	\$ 11,955,559	\$ -	\$ -	\$ 11,955,559	\$ 9,843,485
Accounts receivable	6,361	-	-	6,361	656,139
Grants receivable	20,664	-	-	20,664	88,839
Investments	-	-	-	-	-
Due from other funds	270,946	-	-	270,946	392,639
Due from governmental units	1,668,890	-	-	1,668,890	1,485,769
Prepaid items	41,429	-	-	41,429	88,522
Restricted assets:					
Cash and cash equivalents	3,458,913	-	1,067,553	4,526,466	5,264,224
Investment - Stabilization Reserve Trust	236,771	-	-	236,771	110,658
Grants receivable	-	330,097	93,378	423,475	493,038
Inventory	-	-	28,909	28,909	27,365
Total assets	\$ 17,659,533	\$ 330,097	\$ 1,189,840	\$ 19,179,470	\$ 18,450,678
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 452,713	\$ -	\$ -	\$ 452,713	\$ 584,309
Accrued salaries and benefits	3,476,473	-	-	3,476,473	3,348,897
Liabilities (payable from restricted assets):					
Accounts payable	-	4,350	72,593	76,943	84,937
Accrued salaries and benefits	-	79,056	2,934	81,990	115,996
Due to other funds	-	245,396	25,550	270,946	392,638
Deferred revenue	-	1,295	-	1,295	1,030
Total liabilities	3,929,186	330,097	101,077	4,360,360	4,527,807
Deferred inflows of resources	12,569	-	51,653	64,222	20,434
Fund balances:					
Nonspendable - prepaid expenditures	41,429	-	-	41,429	88,368
Nonspendable - inventories	-	-	28,909	28,909	27,365
Restricted - career ladder/extended contract	-	-	-	-	-
Restricted - support services/ non-instructional	-	-	932,244	932,244	783,861
Restricted - bond proceeds	3,458,913	-	-	3,458,913	4,320,986
Restricted - Stabilization Reserve Trust	236,771	-	-	236,771	110,658
Unrestricted:					
Committed	520,553	-	75,957	596,510	827,868
Unassigned	9,460,112	-	-	9,460,112	7,743,331
Total fund balances*	13,717,778	-	1,037,110	14,754,888	13,902,437
Total liabilities, deferred inflows of resources and fund balances	\$ 17,659,533	\$ 330,097	\$ 1,189,840	\$ 19,179,470	\$ 18,450,678

*Includes unspent bond proceeds of \$3,458,913.

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position

June 30, 2020

Total fund balances--governmental funds		\$ 14,754,888
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$139,774,247 and the accumulated depreciation is (\$68,273,313).		71,500,934
The net pension asset is not an available resource and, therefore, is not reported in the funds:		9,140,843
Deferred outflows and inflows of resources are reported on the Statement of Net Position for future inflow or outflow of resources that are not reported on the governmental funds balance sheet:		
Deferred outflows of resources:		
Pension contributions subsequent to the measurement date - pension	\$ 3,322,104	
Contributions subsequent to the measurement date - OPEB	222,212	
Changes in proportionate and differences between contributions and proportionate share of contributions - pension	248,058	
Changes in proportionate and differences between contributions and proportionate share of contributions - OPEB	61,207	
Change in assumptions - pension	1,048,119	
Change in assumptions - OPEB	209,281	
Differences between expected and actual experience - pension	566,456	
Differences between expected and actual experience - OPEB	1,015,287	
Deferred inflows of resources:		
Derivative instrument - interest rate swaps	(8,617,220)	
Differences between expected and actual experience - pension	(4,820,289)	
Differences between expected and actual experience - OPEB	(1,525,383)	
Changes in proportionate and differences between contributions and proportionate share of contributions - pension	(81,024)	
Changes in proportionate and differences between contributions and proportionate share of contributions - OPEB	(198,081)	
Changes in assumptions - pension	(594,887)	
Differences between projected and actual earnings on pension plan investments	<u>(2,604,573)</u>	(11,749,633)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. These liabilities consist of:		
General obligation bonds	(39,326,625)	
Qualified zone academy bonds	(509,419)	
Notes payable	(33,432,288)	
Bond discounts and premiums, net	(2,177,804)	
Accrued interest payable - bonds and notes	(197,333)	
Capitalized outlay obligations	(2,920,774)	
Other post employment benefit obligations (OPEB)	(5,064,825)	
Compensated absences	(502,792)	
Termination benefits	<u>(543,983)</u>	(84,675,843)
Total net position--governmental activities		\$ (1,028,811)

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Year Ended June 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Major Funds			Total (Memorandum Only)	
	General Purpose School Fund	School Federal Projects Fund	Other Nonmajor Funds	2020	2019
Revenues:					
Property taxes	\$ 11,445,587	\$ -	\$ -	\$ 11,445,587	\$ 10,592,827
Local option sales taxes	7,094,673	-	-	7,094,673	5,879,500
Mixed drink taxes	192	-	-	192	162
Local mineral severance taxes	-	-	-	-	72
Charges for services	229,153	-	680,506	909,659	1,161,953
Other local sources	327,010	-	22,559	349,569	446,670
State of Tennessee - BEP	22,869,340	-	-	22,869,340	22,210,310
State of Tennessee - other	862,665	-	117,853	980,518	1,051,170
Federal government	49,436	3,445,937	1,987,844	5,483,217	5,326,296
Other	-	-	-	-	68,395
Total revenues	<u>42,878,056</u>	<u>3,445,937</u>	<u>2,808,762</u>	<u>49,132,755</u>	<u>46,737,355</u>
Expenditures:					
Current:					
Instructional:					
Regular instruction	26,659,256	666,359	-	27,325,615	26,771,664
Alternative school	774,284	-	-	774,284	744,625
Special education	4,248,102	721,184	-	4,969,286	4,848,153
Technology and career	1,279,633	121,308	-	1,400,941	1,167,566
Total instructional	<u>32,961,275</u>	<u>1,508,851</u>	<u>-</u>	<u>34,470,126</u>	<u>33,532,008</u>
Support services:					
Health services	546,320	12,868	-	559,188	585,553
Other student support	1,746,527	56,785	102,868	1,906,180	1,675,404
Instructional staff	2,594,889	294,854	-	2,889,743	2,935,574
Special education	793,215	246,025	-	1,039,240	1,081,415
Technology and career	107,005	1,445	-	108,450	106,966
Technology	2,557,960	2,769	-	2,560,729	2,522,462
Communications	112,596	-	-	112,596	97,828
Board of Education	1,879,507	-	-	1,879,507	1,122,021
Office of superintendent	342,477	-	-	342,477	336,039
Office of principal	3,454,481	-	-	3,454,481	3,412,496
Fiscal services	759,419	-	-	759,419	734,040
Human resources/personnel	354,962	-	-	354,962	352,288
Operation of plant	4,082,676	-	-	4,082,676	4,264,247
Maintenance of plant	1,573,416	-	-	1,573,416	1,748,943
Transportation	1,152,341	65,750	-	1,218,091	1,285,578
Total support services	<u>22,057,791</u>	<u>680,496</u>	<u>102,868</u>	<u>22,841,155</u>	<u>22,260,854</u>
Non-instructional:					
Food service	-	-	2,196,779	2,196,779	2,099,640
Community service / early childhood education	-	1,139,734	435,246	1,574,980	1,505,167
Other	-	-	-	-	979
Pre-K program - grant	460,772	-	-	460,772	465,349
Pre-K program - local	606,778	-	-	606,778	536,095
Total non-instructional	<u>1,067,550</u>	<u>1,139,734</u>	<u>2,632,025</u>	<u>4,839,309</u>	<u>4,607,230</u>
Capital outlays	<u>5,615,616</u>	<u>-</u>	<u>-</u>	<u>5,615,616</u>	<u>8,427,627</u>
Debt service:					
Principal on capitalized leases	119,532	-	-	119,532	411,755
Interest on capitalized leases	14,952	-	-	14,952	13,245
Principal on bonds and notes payable	4,292,702	-	-	4,292,702	4,184,320
Interest on bonds and notes payable	2,879,909	-	-	2,879,909	2,795,558
Total debt service	<u>7,307,095</u>	<u>-</u>	<u>-</u>	<u>7,307,095</u>	<u>7,404,878</u>
Total expenditures	<u>69,009,327</u>	<u>3,329,081</u>	<u>2,734,893</u>	<u>75,073,301</u>	<u>76,232,597</u>
Revenues over (under) expenditures	<u>(26,131,271)</u>	<u>116,856</u>	<u>73,869</u>	<u>(25,940,546)</u>	<u>(29,495,242)</u>
Other financing sources (uses):					
Transfers in - from city	24,350,126	-	-	24,350,126	23,552,605
Transfers in - other funds	126,856	-	73,256	200,112	194,482
Transfers out - other funds	(73,256)	(116,856)	(10,000)	(200,112)	(194,482)
Bond refunding	(13,802,239)	-	-	(13,802,239)	-
Bond proceeds	16,245,110	-	-	16,245,110	8,547,713
Total other financing sources (uses)	<u>26,846,597</u>	<u>(116,856)</u>	<u>63,256</u>	<u>26,792,997</u>	<u>32,100,318</u>
Net change in fund balances	715,326	-	137,125	852,451	2,605,076
Fund balance, beginning	<u>13,002,452</u>	<u>-</u>	<u>899,985</u>	<u>13,902,437</u>	<u>11,297,361</u>
Fund balance, ending*	<u>\$ 13,717,778</u>	<u>\$ -</u>	<u>\$ 1,037,110</u>	<u>\$ 14,754,888</u>	<u>\$ 13,902,437</u>

*Includes unspent bond proceeds of \$3,458,913.

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2020

Total net change in fund balances--governmental funds	\$ 852,451
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation expense (\$3,480,556) is less than capital outlays \$5,412,294.	1,931,738
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal refunding and repayments	18,214,474
Bond proceeds	(16,245,110)
Amortization of bond discounts and premiums, net	(685,669)
Change in accrued interest payable on long-term debt that is not due and payable in the current period and therefore is not reported with the funds	35,134
Investment income (loss) - change in fair value of ineffective derivative interest rate swap	(2,265,857)
Deferred inflows/outflows:	
In the governmental funds, pension contributions are reported as an expenditure when they are due and payable. However, in the statement of activities, pension expense consists of reporting certain changes in the net pension liability (asset) of the government.	1,572,047
In the governmental funds, OPEB contributions are reported as an expenditure when they are due and payable. However, in the statement of activities, OPEB expense consists of reporting certain changes in the total OPEB liability (asset) of the government.	1,394,836
Governmental funds report compensated absences and termination benefits that mature or are used shortly after year end as an expenditure. However, the long-term portion is not reported in the governmental funds.	
Compensated absences	\$ (87,978)
Termination benefits	(27,344) (115,322)
Rounding	<u>2</u>
Changes in net position of governmental activities	<u>\$ 4,688,724</u>

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Governmental Funds

For Fiscal Year Ended June 30, 2020

	General Purpose School Fund				School Federal Projects Fund			
	Original Budget	Final Budget	2020 Actual	Variance with Final Budget	Original Budget	Final Budget	2020 Actual	Variance with Final Budget
Revenues:								
Property taxes	\$ 11,048,443	\$ 11,048,443	\$ 11,445,587	\$ 397,144	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	5,787,581	5,787,581	7,094,673	1,307,092	-	-	-	-
Mixed drink taxes	250	250	192	(58)	-	-	-	-
Local mineral severance taxes	250	250	-	(250)	-	-	-	-
Charges for services	262,000	262,000	229,153	(32,847)	-	-	-	-
Other local sources	480,500	588,621	327,010	(261,611)	-	-	-	-
State of Tennessee - BEP	22,809,000	22,809,000	22,869,340	60,340	-	-	-	-
State of Tennessee - other	1,194,000	1,039,821	862,665	(177,156)	-	-	-	-
Federal government	135,000	135,000	49,436	(85,564)	3,861,611	3,861,611	3,445,937	(415,674)
Other	2,500	2,500	-	(2,500)	-	-	-	-
Total revenues	41,719,524	41,673,466	42,878,056	1,204,590	3,861,611	3,861,611	3,445,937	(415,674)
Expenditures:								
Instructional:								
Regular instruction	26,870,319	27,240,297	26,659,256	(581,041)	750,000	724,435	666,359	(58,076)
Alternative school	820,705	793,058	774,284	(18,774)	-	-	-	-
Special education	4,460,027	4,397,497	4,248,102	(149,395)	790,000	829,446	721,184	(108,262)
Technology and career	1,265,333	1,303,698	1,279,633	(24,065)	50,000	121,310	121,308	(2)
Other	1,010,000	321,550	-	(321,550)	-	-	-	-
Total instructional	34,426,384	34,056,100	32,961,275	(1,094,825)	1,590,000	1,675,191	1,508,851	(166,340)
Support services:								
Health services	604,107	565,935	546,320	(19,615)	13,100	13,036	12,868	(168)
Other student support	1,680,410	1,803,368	1,746,527	(56,841)	45,000	65,124	56,785	(8,339)
Instructional staff	2,765,556	2,770,756	2,594,889	(175,867)	273,000	326,319	294,854	(31,465)
Special education	828,745	849,996	793,215	(56,781)	240,000	250,406	246,025	(4,381)
Technology and career	111,349	113,336	107,005	(6,331)	3,500	1,445	1,445	-
Technology services	2,763,113	2,716,854	2,557,960	(158,894)	2,000	5,667	2,769	(2,898)
Communications	114,349	116,340	112,596	(3,744)	-	-	-	-
Board of education	1,061,487	1,778,690	1,879,507	100,817	-	-	-	-
Office of superintendent	356,796	356,798	342,477	(14,321)	-	-	-	-
Office of principal	3,567,705	3,522,825	3,454,481	(68,344)	-	-	-	-
Fiscal services	806,626	790,825	759,419	(31,406)	-	-	-	-
Human resources/personnel	429,455	372,109	354,962	(17,147)	-	-	-	-
Operation of plant	4,627,396	4,519,339	4,082,676	(436,663)	-	-	-	-
Maintenance of plant	1,642,702	1,646,052	1,573,416	(72,636)	-	-	-	-
Transportation	1,522,347	1,157,478	1,152,341	(5,137)	25,000	71,921	65,750	(6,171)
Total support services	22,882,143	23,080,701	22,057,791	(1,022,910)	601,600	733,918	680,496	(53,422)

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Major Governmental Funds (Continued)

For Fiscal Year Ended June 30, 2020

	General Purpose School Fund				School Federal Projects Fund			
	Original Budget	Final Budget	2020 Actual	Variance with Final Budget	Original Budget	Final Budget	2020 Actual	Variance with Final Budget
Expenditures (continued):								
Non-instructional:								
Community service/Early childhood education	\$ -	\$ -	\$ -	\$ -	\$ 1,045,011	\$ 1,188,432	\$ 1,139,734	\$ (48,698)
Other	-	-	-	-	500,000	131,180	-	(131,180)
Pre-k program - grant	461,499	460,771	460,772	1	-	-	-	-
Pre-k program - local	654,054	637,320	606,778	(30,542)	-	-	-	-
Total non-instructional	1,115,553	1,098,091	1,067,550	(30,541)	1,545,011	1,319,612	1,139,734	(179,878)
Capital outlay	707,205	850,335	5,615,616	4,765,281	-	-	-	-
Debt service:								
Principal on capitalized leases	-	-	119,532	119,532	-	-	-	-
Interest on capitalized leases	-	-	14,952	14,952	-	-	-	-
Principal on bonds and notes payable	-	-	4,292,702	4,292,702	-	-	-	-
Interest on bonds and notes payable	-	-	2,879,909	2,879,909	-	-	-	-
Total debt service	-	-	7,307,095	7,307,095	-	-	-	-
Total expenditures	59,131,285	59,085,227	69,009,327	9,924,100	3,736,611	3,728,721	3,329,081	(399,640)
Revenues over (under) expenditures	(17,411,761)	(17,411,761)	(26,131,271)	(8,719,510)	125,000	132,890	116,856	(16,034)
Other financing sources (uses):								
Transfers in - from city	15,493,963	15,493,963	24,350,126	8,856,163	-	-	-	-
Transfers in - other funds	125,000	125,000	126,856	1,856	-	-	-	-
Transfers out - other funds	(73,353)	(73,353)	(73,256)	97	(125,000)	(132,890)	(116,856)	16,034
Bond refunding	-	-	(13,802,239)	(13,802,239)	-	-	-	-
Bond proceeds	-	-	16,245,110	-	-	-	-	-
Total other financing sources - net	15,545,610	15,545,610	26,846,597	(4,944,123)	(125,000)	(132,890)	(116,856)	16,034
Net change in fund balances	\$ (1,866,151)	\$ (1,866,151)	715,326	\$ (13,663,633)	\$ -	\$ -	-	\$ -
Fund balance, beginning			13,002,452				-	
Fund balance, ending*			\$ 13,717,778				\$ -	

*Includes unspent bond proceeds of \$4,320,986.

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2020

	Private Purpose Trust - Scholarship Fund	Oak Ridge Schools Internal School Funds	Total Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 89,173	\$ 1,119,453	\$ 1,208,626
Inventory	-	-	-
Accounts receivable	-	-	-
Total assets	<u>\$ 89,173</u>	<u>\$ 1,119,453</u>	<u>\$ 1,208,626</u>
<u>LIABILITIES AND NET POSITION</u>			
Liabilities (payable from current assets):			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Net position:			
Held in trust for scholarships	89,173	-	89,173
Held in internal school funds	-	1,119,453	1,119,453
Total net position	<u>89,173</u>	<u>1,119,453</u>	<u>1,208,626</u>
Total liabilities and net position	<u>\$ 89,173</u>	<u>\$ 1,119,453</u>	<u>\$ 1,208,626</u>

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2020

	Private Purpose Trust - Scholarship Fund	Oak Ridge Schools Internal School Funds	Total Funds
<u>ADDITIONS</u>			
Investment income	\$ 1,921	\$ -	\$ 1,921
Contributions	<u>-</u>	<u>1,230,066</u>	<u>1,230,066</u>
Total additions	<u>1,921</u>	<u>1,230,066</u>	<u>1,231,987</u>
<u>DEDUCTIONS</u>			
Scholarship awards	2,500	-	2,500
School related expenditures	<u>-</u>	<u>1,167,419</u>	<u>1,167,419</u>
Total deductions	<u>2,500</u>	<u>1,167,419</u>	<u>1,169,919</u>
Change in net position	(579)	62,647	62,068
Net position, beginning of year	<u>89,752</u>	<u>1,056,806</u>	<u>1,146,558</u>
Net position, end of year	<u>\$ 89,173</u>	<u>\$ 1,119,453</u>	<u>\$ 1,208,626</u>

The accompanying notes are an integral
part of these financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

(a) Financial Reporting Entity

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

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

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

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

Discretely Presented Major Component Units

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

The Foundation has been reported in the Schools' departmental-wide financial statements as a major component unit. The Foundation has been audited by a separate certified public accounting firm for the year ended December 31, 2019. The Schools have included the Foundation's results with a different year-end in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, paragraph 59. The Foundation published separate financial statements and may be obtained from:

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation

The Schools follows Governmental Accounting Standards Board standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of activities and changes in net position. These standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. The classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

The Schools basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the Schools as a whole.

The statement of net position presents the financial condition of the governmental activities of the Schools at year-end. The statement of activities presents a comparison between direct expenses and program or function of the Schools' governmental activities.

Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Schools. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Schools.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

2. **Fund Financial Statements:**

During the year, the Schools segregate transactions related to certain school functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Schools at this detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The following are the Schools' funds:

Major Funds:

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

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

Non-Major Funds:

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

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

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

The Schools' fiduciary funds are the following private purpose trust and agency funds:

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(c) Fund Accounting

The Schools use funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

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

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

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

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

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

(d) Measurement Focus

1. Government-Wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of the related cash flows. All assets and liabilities associated with the operation of the Schools are included on the statement of net position.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(d) Measurement Focus (Continued)

2. **Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between government-wide statements and the statements for governmental funds.

(e) Component Unit

The Oak Ridge Public Schools Education Foundation, Inc. follows the Schools' proprietary fund type measurement focus and basis of accounting, the accrual basis of accounting.

(f) Fund Balance

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(f) Fund Balance (Continued)

- Assigned – This classification consists of all fund balances that are not in the General Purpose School Fund or classified as nonspendable, restricted or committed. In addition, General Purpose School Fund balances that the School intends to use for specific purposes as approved by the Board or management are also classified as assigned. The Board has a fund balance policy that allows assigned amounts to be re-assigned by the Board, or management.
- Unassigned – This classification consists of all fund balances in the General Purpose School Fund that are not reported as nonspendable, restricted, committed or assigned.

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

(g) Minimum Fund Balance

State statutes require the General Purpose School Fund to maintain a minimum unrestricted fund balance of 3% of current year's expenditures. For the current fiscal year ended June 30, 2020, the Schools met the minimum fund balance as required by state law.

(h) Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

1. **Revenues - Exchange and Nonexchange Transactions:**

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

Nonexchange transactions, in which the Schools receive value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Schools must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Schools on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: charges for services, interest income, grants and intergovernmental revenue.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(h) Basis of Accounting (Continued)

2. **Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

(i) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbered appropriations for funds do not lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as nonspendable fund balances since they do not constitute expenditures or liabilities. There were no outstanding encumbrances at June 30, 2020.

(j) Budgets and Basis of Budgeting

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

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(j) Budgets and Basis of Budgeting (Continued)

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

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

(k) Cash and Cash Equivalents

For purposes of these financial statements, the Schools consider all highly liquid investments (including restricted assets) having original maturity dates of three months or less when purchased to be cash equivalents.

(l) Investments

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

(m) Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

(n) Pledges Receivable

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

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

(o) Inventory

Inventories are presented at the lower of cost (weighted average method) or market.

(p) Commodities

The Oak Ridge Schools receive commodities for school cafeterias from the U.S. Department of Agriculture. The value of the commodities received is reported as revenue, and the value of such commodities used is reported as cost of food in the accompanying financial statements.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(q) Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation.

(r) Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Donated fixed assets are recorded at their estimated fair market values as of the date received. The Schools maintain a capitalization threshold of five thousand dollars. The Schools do not possess any infrastructure. Net interest costs during construction periods are capitalized for assets acquired by the issuance of long-term debt. Major additions and improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged to operations.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Computer hardware and software	5 - 10 years
Food service equipment and fixtures	15 years
Buses	15 years
Vehicles	5 - 8 years
Furniture and fixtures	20 years
Athletic facilities	10 - 20 years

(s) Compensated Absences

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(t) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(u) Pension Plans

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS. For the purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan in the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan. Investments are reported at fair value.

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

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(v) Postemployment Benefits

The Schools follows the provisions of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans."

(w) Termination Benefits

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

(x) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Short-term amounts owed between funds are classified as "Due to/from other funds." Interfund loans are classified as "Interfund notes receivable/payable."

(y) Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended June 30, 2020.

(z) Deferred Outflows/Inflows of Resources

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(z) Deferred Outflows/Inflows of Resources (Continued)

Deferred outflows/inflows of resources consist of the following at June 30, 2020:

	<u>Governmental Activities</u>
<u>Deferred Outflows of Resources:</u>	
Pension contributions subsequent to the measurement date – pension	\$ 3,322,104
Pension contributions subsequent to the measurement date – OPEB	222,212
Changes in proportionate and differences between contributions and proportionate share of contributions – pension	248,058
Changes in proportionate and differences between contributions and proportionate share of contributions – OPEB	61,207
Change in assumptions – pension	1,048,119
Change in assumptions – OPEB	209,281
Differences between expected and actual experience – pension	566,456
Differences between expected and actual experience – OPEB	1,015,287
	<u>\$ 6,692,724</u>
<u>Deferred Inflows of Resources:</u>	
Advance payments for School Food Service	\$ 31,428
Derivative Instrument – Interest Rate Swaps (Notes 6 and 7)	8,617,220
Differences between projected and actual earnings on pension plan investments	2,604,573
Differences between expected and actual experience – pension	4,820,289
Differences between expected and actual experience – OPEB	1,525,383
Changes in proportionate and differences between contributions and proportionate share of contributions – pension	81,924
Changes in proportionate and differences between contributions and proportionate share of contributions – OPEB	198,081
Changes in assumptions – pension	594,887
Other	34,089
	<u>\$ 18,507,874</u>

(aa) Recently Issued and Adopted Accounting Pronouncements

GASB has issued the following recent pronouncement that is effective in the current fiscal year:

Statement No. 95, *Postponement of The Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements, which have not already been adopted by the Schools, are postponed by one year:

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(aa) Recently Issued and Adopted Accounting Pronouncements (Continued)

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2019-1, *Implementation Guidance Update – 2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

As a result of this pronouncement, the Schools did not adopt any new accounting standards during the year.

(ab) Long-Term Debt

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

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(ab) Long-Term Debt (Continued)

General Obligation Bonds

The Schools through the City of Oak Ridge, Tennessee issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the City of Oak Ridge, Tennessee. General obligation bonds outstanding were issued for original terms of up to 25 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020 will be retired from the debt service funds.

Direct Borrowing and Direct Placements

The Schools through the City of Oak Ridge, Tennessee issues other loans to provide funds for the acquisition and construction of major capital facilities. Capital outlay notes are also issued to fund the capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the City of Oak Ridge, Tennessee. Capital outlay notes and other loans outstanding were issued for original terms of up to 20 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes, and other loans included in long-term debt as of June 30, 2020, will be retired from the debt service funds.

(ac) Fair Value of Financial Instruments

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

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

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

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

1. Summary of Significant Accounting Policies (Continued)

(ad) Comparative Data

Comparative totals for the prior year have been presented in the accompanying combined financial statements in order to provide an understanding of changes in the Schools' financial position and operations. However, presentation of prior year totals by fund type has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. Certain comparative data have been reclassified to present such amounts in a manner consistent with the current year's presentation.

2. Deposits and Investments

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

At June 30, 2020, the Schools had the following deposits and investments:

<u>Description</u>	<u>Maturity Date</u>	<u>Fair Value</u>
Deposits:		
Bank Deposits and Money Market Accounts	N/A	<u>\$ 17,690,651</u>

A summary of the deposits and investments by fund at June 30, 2020 is as follows:

Bank Deposits:	
Cash and Cash Equivalents –	
General Purpose School Fund	\$ 15,414,472
Central Cafeteria Fund	970,514
Extended School Program Fund	97,039
Other Education Special Revenue Fund	-
Oak Ridge Schools Internal School Funds	1,119,453
Scholarship Fund	<u>89,173</u>
Total Cash and Cash Equivalents	<u>\$ 17,690,651</u>

A reconciliation of cash and cash equivalents as shown on the statement of net position and the balance sheet – governmental funds at June 30, 2020 is as follows:

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

Total Bank Deposits	\$ 17,690,651
Less: Fiduciary Fund – Scholarship Fund	(89,173)
Less: Fiduciary Fund – Oak Ridge Schools Internal School Funds	<u>(1,119,453)</u>
Cash and Cash Equivalents – Statement of Net Position and Balance Sheet	<u><u>\$ 16,482,025</u></u>

Deposits

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

Deposit Policies

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

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

Deposits – Custodial Credit Risk

At June 30, 2020, the carrying amount of the Schools' deposits (cash and cash equivalents) were \$17,690,651 and were held in financial institutions that were fully insured or participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

Banks may use one of three different security pledges (90, 100 or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the Schools. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Since the bank collateral pool covered all the Schools' deposits at June 30, 2020, they are considered to be insured, fully collateralized and classified as Category 1, under GASB Statement No. 40, for purposes of custodial credit risk disclosure.

Investment Policies – Excluding TCRS Stabilization Trust

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

Investment Policies – Excluding TCRS Stabilization Trust (Continued)

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

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

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

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

Concentration of Credit Risk: The Schools may choose to maintain between 0% to 100%, or any portion thereon, of its investment portfolio in U.S. Treasury Bills, Notes and Bonds, federal agencies, SLGIP, certificates of deposit or repurchase agreements in accordance with state statutes. As of June 30, 2020, the Schools did not maintain any investments; deposits were held in bank or money market accounts.

Investment Income – Scholarship Fund

Investment income in the Scholarship Fund for the year ended June 30, 2020 consisted of the following:

Interest	<u>\$ 1,921</u>
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The Schools' investment policy does not require diversification among authorized investment broker-dealers. However, the policy requires the use of an investment broker-dealer who is registered with the Securities Investor Protection Corporation ("SIPC") and who maintains an office within the city limits.

Component Unit – Foundation

At December 31, 2019 (latest information available), the Foundation had the following deposits and investments:

Bank Deposits:	
Bank Deposits and Certificates of Deposit	<u>\$ 193,709</u>
Investments, at Fair Value:	
Money Market Accounts	150,977
U.S. Treasury Bonds	448,574
Mutual Funds	<u>3,929,591</u>
Total Investments, at Fair Value	<u>4,529,142</u>
Total	<u><u>\$ 4,722,851</u></u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

Component Unit – Foundation (Continued)

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

A reconciliation of investments as shown on the statement of net position at December 31, 2019 (latest information available) is as follows:

Investments, at Fair Value – Current Assets	\$ 3,788,470
Investments, at Fair Value – Other Assets	740,672
	<hr/>
	\$ 4,529,142
	<hr/>

Investment gains (losses) for 2019 consisted of the following:

Interest and Dividends	\$ 217,513
Realized Gains (Losses) on Investments	36,347
Unrealized Gains (Losses) on Investments	447,027
	<hr/>
	\$ 700,887
	<hr/>

TCRS Stabilization Reserve Trust

Legal Provisions. Oak Ridge Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The School has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the School.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Oak Ridge Schools may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio.

Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest and dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an interactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments, where fair value is measured using the Net Asset Value (NAV) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified as Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of member of the Appraisal Institute (MAI), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

Teacher Hybrid Plan

At June 30, 2020, Oak Ridge Schools had the following Investments held by the trust on its behalf related to its TCRS Teacher Hybrid Plan:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 41,200
Developed Market International Equity	N/A	N/A	18,606
Emerging Market International Equity	N/A	N/A	5,316
U.S. Fixed Income	N/A	N/A	26,581
Real Estate	N/A	N/A	13,290
Short-term Securities	N/A	N/A	1,329
Investments at Amortized Cost Using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	26,581
Total			<u>\$ 132,903</u>

Investment by Fair Value Level	Fair Value 6/30/2020	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 41,200	\$ 41,200	\$ -	\$ -	\$ -
Developed Market International Equity	18,606	18,606	-	-	-
Emerging Market International Equity	5,316	5,316	-	-	-
U.S. Fixed Income	26,581	-	26,581	-	-
Real Estate	13,290	-	-	13,290	-
Short-term Securities	1,329	-	1,329	-	-
Private Equity and Strategic Lending	26,581	-	-	-	26,581
Total	<u>\$ 132,903</u>	<u>\$ 65,122</u>	<u>\$ 27,910</u>	<u>\$ 13,290</u>	<u>\$ 26,581</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Non-Teacher Hybrid Plan

At June 30, 2020, Oak Ridge Schools had the following Investments held by the trust on its behalf related to its TCRS Non-Teacher Hybrid Plan:

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 32,200
Developed Market International Equity	N/A	N/A	14,541
Emerging Market International Equity	N/A	N/A	4,155
U.S. Fixed Income	N/A	N/A	20,773
Real Estate	N/A	N/A	10,387
Short-term Securities	N/A	N/A	1,039
Investments at Amortized Cost Using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	20,773
Total			<u>\$ 103,868</u>

Investment by Fair Value Level	Fair Value 6/30/2020	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 32,200	\$ 32,200	\$ -	\$ -	\$ -
Developed Market International Equity	14,541	14,541	-	-	-
Emerging Market International Equity	4,155	4,155	-	-	-
U.S. Fixed Income	20,773	-	20,773	-	-
Real Estate	10,387	-	-	10,387	-
Short-term Securities	1,039	-	1,039	-	-
Private Equity and Strategic Lending	20,773	-	-	-	20,773
Total	<u>\$ 103,868</u>	<u>\$ 50,896</u>	<u>\$ 21,812</u>	<u>\$ 10,387</u>	<u>\$ 20,773</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

2. Deposits and Investments (Continued)

TCRS Stabilization Reserve Trust (Continued)

Non-Teacher Hybrid Plan (Continued)

Risk and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oak Ridge Schools does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Oak Ridge Schools does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the trust's investment in a single issuer. Oak Ridge Schools places no limit on the amount the trust may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Oak Ridge Schools to pay retirement benefits of the School's employees.

For further information concerning the School's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

3. Unconditional Promises to Give

The Foundation had the following pledges receivable at December 31, 2019 (latest information available):

Total Promises to Give	\$ 148,668
Less: Discounts to Net Present Value	(9,772)
Less: Allowance for Uncollectible Promises to Give	(7,343)
	<u>\$ 131,553</u>
Due Within One Year	\$ 60,542
Due Within One to Five Years	71,011
	<u>\$ 131,553</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land and land improvements	\$ 156,355	\$ -	\$ -	\$ 156,355
Construction in progress	4,809,930	-	4,669,494	140,436
Total capital assets, not being depreciated	4,966,285	-	4,669,494	296,791
Capital assets being depreciated:				
Buildings and improvements	111,587,798	9,900,361	-	121,488,159
Vehicles	1,148,119	54,820	-	1,202,939
Buses	1,019,018	-	509,139	509,879
Machinery and equipment	12,589,668	111,607	14,510	12,686,765
Furniture and fixtures	1,579,909	-	-	1,579,909
Computer software and telecom	1,994,805	15,000	-	2,009,805
Total capital assets, being depreciated	129,919,317	10,081,788	523,649	139,477,456
Less accumulated depreciation:				
Buildings and improvements	52,356,179	2,468,078	-	54,824,257
Vehicles	883,842	61,868	-	945,710
Buses	959,610	33,665	509,139	484,136
Machinery and equipment	8,207,964	826,835	14,510	9,020,289
Furniture and fixtures	947,391	78,995	-	1,026,386
Computer software and telecom	1,961,420	11,115	-	1,972,535
Total accumulated depreciation	65,316,406	3,480,556	523,649	68,273,313
Capital assets, being depreciated, net	64,602,911	6,601,232	-	71,204,143
Governmental activities capital assets, net	<u>\$ 69,569,196</u>	<u>\$ 6,601,232</u>	<u>\$ 4,669,494</u>	<u>\$ 71,500,934</u>

Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 3,295,080
Support services	106,481
Non-instructional	78,995
Total depreciation expense	<u>\$ 3,480,556</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Long-Term Debt

Overview

All debt of the Schools is issued through the City of Oak Ridge, Tennessee. The debt issues related to the Schools contain provisions that in the event of a default, outstanding amounts are to become immediately due if the City is unable to make a payment.

Long-term debt at June 30, 2020 consisted of the following:

General Obligation Bonds	\$ 39,326,625
Qualified Zone Academy Bonds ("QZAB")	509,419
Local Government Public Improvement Bonds	33,432,288
Capital Outlay Notes	<u>2,920,774</u>
	76,189,106
Less: Unamortized Discounts	-
Add: Unamortized Premiums	<u>2,177,804</u>
	78,366,910
Less: Current Portion	<u>(4,570,972)</u>
Total Long-Term Debt	<u><u>\$ 73,795,938</u></u>

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

Interest Paid	\$ 2,894,860
Amortization of Bond Premiums	685,669
Accrued Interest Payable – Net Change	<u>(35,134)</u>
Total	<u><u>\$ 3,545,395</u></u>

Activity

Long-term debt activity for the year ended June 30, 2020 is as follows:

	Balance July 1, 2019	Additions	Retirements/ Reductions	Balance June 30, 2020	Due Within One Year
General Obligation Bonds	\$ 41,124,149	\$ 15,713,000	\$ (17,510,524)	\$ 39,326,625	\$ 3,785,689
QZAB	1,018,837	-	(509,418)	509,419	509,419
Local Government Public Improvement Bonds	33,507,288	-	(75,000)	33,432,288	35,000
Direct Borrowings and Direct Placements: Capital Outlay Notes	<u>2,508,196</u>	<u>532,110</u>	<u>(119,532)</u>	<u>2,920,774</u>	<u>240,864</u>
Total	78,158,470	16,245,110	(18,214,474)	76,189,106	4,570,972
Unamortized Premiums	<u>1,492,134</u>	<u>1,317,983</u>	<u>(632,313)</u>	<u>2,177,804</u>	<u>-</u>
Total	<u><u>\$ 79,650,604</u></u>	<u><u>17,563,093</u></u>	<u><u>\$ (18,846,787)</u></u>	<u><u>\$ 78,366,910</u></u>	<u><u>\$ 4,570,972</u></u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Long-Term Debt (Continued)

General Obligation Bonds

General Obligation Bonds ("GO") consisted of the following at June 30, 2020:

Series 2015A GO Refunding Bond, issuance of \$9,140,000, maturing in 2024 with interest rates of 2.00% to 5.00%	\$ 4,900,000
Series 2015B GO Refunding Bond, issuance of \$9,445,000, maturing in 2032 with interest rates of 2.00% to 3.00%	9,190,000
Series 2017 GO Refunding Bond, issuance of \$3,905,000, maturing in 2033 with interest rates of 2.25% to 5.00%	3,460,912
Series 2018 GO Refunding Bond, issuance of \$8,700,000, maturing in 2043 with interest rates of 3.00% to 5.00%	8,547,713
Series 2019 GO Refunding Bond, issuance of \$15,713,000, maturing in 2038 with interest rates of 2.00% to 5.00%	<u>13,228,000</u>
	<u>\$ 39,326,625</u>

In December 2015, the Schools, through the City of Oak Ridge, issued \$9,140,000 in General Obligation Refunding Bonds, Series 2015A, to refund outstanding general obligation debt.

In December 2015, the Schools, through the City of Oak Ridge, issued \$9,445,000 in General Obligation Refunding Bonds, Series 2015B, to refund outstanding general obligation debt.

In December 2017, the Schools, through the City of Oak Ridge, issued \$3,905,000 General Obligation Refunding Bonds, Series 2015B, to refund outstanding general obligation debt at the City and borrow additional funds for capital projects at the Schools.

In December 2018, the Schools, through the City of Oak Ridge, issued \$8,700,000 General Obligation Bonds, Series 2018 to fund capital projects at the Schools.

In September 2019, the Schools, through the City of Oak Ridge, issued \$15,713,000 General Obligation Bonds, Series 2019 to fund capital projects at the Schools.

Qualified Zone Academy Bonds

Qualified Zone Academy Bonds ("QZAB") consisted of the following at June 30, 2020:

Series 2004 QZAB issue of \$7,049,360 maturing in 2021 (Interest Free)	\$ 440,585
Series 2005 QZAB issue of \$1,032,500 maturing in 2021 (Interest Free)	<u>68,834</u>
	<u>\$ 509,419</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Long-Term Debt (Continued)

Qualified Zone Academy Bonds (Continued)

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

Notes Payable

Notes payable consisted of the following at June 30, 2020:

2008 note payable of \$7,752,287 loan agreement TMBF, maturing in 2027 with a variable interest rate of 0.90% (as of June 30, 2020)	\$ 7,557,288
2009 note payable of \$21,140,000 loan agreement Series 2009 Bonds VII-E-1, maturing in 2036 with a variable interest rate of 4.31% (as of June 30, 2020)	21,140,000
2009 note payable of \$4,735,000 loan agreement Series 2009 Bonds VI-M-1, maturing in 2029 with a variable interest rate of 4.32% (as of June 30, 2020)	<u>4,735,000</u>
	<u><u>\$ 33,432,288</u></u>

During the year ended June 30, 2008, the Schools, through the City of Oak Ridge, entered into a \$4,945,987 loan agreement with the Tennessee Municipal Bond Fund ("TMBF") program to fund a portion of the Oak Ridge High School ("ORHS") project. Scheduled principal payments continue through 2027. The interest rate is variable and was approximately 0.90% for the year ended June 30, 2020. During the year ended June 30, 2009, the Schools borrowed an additional \$2,806,300 for the ORHS project.

During the year ended June 30, 2009, the Schools, through the City of Oak Ridge, issued Series VII-E-1 bonds for \$21,140,000. The bonds were used to refinance a \$10,000,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-Loans program originally issued on December 1, 2004. The bonds were also used to refinance an \$11,000,000 portion of the \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-Loans program originally issued on November 22, 2006. Principal payments begin in 2029 with maturity in 2036. The bonds retain the interest rate swap agreements that were associated with the loan agreements that were refinanced (see Note 6 and Note 7). Annual interest payments are amortized using a variable interest rate, which was approximately 4.31% for the year ended June 30, 2020.

During 2009, the Schools, through the City of Oak Ridge, issued Series VI-M-1 bonds for \$4,735,000. The bonds were used in a current refunding of the 2006 Series VI-H-1 bonds (see Note 6 and Note 7). Principal payments begin in 2026 with maturity in 2029. Annual interest payments are amortized using a variable interest rate, which was approximately 4.32% for the year ended June 30, 2020.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

5. Long-Term Debt (Continued)

Capitalized Outlay Note

In October 2017, the Schools, through the City of Oak Ridge, issued \$3,000,000 Energy Efficient Schools Capital Outlay Note to make energy efficient improvements to the various school buildings. Interest rate is 1%.

Debt Service Requirements – All Long-Term Debt

The annual debt service requirements of all long-term debt as of June 30, 2020 is as follows:

	Principal	Interest	Totals
2021	\$ 4,570,972	\$ 3,329,434	\$ 7,900,406
2022	5,069,640	3,050,251	8,119,891
2023	5,120,223	2,791,584	7,911,807
2024	4,951,099	2,641,409	7,592,508
2025	4,962,000	2,523,696	7,485,696
2026-2030	21,253,759	10,144,428	31,398,187
2031-2035	22,283,413	4,861,958	27,145,371
2036-2040	6,358,000	758,558	7,116,558
2041-2043	1,620,000	123,000	1,743,000
	<u>\$ 76,189,106</u>	<u>\$ 30,224,318</u>	<u>\$ 106,413,424</u>

6. Interest Rate Swap

\$15,675,000 Swap

On November 22, 2006, the Schools, through the City of Oak Ridge, entered into a \$15,675,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the Oak Ridge High School Project. Principal payments are to occur on the loan from 2025 to 2036. Under its loan agreement, the Public building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-H-1. The \$15,675,000 interest rate swap is classified as an investment derivative due to the hedge becoming ineffective during the year ended June 30, 2010 and continues to be ineffective for the year ended June 30, 2020 (See Note 7).

Objective of the Interest Rate Swap – In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$15,675,000 Series VI-H-1 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. \$11,000,000 of the Series VI-H-1 bonds have since been refunded with a portion of the proceeds of the Series VII-E-1 bonds; the related portion of the interest rate swap is now associated with the Series VII-E-1 bonds. The remaining \$4,675,000 of the Series VI-H-1 bonds have since been refunded with a portion of the Series VI-M-1 bonds; the related portion of the interest rate swap is now associated with the Series VI-M-1 bonds.

Terms – Under the swap, the Authority pays the counterparty a fixed payment of 3.536% and receives a variable payment computed as 63% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$15,675,000 and the associated variable-rate bond has a \$15,675,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 bonds and/or Series VI-M-1. The bonds' variable rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2036.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Interest Rate Swap (Continued)

\$15,675,000 Swap (Continued)

As of June 30, 2020, rates were as follows:

	Terms	Rates
Fixed Payment to Counterparty	Fixed	3.536 %
Variable Payment from Counterparty	% of LIBOR	(0.206)
Net Interest Rate Swap Payments		3.330
Variable-Rate Bond Coupon Payments		0.638
On-going Variable-Rate Bond Payments		0.200
Effective Synthetic Interest Rate on Bonds		4.168 %

Fair Value – As of June 30, 2020, the swap had a negative fair value of (\$4,968,411). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit Risk – As of June 30, 2020, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the derivative's fair value. In order to mitigate the potential for credit risk, the Authority, on behalf of the City, entered into the interest rate swap agreement with Depfa Bank, who was rated "A+" by Standard and Poor's, "AA-" by Fitch Ratings and "Aa3" by Moody's Investor Service at the time the interest rate swap agreement was entered into. If Depfa's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian. As of June 30, 2020, Depfa's credit rating had been downgraded and was rated by Moody's and Standard and Poor's at "A2/A-". The counterparty has posted all collateral requirements with a third-party custodian.

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

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

Swap Payments and Associated Debt – As of June 30, 2020, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Interest Rate Swap (Continued)

\$15,675,000 Swap (Continued)

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2021	\$ 0	\$ 99,975	\$ 522,055	\$ 622,030
2022	0	99,975	522,055	622,030
2023	0	99,975	522,055	622,030
2024	0	99,975	522,055	622,030
2025	0	99,975	522,055	622,030
2026-2030	7,950,000	402,771	2,103,207	10,455,978
2031-2035	5,250,000	216,533	1,130,703	6,597,236
2036	2,475,000	15,786	82,430	2,573,216
	<u>\$ 15,675,000</u>	<u>\$ 1,134,965</u>	<u>\$ 5,926,615</u>	<u>\$ 22,736,580</u>

\$10,000,000 Swap

On December 1, 2004, the Schools, through the city of Oak Ridge, entered into a \$10,000,000 loan agreement with the Public Building Authority of Sevier County as part of the TN-LOANS program to fund a portion of the costs for renovation and new construction of the Oak Ridge High School Project. Principal payments are to occur on the loan from 2031 to 2033. Under its loan agreement, the Public Building Authority of Sevier County, TN (the "Authority"), at the request of the City, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series VI-D-3. The \$10,000,000 interest rate swap is classified as an investment derivative due to the hedge becoming ineffective during the year ended June 30, 2011 and continues to be ineffective for the year ended June 30, 2020 (See Note 7).

Objective of the Interest Rate Swap – In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the City requested the Authority, on its behalf, to enter into an interest rate swap in connection with its \$10,000,000 Series VI-D-3 variable-rate bonds. The intention of the swap was to effectively change the City's variable interest rate on the bonds to a synthetic fixed rate. The Series VI-D-3 bonds have since been refunded with a portion of the proceeds of the 2009 Series VII-E-1 bonds and the interest rate swap is now associated with the Series VII-E-1 bonds.

Terms – Under the swap, the Authority pays the counterparty a fixed payment of 3.725% and receives a variable payment computed as 63.50% of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10,000,000 and the associated variable-rate bond has a \$10,000,000 principal amount. At no time will the notional amount on the interest rate swap agreement exceed the outstanding principal of the Series VII-E-1 bonds. The bonds' variable rates have historically approximated the Securities Industry and Financial Markets Association Index (the "SIFMA"). The bonds and the related swap agreement mature on June 1, 2033.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Interest Rate Swap (Continued)

\$10,000,000 Swap (Continued)

As of June 30, 2019, rates were as follows:

	Terms	Rates
Fixed Payment to Counterparty	Fixed	3.725 %
Variable Payment from Counterparty	% of LIBOR	(0.207)
Net Interest Rate Swap Payments		3.518
Variable-Rate Bond Coupon Payments		0.638
On-going Variable-Rate Bond Payments		0.200
Effective Synthetic Interest Rate on Bonds		<u>4.356 %</u>

Fair Value – As of June 30, 2020, the swap had a negative fair value of (\$3,648,809). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit Risk – As of June 30, 2020, the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the City would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, Raymond James Financial Products ("RJFP" formerly Morgan Keegan Financial Products) was rated "Baa1/BBB+" by Moody's and Standard and Poor's as of June 30, 2020, with its Credit Support Provider, Deutsche Bank, rated "A3/BBB+/A-" by Moody's, Standard & Poor's and Fitch, respectively.

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

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

Swap Payments and Associated Debt – As of June 30, 2020, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

6. Interest Rate Swap (Continued)

\$10,000,000 Swap (Continued)

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap Payment	Total
	Principal	Interest		
2021	\$ 0	\$ 63,780	\$ 351,786	\$ 415,566
2022	0	63,780	351,786	415,566
2023	0	63,780	351,786	415,566
2024	0	63,780	351,786	415,566
2025	0	63,780	351,786	415,566
2026-2030	0	318,900	1,758,932	2,077,832
2031-2033	10,000,000	148,607	819,662	10,968,269
	<u>\$ 10,000,000</u>	<u>\$ 786,407</u>	<u>\$ 4,337,524</u>	<u>\$ 15,123,931</u>

7. Derivative Instruments

At June 30, 2020, the Schools had the following derivative instruments outstanding:

Instrument/Type	Objective	Original Notional Amount	Effective Date	Maturity Date	Terms
<u>Interest Rate Swap:</u>					
\$15,675,000 Swap	Variable to Synthetic Fixed Rate Swap	\$15,675,000	11/22/2006	06/01/2036	Pay 3.536% and received 63% of five year LIBOR
\$10,000,000 Swap	Variable to Synthetic Fixed Rate Swap	\$10,000,000	12/01/2004	06/01/2033	Pay 3.725% and received 63.5% of five year LIBOR

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type and changes in fair value for the year ended June 30, 2020, are reported in the current year's financial statements as follows:

Governmental Activities					
Type	Change in Fair Value		Fair Value at 6/30/2020		6/30/2020 Notional Amount
	Classification	Amount	Classification	Amount	
<u>Investment Derivative:</u>					
<u>Pay-fixed Interest Rate Swap:</u>					
\$15,675,000	Investment Gain	\$ 1,320,889	Debt	\$ (4,968,411)	\$15,675,000
\$10,000,000	Investment Gain	944,968	Debt	(3,648,809)	\$10,000,000
		<u>\$ 2,265,857</u>		<u>\$ (8,617,220)</u>	

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

7. Derivative Instruments (Continued)

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

8. Other Long-Term Liabilities

Changes in other long-term liabilities for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
OPEB Obligations	\$ 5,769,324	\$ -	\$ (704,499)	\$ 5,064,825	\$ -
Compensated Absences	414,814	87,978	-	502,792	502,792
Termination Benefits	516,639	97,586	(70,242)	543,983	91,723
Total	<u>\$ 6,700,777</u>	<u>\$ 185,564</u>	<u>\$ (774,741)</u>	<u>\$ 6,111,600</u>	<u>\$ 594,515</u>

The Schools use the General Purpose School Fund to liquidate the liability for compensated absences and termination benefits payable for governmental activities. The State of Tennessee makes on-behalf payments for the other postemployment benefit (OPEB) obligation as described in Note 17. Compensated absences are considered a current liability due to prior years' experience of paying these amounts within one year. Other postemployment benefit obligations and termination benefits are described in Note 16 and Note 18, respectively.

9. Fund Balances

The amounts reported on the balance sheets of the governmental funds as non-spendable, restricted and committed as of June 30, 2020 consists of the following:

Governmental Funds	Fund Balances		
	Non-Spendable	Restricted	Committed
General Purpose School Fund	\$ 41,429	\$ 3,695,684	\$ 520,553
School Federal Projects	-	-	-
Other Education Special Revenue Fund	-	7,784	-
Extended School Program Fund	-	-	75,957
Central Cafeteria Fund	28,909	924,460	-
Total	<u>\$ 70,338</u>	<u>\$ 4,627,928</u>	<u>\$ 596,510</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

10. Net Position

Net position represents the difference between assets, liabilities and deferred inflows of resources. Net position at June 30, 2020 is as follows:

	<u>Governmental Activities</u>	
	<u>Primary Government</u>	<u>Component Unit – Foundation</u>
Net Investment in Capital Assets:		
Net Capital Assets	\$ 71,500,934	\$ -
Less: Related Debt – Net of Discounts, Premiums and Unspent Debt Proceeds	<u>(78,366,910)</u>	<u>-</u>
	<u>(6,865,976)</u>	<u>-</u>
Restricted:		
Career Ladder – State of Tennessee	-	-
Cafeteria	953,369	-
Grants and Other	7,784	1,187,529
Pension	9,140,843	-
SRT investment held by TCRS	236,771	-
Unspent bond proceeds	<u>3,458,913</u>	<u>-</u>
	<u>13,797,680</u>	<u>1,187,529</u>
Unrestricted (Deficit)	<u>(7,960,515)</u>	<u>3,685,760</u>
Total	<u>\$ (1,028,811)</u>	<u>\$ 4,873,289</u>

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

11. Local Taxes

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

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

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

The Schools recognized the following local tax revenues in the General Purpose School Fund during the year ended June 30, 2020:

	<u>Amount</u>	<u>% of Revenues</u>
Property Taxes	\$ 11,445,587	16.16%
Local Option Sales and Mineral Severance Taxes	7,094,673	10.02%
Mixed Drink Taxes	<u>192</u>	<u>0.00%</u>
Total	<u>\$ 18,540,452</u>	<u>26.18%</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

12. Interfund Receivables, Payables and Transfers

Interfund Receivables and Payables

A detailed listing of interfund receivables and payables at June 30, 2020 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
<u>Governmental Activities:</u>		
School Federal Projects Fund	General Purpose School Fund	\$ 245,396
Other Education Special Revenue	General Purpose School Fund	25,550
Governmental Activities Total		<u>\$ 270,946</u>

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

Transfers

Transfers between the individual funds and the City of Oak Ridge during the year ended June 30, 2020 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<u>Governmental Activities:</u>		
General Purpose School Fund	City's General Fund	\$ 24,350,126
General Purpose School Fund	Schools Federal Projects Fund	116,856
Other Education Special Revenue Fund	General Purpose School Fund	73,256
General Purpose School Fund	Extended School Program	10,000

The City provides an annual operating transfer from its General Fund to the Schools' General Purpose School Fund. The transfer of \$24,350,126 during the year ended June 30, 2020 was 33.31% of total revenues and other sources. The transfer of \$116,856 from the Schools Federal Projects Fund is for indirect costs. The transfer of \$73,256 to the Other Education Special Revenue Fund is considered the Schools' local match for the Family Resource Program grant. The transfer of \$10,000 from the Extended School Program is for indirect costs.

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

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
<u>Governmental Activities:</u>			
City Debt Service Fund	General Purpose School Fund	\$ 16,245,110	Debt Issuance
General Purpose School Fund	City Debt Service Fund	20,247,261	Debt Service
General Purpose School Fund	City Capital Projects Fund	4,854,012	Capital Projects

During 2020, the Foundation made a \$404,288 payment to the City to fund school related debt.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

13. Budget Amendments

The Schools amended the budgeted expenditures and transfers for the year ended June 30, 2020 as follows:

Governmental Fund	Original Budget	Changes in Appropriations	Final Budget
General Purpose School Fund	\$ 59,204,638	\$ (46,055)	\$ 59,158,583
School Federal Projects Fund	3,861,611	-	3,861,611
Other Education Special Revenue Fund	181,848	46,057	227,905
Extended School Program Fund	473,067	-	473,067
Central Cafeteria Fund	2,358,891	-	2,358,891

The additional appropriations were approved by the Board of Education and City Council as required.

14. Risk Management

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

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

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

15. Public Employee Retirement System

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Oak Ridge City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEA) after June 20, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS (Continued)

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire with unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as service related retirement benefits but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept state shared taxes of the sponsoring governmental entity of the LEA if required employer contributions are not remitted. Employer contributions by Oak Ridge Schools for the year ended June 30, 2020 to the Teacher Retirement Plan were \$75,696 which is 1.97 percent of covered payroll. In addition, employer contributions of \$69,915, which is 2.03 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by the members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pension

Pension liabilities (assets). At June 30, 2020, Oak Ridge Schools reported a liability (asset) of (\$155,406) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension asset used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Oak Ridge Schools' proportion of the net pension liability (asset) was based on Oak Ridge Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, Oak Ridge Schools' proportion was 0.275306 percent. The proportion measured as of June 30, 2018 was 0.232039 percent.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS (Continued)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pension (Continued)

Pension Expense (negative pension expense). For the year ended June 30, 2020, Oak Ridge Schools recognized pension expense (negative pension expense) of \$47,588.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Oak Ridge Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,444	\$ 27,130
Net difference between projected and actual earnings on pension plan investments	-	6,570
Change in assumptions	5,400	-
Changes in proportion of Net Pension Liability (Asset)	8,409	23,054
LEA's contributions subsequent to the measurement date of June 30, 2019	75,696	n/a
Total	<u>\$ 95,949</u>	<u>\$ 56,754</u>

Oak Ridge Schools' employer contributions of \$75,696, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Total
Year Ended June 30:	
2021	\$ (4,478)
2022	(5,483)
2023	(3,640)
2024	(2,701)
2025	(2,433)
Thereafter	(17,766)

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS (Continued)

Actuarial assumptions. The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Hybrid Retirement Plan of TCRS (Continued)

Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents Oak Ridge City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Oak Ridge City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Oak Ridge Schools' proportionate share of the net pension liability (asset)	\$ 49,239	\$ (155,406)	\$ (306,677)

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

Payable to the Pension Plan

At June 30, 2020, Oak Ridge Schools reported a payable of \$4,232 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

Oak Ridge City Schools Teacher Legacy Pension Plan of TCRS

Plan description. The Tennessee Consolidated Retirement System (TCRS) was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Legacy Pension Plan of TCRS (Continued)

Teacher employed by Oak Ridge City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees.

Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Oak Ridge Schools for the year ended June 30, 2020 to the Teacher Legacy Pension Plan were \$2,716,125 which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension liabilities (assets). At June 30, 2020, the Oak Ridge Schools reported a liability (asset) of (\$7,722,304) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Oak Ridge Schools' proportion of the net pension liability was based on Oak Ridge Schools' share of contributions to the pension plan relative to the

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Legacy Pension Plan of TCRS (Continued)

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

contributions of all participating LEAs. At the measurement date of June 30, 2019, Oak Ridge Schools' proportion was 0.751065 percent. The proportion measured as of June 30, 2018 was 0.729158 percent.

Pension expense (negative pension expense). For the year ended June 30, 2020, Oak Ridge Schools recognized a pension expense (negative pension expense) of \$1,108,392.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Oak Ridge Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 375,979	\$ 4,716,937
Changes in assumptions	1,040,620	-
Net difference between projected and actual earnings on pension plan investments	-	2,206,411
Changes in proportion of Net Pension Liability (Asset)	239,649	58,870
LEA's contributions subsequent to the measurement date of June 30, 2019	<u>2,716,125</u>	<u>n/a</u>
Total	<u><u>\$ 4,372,373</u></u>	<u><u>\$ 6,982,218</u></u>

Oak Ridge Schools' employer contributions of \$2,716,125, reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as an increase in net pension liability (asset) in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ (1,497,839)
2022	(2,125,374)
2023	(966,777)
2024	(735,980)
2025	-
Thereafter	-

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Legacy Pension Plan of TCRS (Continued)

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge City Schools Teacher Legacy Pension Plan of TCRS (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Oak Ridge Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what Oak Ridge Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Oak Ridge Schools' proportionate share of the net pension liability (asset)	\$ 15,789,881	\$ (7,722,304)	\$ (26,425,595)

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

Payable to the Pension Plan

At June 30, 2020, Oak Ridge Schools reported a payable of \$186,370 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls

General Information about the Pension Plan

Plan description. Employees of Oak Ridge Board of Education Hybrid With Cost Controls are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plan of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated, Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls (Continued)

General Information about the Pension Plan (Continued)

Benefits provided (continued)

Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Employees covered by benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>81</u>
	<u>100</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Employees contribute 5 percent of salary. Oak Ridge Board of Education Hybrid With Cost Controls makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except in years when the maximum funded level, as established by the TCRS Board of Trustees is reached. By law, employer contributions are required to be paid. The TCRS may intercept Oak Ridge Board of Education Hybrid With Cost Controls' state shared taxes if required employer contributions are not remitted. Employer contributions by Oak Ridge Board of Education Hybrid With Cost Controls for the year ended June 30, 2020 to the Public Employee Retirement Plan were \$50,831 based on a rate of 1.89 percent of covered payroll. In addition, employer contributions of \$50,108, which is 2.11 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls (Continued)

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

Pension liabilities (assets). Oak Ridge Board of Education Hybrid With Cost Controls' net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on blending of the three factors described above.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls (Continued)

Pension Liabilities (Assets), Pension Expense (Net Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the all Oak Ridge Board of Education Hybrid With Cost Controls will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/18	\$ 199,301	\$ 267,655	\$ (68,354)
Changes for the year:			
Service cost	111,246	-	111,246
Interest	22,471	-	22,471
Differences between expected and actual experience	34,683	-	34,683
Changes in assumptions	-	-	-
Contributions - employer	-	34,943	(34,943)
Contributions - employees	-	111,998	(111,998)
Net investment income	-	25,111	(25,111)
Benefit payments, including refunds of employee contributions	(1,204)	(1,204)	-
Administrative expense	-	(6,539)	6,539
Other changes	-	-	-
Net changes	<u>167,196</u>	<u>164,309</u>	<u>2,887</u>
Balance at 6/30/19	<u>\$ 366,497</u>	<u>\$ 431,964</u>	<u>\$ (65,467)</u>

Sensitivity of the net pension liability (asset) in changes in the discount rate. The following presents the net pension liability (asset) of Oak Ridge Board of Education Hybrid With Cost Controls calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls (Continued)

Changes in Net Pension Liability (Asset) (Continued)

Sensitivity of the net pension liability (asset) in changes in the discount rate (continued)

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Oak Ridge Schools Hybrid with cost controls net pension liability (asset)	\$ 24,168	\$ (65,467)	\$ (134,208)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2020, Oak Ridge Board of Education Hybrid With Cost Controls recognized pension expense (negative pension expense) of \$11,676.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Oak Ridge Board of Education Hybrid With Cost Controls reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 74,970	\$ 454
Net difference between projected and actual earnings on pension plan investments	-	2,613
Change in assumptions	2,099	-
Contributions subsequent to the measurement date of June 30, 2019	50,831	n/a
Total	<u>\$ 127,900</u>	<u>\$ 3,067</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2021	\$ 7,861
2022	7,712
2023	8,243
2024	8,634
2025	8,879
Thereafter	32,673

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

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Hybrid With Cost Controls (Continued)

Payable to the Pension Plan

At June 30, 2020, Oak Ridge Board of Education Hybrid With Cost Controls reported a payable of \$140 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

Oak Ridge Schools Non-Teacher Legacy Plan

Plan description. Employees of Oak Ridge Schools are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	227
Inactive employees entitled to but not yet receiving benefits	200
Active employees	<u>133</u>
	<u>560</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Legacy Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Oak Ridge Schools makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contributions for Oak Ridge Schools were \$479,452 based on a rate of 9.97 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Oak Ridge Schools' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Oak Ridge Schools' net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Legacy Plan (Continued)

Net Pension Liability (Asset) (Continued)

Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Oak Ridge Schools will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Legacy Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/18	\$ 30,657,380	\$ 31,629,973	\$ (972,593)
Changes for the year:			
Service cost	511,277	-	511,277
Interest	2,199,907	-	2,199,907
Differences between expected and actual experience	163,594	-	163,594
Changes in Assumptions	-	-	-
Contributions - employer	-	526,893	(526,893)
Contributions - employees	-	262,308	(262,308)
Net investment income	-	2,322,653	(2,322,653)
Benefit payments, including refunds of employee contributions	(1,650,215)	(1,650,215)	-
Administrative expense	-	(12,003)	12,003
Net changes	<u>1,224,563</u>	<u>1,449,636</u>	<u>(225,073)</u>
Balance at 6/30/19	<u>\$ 31,881,943</u>	<u>\$ 33,079,609</u>	<u>\$ (1,197,666)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Oak Ridge Schools calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Oak Ridge Schools net pension liability (asset)	\$ 2,411,663	\$ (1,197,666)	\$ (4,240,871)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2020, Oak Ridge Schools recognized pension expense (negative pension expense) of \$582,482.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

15. Public Employee Retirement System (Continued)

Oak Ridge Schools Non-Teacher Legacy Plan (Continued)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2019, Oak Ridge Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,063	\$ 75,768
Net difference between projected and actual earnings on pension plan investments	-	388,979
Contributions subsequent to the measurement date of June 30, 2019	<u>479,452</u>	<u>n/a</u>
Total	<u><u>\$ 588,515</u></u>	<u><u>\$ 464,747</u></u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2021	\$ (41,332)
2022	(227,828)
2023	(74,298)
2024	(12,226)
2025	-
Thereafter	-

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

Payable to the Pension Plan

At June 30, 2020, Oak Ridge Schools reported a payable of \$2,981 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2020.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB)

Oak Ridge Schools Teacher Group Plan

Plan Description. Employees of Oak Ridge Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. Oak Ridge Schools offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the TGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Schools pay 85% of the retirees' individual health insurance premium for five years or until the retirees reach age 65. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees' premiums, based on years of service. Therefore, retirees with 30 or more years of services will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At July 1, 2019, the following employees of Oak Ridge Schools were covered by the benefit terms of the TGOP:

Retirees and beneficiaries	27
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>495</u>
	<u>522</u>

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Oak Ridge Schools paid \$222,212 to the TGOP for OPEB benefits as they came due.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools Teacher Group Plan (Continued)

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	6.03% for pre-65 in 2019, decreasing annually over a 10 year period to an ultimate rate of 4.50%. 5.20% for post-65 in 2019, decreasing annually over a 4 year period to an ultimate rate of 4.50%
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total OPEB liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools Teacher Group Plan (Continued)

Changes in Collective Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances at June 30, 2018	<u>\$ 7,938,090</u>
Changes for the year:	
Service cost	521,587
Interest	300,242
Changes of benefit terms	(2,296,835)
Differences between expected and actual experience	1,621,329
Change in assumptions	(568,662)
Benefit payments	<u>(334,382)</u>
Net changes	<u>(756,721)</u>
Balances at June 30, 2019	<u>\$ 7,181,369</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 2,116,544
Employer's proportionate share of the collective total OPEB liability	\$ 5,064,825
Employer's proportion of the collective total OPEB	70.53%

Oak Ridge Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. Oak Ridge Schools proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed (2.15%) from the prior measurement date. Oak Ridge Schools recognized \$465,283 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TGOP for Oak Ridge Schools retirees.

Changes of assumptions. In 2019, the following assumptions were changed: decreased the discount rate from 3.62% to 3.51%; the medical and drug trend rate assumptions were updated to reflect more recent experience as of the Measurement Date; and a change in expected per capita health claims to reflect more recent information as of the Measurement Date. These change in assumptions decreased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate:

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools Teacher Group Plan (Continued)

Changes in Collective Total OPEB Liability (Continued)

	<u>1% Decrease (2.51%)</u>	<u>Discount Rate (3.51%)</u>	<u>1% Increase (4.51%)</u>
Proportionate share of collective total OPEB liability	\$ 5,441,585	\$ 5,064,825	\$ 4,706,871

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.03% decreasing to 4.20%) or 1-percentage-point higher (7.03% decreasing to 6.20%) than the current healthcare cost trend rate:

	<u>1% Decrease (5.03% decreasing to 4.20%)</u>	<u>Healthcare Cost Trend Rates (6.03% decreasing to 5.20%)</u>	<u>1% Increase (7.03% decreasing to 6.20%)</u>
Proportionate share of collective total OPEB liability	\$ 4,529,385	\$ 5,064,825	\$ 5,689,330

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense. For the fiscal year ended June 30, 2020, Oak Ridge Schools recognized OPEB expense of \$(1,637,908).

Deferred outflows of resources and deferred inflows of resources. For the fiscal year ended June 30, 2020, Oak Ridge Schools reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,015,287	\$ 1,525,383
Changes of assumptions and other inputs	209,281	594,887
Changes in proportion	61,207	198,081
Employer payments subsequent to the measurement date of June 30, 2019	<u>222,212</u>	<u>N/A</u>
Total	<u>\$ 1,507,987</u>	<u>\$ 2,318,351</u>

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools Teacher Group Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:

2021	\$ (132,343)
2022	(132,343)
2023	(132,343)
2024	(132,343)
2025	(132,343)
Thereafter	(370,861)

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

Oak Ridge Schools The Tennessee Plan

Plan Description. Employees of Oak Ridge Schools, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed The Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the state, and certain local government entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The State offers the TNP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNP does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCAs 8-27-201, 8-27-301, and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Schools pay 85% of the retirees' individual health insurance premium for five

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools The Tennessee Plan (Continued)

years or until the retirees reach age 65. The state, as a governmental nonemployer contributing entity, provides a direct subsidy for eligible retirees' premiums, based on years of service. Therefore, retirees with 30 or more years of services will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms. At June 30, 2019, the following employees of Oak Ridge Schools were covered by the benefit terms of the TNP:

Retirees and beneficiaries	152
Inactive employees entitled to but not yet receiving benefit payments	52
Active employees	<u>392</u>
	<u>596</u>

In accordance with TCA 8-27-209, the state insurance committee established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, Oak Ridge Schools paid \$0 to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions. The collective total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4.00 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools The Tennessee Plan (Continued)

Total OPEB Liability (Continued)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 – June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate. The discount rate used to measure the total OPEB liability was 3.51 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

Changes in Collective Total OPEB Liability

	Total OPEB liability
Balances at June 30, 2018	<u>\$ 1,448,281</u>
Changes for the year:	
Service cost	24,568
Interest	52,047
Changes of benefit terms	-
Differences between expected and actual experience	226,432
Change in assumptions	22,697
Benefit payments	<u>(70,802)</u>
Net changes	<u>254,942</u>
Balances at June 30, 2019	<u><u>\$ 1,703,223</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 1,703,223
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

16. Other Postemployment Benefits (OPEB) (Continued)

Oak Ridge Schools The Tennessee Plan (Continued)

Changes in Collective Total OPEB Liability (Continued)

Oak Ridge Schools has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. Oak Ridge Schools proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit paid through the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The proportion changed 0.00% from the prior measurement date. Oak Ridge Schools recognized \$74,653 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the TNP for Oak Ridge Schools retirees.

Changes of assumptions. In 2019, the following assumptions were changed: decreased the discount rate from 3.62% to 3.51%. This change in assumptions decreased the total OPEB liability.

17. On-Behalf Payments

The State of Tennessee made the following on-behalf payments during the year ended June 30, 2020:

Teacher Group Insurance Plan – The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in the State-administered Teacher Group Insurance Plan through TCRS as described in Note 16. The on-behalf payment for 2020 was \$101,412 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

The Tennessee Plan – The State of Tennessee makes a contribution (on-behalf payment) for retired teachers who participate in The Tennessee Plan for the Local Employer as described in Note 16. The on-behalf payment for 2020 was \$76,526 and has been recorded as a revenue and expenditure in the General Purpose School Fund.

18. Termination Benefits

The Schools provide voluntary termination benefits for professional employees who agree to retire before age 65. For employees who retire at age 60 or after 30 years of creditable service in TCRS with at least 10 years of service with the Schools, the Schools pay 85% of the retirees' individual health insurance premiums for five years or until the retirees reach age 65. The Schools fund their contributions on a pay-as-you-go basis. During 2020, the Schools paid approximately \$70,242 to 21 retirees, which has been recorded as an expenditure in the General Purpose School Fund.

The estimated liability and expense of the termination benefits reported in the Schools' departmental-wide financial statements is \$543,983. Termination benefits are measured at the discounted present value of expected future benefit payments. The Schools used a discount rate of 3.84% and a projected annual healthcare cost trend rate of 10.0% to estimate the effect of making these payments over a five year period.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

19. Economic Concentration

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

The Schools receive annual funding from the State of Tennessee, City of Oak Ridge and Anderson and Roane Counties. The amount of revenue and other financing sources earned in the year ended June 30, 2020 in the General Purpose School Fund financial statements are as follows:

<u>Source</u>	<u>Amount</u>	<u>% of Revenues</u>
State of Tennessee	\$ 23,732,005	28.43%
City of Oak Ridge	40,595,236	48.63%
Anderson and Roane Counties	18,540,452	22.21%
Other	604,599	0.73%
Total	<u>\$ 83,472,292</u>	<u>100.00%</u>

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

20. Excess of Expenditures Over Appropriations

As required by the Tennessee Comptroller of the Treasury, Division of Local Governmental Audit, the Schools have prepared GASB Statement No. 34 departmental-wide financial statements for the fiscal year ended June 30, 2020. As a result during 2020, the General Purpose School Fund expenditures exceeded appropriations by \$23,726,242.

21. Contingencies

Loss contingencies are existing conditions, situations, or set of circumstances involving uncertainty as to possible loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. The reporting of loss contingencies depends on the likelihood that a future event or events will confirm the incurrence of a liability. Terms used to assess the range for the likelihood of loss are Probable, Reasonably Possible, and Remote. Loss contingencies that are assessed as probable and measurable are accrued in the financial statements. Loss contingencies that are assessed to be at least reasonably possible are disclosed in this note and loss contingencies that are assessed as remote are not reported in the financial statements, nor disclosed in the notes. The following table provides criteria for how the District accounts for loss contingencies, based on the likelihood of the loss and measurability.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Basic Financial Statements
(Continued)

21. Contingencies (Continued)

Likelihood of future outflow or other sacrifice of resources	Loss amount can be reasonably measured	Loss range can be reasonably measured	Loss amount or range cannot be reasonably measured
Probable Future confirming event(s) are more likely to occur than not.	Accrue the liability. Report on Balance Sheet and Statement of Net Cost.	Accrue liability of the best estimate or (if there is no best estimate) minimum amount in loss range, and disclose nature of contingency and range of estimate liability.	Disclose nature of contingency and include a statement that an estimate cannot be made.
Reasonably possible Possibility of future confirming event(s) occurring is more than remote and less than likely.	Disclose nature of contingency and estimated loss amount.	Disclose nature of contingency and estimated loss range.	Disclose nature of contingency and include a statement that an estimate cannot be made.
Remote possibility of future event(s) occurring is slight.	No disclosure.	No disclosure.	No disclosure.

The Board did not have any contingencies that are considered reasonably possible to occur based on management's review of the financial accounting disclosure criteria above.

22. Subsequent Events

Subsequent events were evaluated through December 9, 2020, which is the date the financial statements were available to be issued. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses, governments and school systems. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on the Schools and the duration cannot be estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Legacy Employee Pension Plan of TCRS

Last Measurement Period Ending June 30

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 593,620	\$ 576,571	\$ 558,772	\$ 553,182	\$ 534,843	\$ 511,277
Interest	1,920,483	1,992,432	2,019,852	2,070,010	2,140,572	2,199,907
Changes in benefit terms	-	-	-	-	-	-
Differences between actual and expected experience	(141,131)	(738,027)	(399,170)	177,442	(227,304)	163,594
Change of assumptions	-	-	-	685,078	-	-
Benefit payments, including refunds of employee contributions	(1,385,505)	(1,407,675)	(1,487,476)	(1,522,704)	(1,562,047)	(1,650,215)
Net change in total pension liability	987,467	423,301	691,978	1,963,008	886,064	1,224,563
Total pension liability - beginning	25,705,562	26,693,029	27,116,330	27,808,308	29,771,316	30,657,380
Total pension liability - ending (a)	\$ 26,693,029	\$ 27,116,330	\$ 27,808,308	\$ 29,771,316	\$ 30,657,380	\$ 31,881,943
Plan fiduciary net position						
Contributions - employer	\$ 601,852	\$ 603,825	\$ 604,601	\$ 597,818	\$ 565,950	\$ 526,893
Contributions - employee	310,746	300,414	300,796	297,422	282,349	262,308
Net investment income	3,876,773	824,811	717,506	3,076,562	2,452,150	2,322,653
Benefit payments, including refunds of employee contributions	(1,385,505)	(1,407,675)	(1,487,476)	(1,522,704)	(1,562,047)	(1,650,215)
Administrative expense	(7,996)	(9,355)	(13,501)	(13,912)	(14,364)	(12,003)
Net change in plan fiduciary net position	3,395,870	312,020	121,926	2,435,186	1,724,038	1,449,636
Plan fiduciary net position - beginning	23,640,933	27,036,803	27,348,823	27,470,749	29,905,935	31,629,973
Plan fiduciary net position - ending (b)	\$ 27,036,803	\$ 27,348,823	\$ 27,470,749	\$ 29,905,935	\$ 31,629,973	\$ 33,079,609
Net pension liability (asset) - ending (a)-(b)	\$ (343,774)	\$ (232,493)	\$ 337,559	\$ (134,619)	\$ (972,593)	\$ (1,197,666)
Plan fiduciary net position as a percentage of total pension liability	101.29%	100.86%	98.79%	100.45%	103.17%	103.76%
Covered payroll	\$ 5,912,101	\$ 6,008,215	\$ 6,015,939	\$ 5,948,434	\$ 5,631,332	\$ 5,237,502
Net pension liability (asset) as a percentage of covered payroll	(5.81)%	(3.87)%	5.61%	(2.26)%	-17.27%	(22.87)%

Notes to Schedule

Changes in assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's Contributions Based on
Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 601,852	\$ 603,825	\$ 604,601	\$ 597,818	\$ 565,948	\$ 526,893	\$ 479,452
Contributions in relation to the actuarially determined contribution	<u>601,852</u>	<u>603,825</u>	<u>604,601</u>	<u>597,818</u>	<u>565,948</u>	<u>526,893</u>	<u>479,452</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,912,101	\$ 6,008,215	\$ 6,015,939	\$ 5,948,434	\$ 5,631,323	\$ 5,237,495	\$ 4,808,947
Contributions as a percentage of covered payroll	10.18%	10.05%	10.05%	10.05%	10.05%	10.06%	9.97%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's
Proportionate Share of the Net Pension Asset
Teacher Legacy Pension Plan of TCRS

Last Measurement Period Ending June 30

	2014	2015	2016	2017	2018	2019
Oak Ridge School System's proportion of the net pension liability (asset)	0.643262%	0.662651%	0.714582%	0.709296%	0.729158%	0.751065%
Oak Ridge School System's proportionate share of the net pension liability (asset)	\$ (104,527)	\$ 271,444	\$ 4,465,739	\$ (232,072)	\$ (2,565,845)	\$ (7,722,304)
Oak Ridge School System's covered payroll	\$25,247,996	\$24,806,330	\$25,794,986	\$25,166,846	\$25,532,743	\$25,184,288
Oak Ridge School System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.41%	-1.09%	17.31%	-0.92%	-10.05%	-30.66%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's Contributions
Teacher Legacy Pension Plan of TCRS

Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 2,242,022	\$ 2,242,495	\$ 2,331,864	\$ 2,266,622	\$ 2,318,372	\$ 2,634,279	\$ 2,716,125
Contributions in relation to the actuarially determined contribution	<u>2,242,022</u>	<u>2,242,495</u>	<u>2,331,864</u>	<u>2,266,622</u>	<u>2,318,372</u>	<u>2,634,279</u>	<u>2,716,125</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Oak Ridge School System's covered payroll	\$ 25,247,996	\$ 24,806,330	\$ 25,794,986	\$ 25,166,846	\$ 25,532,743	\$ 25,184,312	\$ 25,551,505
Contributions as a percentage of Oak Ridge School System's covered payroll	8.88%	9.04%	9.04%	9.01%	9.08%	10.46%	10.63%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's
Proportionate Share of the Net Pension Liability (Asset)
Teacher Hybrid Pension Plan of TCRS

Last Fiscal Year Ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Oak Ridge School System's proportion of the net pension liability (asset)	0.262638%	0.214610%	0.265898%	0.232039%	0.275306%
Oak Ridge School System's proportionate share of the net pension liability (asset)	\$ (10,566)	\$ (22,342)	\$ (70,154)	\$ (105,236)	\$ (155,406)
Oak Ridge School System's covered payroll	\$ 545,692	\$ 944,289	\$ 1,651,613	\$ 2,027,749	\$ 2,913,297
Oak Ridge School System's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-1.94%	-2.37%	-4.25%	-5.19%	-5.33%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's Contributions
Teacher Hybrid Pension Plan of TCRS

Last Fiscal Year Ending June 30**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019*</u>	<u>2020*</u>
Actuarially determined contributions	\$ 546	\$ 23,637	\$ 69,808	\$ 33,067	\$ 56,520	\$ 75,696
Contributions in relation to the actuarially determined contribution	<u>21,828</u>	<u>37,772</u>	<u>69,808</u>	<u>81,110</u>	<u>56,520</u>	<u>75,696</u>
Contribution deficiency (excess)	<u>\$ (21,282)</u>	<u>\$ (14,135)</u>	<u>\$ -</u>	<u>\$ (48,043)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 545,692	\$ 944,289	\$ 1,651,613	\$ 2,027,749	\$ 2,844,000	\$ 3,548,985
Contributions as a percentage of covered payroll	4.00%	4.00%	4.23%	4.00%	1.94%	1.97%

* In fiscal year 2019 and 2020, the schools placed the actuarially determined contribution rate of 1.94% and 1.97% into the pension plan and placed 2.06% and 2.03%, respectively of covered payroll into the Pension Stabilization Reserve Trust.

** GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Hybrid Employee Pension Plan of TCRS

Last Measurement Date Ending June 30

	2015	2016	2017	2018	2019
Total pension liability					
Service cost	\$ 948	\$ 8,266	\$ 33,725	\$ 78,884	\$ 111,246
Interest	71	620	4,373	11,957	22,471
Changes in benefit terms	-	-	-	-	-
Differences between actual and expected experience	(1,019)	15,701	20,560	22,417	34,683
Change of assumptions	-	-	2,798	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	(1,204)
Net change in total pension liability	-	24,587	61,456	113,258	167,196
Total pension liability - beginning	-	-	24,587	86,043	199,301
Total pension liability - ending (a)	<u>\$ -</u>	<u>\$ 24,587</u>	<u>\$ 86,043</u>	<u>\$ 199,301</u>	<u>\$ 366,497</u>
Plan fiduciary net position					
Contributions - employer	\$ 541	\$ 12,691	\$ 37,547	\$ 61,210	\$ 34,943
Contributions - employee	677	15,864	46,935	76,513	111,998
Net investment income	-	370	7,928	15,431	25,111
Benefit payments, including refunds of employee contributions	-	-	-	-	(1,204)
Administrative expense	(40)	(1,165)	(3,234)	(5,083)	(6,539)
Other expense	-	-	1,470	-	-
Net change in plan fiduciary net position	1,178	27,760	90,646	148,071	164,309
Plan fiduciary net position - beginning	-	1,178	28,938	119,584	267,655
Plan fiduciary net position - ending (b)	<u>\$ 1,178</u>	<u>\$ 28,938</u>	<u>\$ 119,584</u>	<u>\$ 267,655</u>	<u>\$ 431,964</u>
Net pension liability (asset) - ending (a)-(b)	<u>\$ (1,178)</u>	<u>\$ (4,351)</u>	<u>\$ (33,541)</u>	<u>\$ (68,354)</u>	<u>\$ (65,467)</u>
Plan fiduciary net position as a percentage of total pension liability	0.00%	117.70%	138.98%	134.30%	117.86%
Covered payroll	\$ 13,535	\$ 303,747	\$ 938,688	\$ 1,530,245	\$ 2,239,932
Net pension liability (asset) as a percentage of covered payroll	(8.70)%	(1.43)%	(3.57)%	(4.47)%	(2.92)%

Notes to Schedule

Changes of assumptions: In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment and salary growth.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Oak Ridge School System's Contributions Based on
Participation in the Hybrid Employee Pension Plan of TCRS

Last Fiscal Year Ending June 30**

	2015	2016	2017	2018	2019*	2020*
Actuarially determined contribution	\$ 271	\$ 6,616	\$ 23,561	\$ 27,850	\$ 34,861	\$ 50,831
Contributions in relation to the actuarially determined contribution	541	12,691	37,547	61,210	34,861	50,831
Contribution deficiency (excess)	<u>\$ (270)</u>	<u>\$ (6,075)</u>	<u>\$ (13,986)</u>	<u>\$ (33,360)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,535	\$ 303,747	\$ 938,688	\$ 1,030,245	\$ 2,239,932	\$ 2,689,471
Contributions as a percentage of covered payroll	4.00%	4.18%	4.00%	5.94%	1.56%	1.89%

* In fiscal year 2019 and 2020, the schools paced the actuarially determined contribution rate of 1.56% and 1.89% into the pension plan and placed 2.44% and 2.11%, respectively of covered payroll into the Pension Stabilization Reserve Trust.

** GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Notes to Schedule - Hybrid Plan

Valuation date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10 year smoothed within 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Changes in Total OPEB Liability and Related Ratios
Based on Participation in the TGOP OPEB Plan

Last Measurement Date Ended June 30

	2017	2018	2019
Collective Total OPEB Liability			
Service cost	\$ 623,425	\$ 579,515	\$ 521,587
Interest on the total OPEB liability	322,788	392,019	300,242
Changes of benefit terms	-	(896,256)	(2,296,835)
Differences between expected and actual experience of the total OPEB liability	-	(2,696,855)	1,621,329
Change in assumptions and other inputs	(490,174)	370,006	(568,662)
Benefit payments	(424,234)	(485,212)	(334,382)
Net change in total OPEB liability	<u>31,805</u>	<u>(2,736,783)</u>	<u>(756,721)</u>
Total OPEB liability - beginning	<u>10,643,068</u>	<u>10,674,873</u>	<u>7,938,090</u>
Total OPEB liability - ending	<u><u>\$ 10,674,873</u></u>	<u><u>\$ 7,938,090</u></u>	<u><u>\$ 7,181,369</u></u>
Proportion Determination			
Employer's actuarial accrued liability	\$ 7,697,256	\$ 5,769,324	\$ 5,064,825
State's actuarial accrued liability	\$ 10,674,873	\$ 7,938,090	\$ 7,181,369
Collective actuarial accrued liability	\$ 2,977,617	\$ 2,168,766	\$ 2,116,544
Employer's portion	0.721063	0.726790	0.705273
State's portion	0.278937	0.273210	0.294727
Employer's share of the total OPEB liability - beginning	\$ 7,674,323	\$ 7,697,256	\$ 5,769,324
Employer's share of the total OPEB liability - ending	\$ 7,697,256	\$ 5,769,324	\$ 5,064,825
Estimated covered payroll	\$ 26,795,318	\$ 27,562,952	\$ 28,002,656
Employer's total OPEB liability as a percentage of covered payroll	28.73%	20.93%	18.09%

Notes:

Note 1: GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Note 2: The amounts reported for each fiscal year were determined as of the prior fiscal year.

Note 3: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB Plan.

Note 4: Changes in assumptions. The following are the discount rates used in each period:

2016 - 2.92%

2017 - 3.56%

2018 - 3.62%

2019 - 3.51%

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Changes in Total OPEB Liability and Related Ratios
Based on Participation in the TNP OPEB Plan

Last Measurement Date Ended June 30

	2017	2018	2019
Collective Total OPEB Liability			
Service cost	\$ 34,159	\$ 27,854	\$ 24,568
Interest on the total OPEB liability	49,542	55,708	52,047
Changes of benefit terms	-	-	-
Differences between expected and actual experience of the total OPEB liability	-	(124,727)	226,432
Change in assumptions and other inputs	(136,023)	(10,695)	22,697
Benefit payments	(72,750)	(73,655)	(70,802)
Net change in total OPEB liability	(125,072)	(125,515)	254,942
Total OPEB liability - beginning	1,698,868	1,573,796	1,448,281
Total OPEB liability - ending	<u>\$ 1,573,796</u>	<u>\$ 1,448,281</u>	<u>\$ 1,703,223</u>
Proportion Determination			
Employer's actuarial accrued liability	\$ -	\$ -	\$ -
State's actuarial accrued liability	\$ 1,573,796	\$ 1,448,281	\$ 1,703,223
Collective actuarial accrued liability	\$ 1,573,796	\$ 1,448,281	\$ 1,703,223
Employer's portion	-	-	-
State's portion	100%	100%	100%
Employer's share of the total OPEB liability - beginning	\$ -	\$ -	\$ -
Employer's share of the total OPEB liability - ending	\$ -	\$ -	\$ -
Estimated covered payroll	\$ 6,887,121	\$ 7,159,117	\$ 7,462,834
Employer's total OPEB liability as a percentage of covered payroll	0.00%	0.00%	0.00%

Notes:

Note 1: GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Note 2: The amounts reported for each fiscal year were determined as of the prior fiscal year.

Note 3: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB Plan.

Note 4: Changes in assumptions. The following are the discount rates used in each period:

2016 - 2.92%
2017 - 3.56%
2018 - 3.62%
2019 - 3.51%

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

General Purpose School Fund
Comparative Balance Sheets

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 11,955,559	\$ 9,843,485
Accounts receivable	6,361	649,949
Grants receivable	20,664	44,162
Due from other funds	270,946	392,639
Due from other governments	1,668,890	1,485,769
Prepaid items	41,429	88,368
Total current assets	<u>13,963,849</u>	<u>12,504,372</u>
Restricted assets:		
Cash and cash equivalents	3,458,913	4,320,986
Investments - Stabilization Reserve Trust	236,771	110,658
Total restricted assets	<u>3,695,684</u>	<u>4,431,644</u>
Total assets	<u>\$ 17,659,533</u>	<u>\$ 16,936,016</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Accounts payable	\$ 452,713	\$ 584,309
Accrued salaries and benefits	3,476,473	3,348,897
Retainage payable	-	-
Total liabilities	<u>3,929,186</u>	<u>3,933,206</u>
Deferred inflows of resources	<u>12,569</u>	<u>358</u>
Fund balances:		
Non-spendable - prepaid expenditures	41,429	88,368
Restricted - career ladder / extended contract	-	-
Restricted - bond proceeds	3,458,913	4,320,986
Restricted - Stabilization Reserve Trust	236,771	110,658
Unrestricted:		
Committed	520,553	739,109
Unassigned	9,460,112	7,743,331
Total fund balances*	<u>13,717,778</u>	<u>13,002,452</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,659,533</u>	<u>\$ 16,936,016</u>

*Includes unspent bond proceeds of \$3,458,913 held at the City.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

General Purpose School Fund
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30, 2020 and 2019

	2020 Actual	2019 Actual
Revenues:		
Property taxes	\$ 11,445,587	\$ 10,592,827
Local option sales taxes	7,094,673	5,879,500
Mixed drink taxes	192	162
Local mineral severance taxes	-	72
Charges for services	229,153	254,102
Other local sources	327,010	434,879
State of Tennessee - BEP	22,869,340	22,210,310
State of Tennessee - other	862,665	978,176
Federal government	49,436	136,878
Other	-	67,895
	<hr/>	<hr/>
Total revenues	42,878,056	40,554,801
Expenditures:		
Instruction:		
Regular instruction	26,659,256	26,005,476
Alternative school	774,284	744,625
Special education	4,248,102	4,068,850
Technology and career	1,279,633	1,117,033
	<hr/>	<hr/>
Total instruction	32,961,275	31,935,984
Support services:		
Health services	546,320	573,275
Other student support	1,746,527	1,505,599
Instructional staff	2,594,889	2,599,380
Special education	793,215	847,263
Technology and career	107,005	105,890
Technology	2,557,960	2,521,317
Communications	112,596	97,828
Board of education	1,879,507	1,122,021
Office of superintendent	342,477	336,039
Office of principal	3,454,481	3,412,496
Fiscal services	759,419	734,040
Human resources/personnel	354,962	352,288
Operation of plant	4,082,676	4,264,247
Maintenance of plant	1,573,416	1,748,943
Transportation	1,152,341	1,240,818
	<hr/>	<hr/>
Total support services	22,057,791	21,461,444

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

General Purpose School Fund
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance
(Continued)

Years Ended June 30, 2020 and 2019

	2020 Actual	2019 Actual
Expenditures (continued):		
Non-instructional:		
Pre-k program - grant	\$ 460,772	\$ 465,349
Pre-k program - local	606,778	536,095
Total non-instructional	1,067,550	1,001,444
Capital outlays	5,615,616	8,427,627
Debt service:		
Principal on capitalized leases	119,532	411,755
Interest on capitalized leases	14,952	13,245
Principal on bonds and notes payable	4,292,702	4,184,320
Interest on bonds and notes payable	2,879,909	2,795,558
Total debt service	7,307,095	7,404,878
Total expenditures	69,009,327	70,231,377
Revenues over (under) expenditures	(26,131,271)	(29,676,576)
Other financing sources (uses):		
Transfers in - from city	24,350,126	23,552,605
Transfers in - other funds	126,856	122,532
Transfers out - other funds	(73,256)	(71,950)
Bond refunding	(13,802,239)	-
Bond proceeds	16,245,110	8,547,713
Total other financing sources (uses) - net	26,846,597	32,150,900
Net change in fund balances	715,326	2,474,324
Fund balance, beginning	13,002,452	10,528,128
Fund balance, ending*	\$ 13,717,778	\$ 13,002,452

*Includes unspent bond proceeds of \$3,458,913 held at the City.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

General Purpose School Fund
Comparative Schedules of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual

Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Property taxes	\$ 11,048,443	\$ 11,048,443	\$ 11,445,587	\$ 397,144	\$ 10,831,807	\$ 10,831,807	\$ 10,592,827	\$ (238,980)
Local option sales taxes	5,787,581	5,787,581	7,094,673	1,307,092	5,033,423	5,033,423	5,879,500	846,077
Mixed drink taxes	250	250	192	(58)	250	250	162	(88)
Local mineral severance taxes	250	250	-	(250)	250	250	72	(178)
Charges for services	262,000	262,000	229,153	(32,847)	255,000	255,000	254,102	(898)
Other local sources	480,500	588,621	327,010	(261,611)	385,500	390,865	434,879	44,014
State of Tennessee - BEP	22,809,000	22,809,000	22,869,340	60,340	21,945,000	22,021,000	22,210,310	189,310
State of Tennessee - other	1,194,000	1,039,821	862,665	(177,156)	1,363,295	1,257,863	978,176	(279,687)
Federal government	135,000	135,000	49,436	(85,564)	150,000	150,000	136,878	(13,122)
Other	2,500	2,500	-	(2,500)	2,500	2,500	67,895	65,395
Total revenues	41,719,524	41,673,466	42,878,056	1,204,590	39,967,025	39,942,958	40,554,801	611,843
Expenditures:								
Instruction:								
Regular instruction	26,870,319	27,240,297	26,659,256	(581,041)	26,108,665	26,192,785	26,005,476	(187,309)
Alternative school	820,705	793,058	774,284	(18,774)	659,598	756,669	744,625	(12,044)
Special education	4,460,027	4,397,497	4,248,102	(149,395)	4,287,939	4,135,549	4,068,850	(66,699)
Technology and career	1,265,333	1,303,698	1,279,633	(24,065)	1,300,607	1,151,426	1,117,033	(34,393)
Other	1,010,000	321,550	-	(321,550)	725,000	314,996	-	(314,996)
Total instruction	34,426,384	34,056,100	32,961,275	(1,094,825)	33,081,809	32,551,425	31,935,984	(615,441)
Support services:								
Health services	604,107	565,935	546,320	(19,615)	612,236	586,967	573,275	(13,692)
Other student support	1,680,410	1,803,368	1,746,527	(56,841)	1,503,726	1,555,566	1,505,599	(49,967)
Instructional staff	2,765,556	2,770,756	2,594,889	(175,867)	2,660,828	2,703,457	2,599,380	(104,077)
Special education	828,745	849,996	793,215	(56,781)	799,308	850,831	847,263	(3,568)
Technology and career	111,349	113,336	107,005	(6,331)	116,202	106,954	105,890	(1,064)
Technology services	2,763,113	2,716,854	2,557,960	(158,894)	2,475,141	2,574,102	2,521,317	(52,785)
Communications	114,349	116,340	112,596	(3,744)	106,262	97,866	97,828	(38)
Board of education	1,061,487	1,778,690	1,879,507	100,817	1,081,842	1,060,527	1,122,021	61,494
Office of superintendent	356,796	356,798	342,477	(14,321)	350,574	345,456	336,039	(9,417)
Office of principal	3,567,705	3,522,825	3,454,481	(68,344)	3,445,237	3,445,737	3,412,496	(33,241)
Fiscal services	806,626	790,825	759,419	(31,406)	759,234	749,213	734,040	(15,173)
Human resources/personnel	429,455	372,109	354,962	(17,147)	349,106	354,938	352,288	(2,650)
Operation of plant	4,627,396	4,519,339	4,082,676	(436,663)	4,517,825	4,387,934	4,264,247	(123,687)
Maintenance of plant	1,642,702	1,646,052	1,573,416	(72,636)	1,572,702	1,785,903	1,748,943	(36,960)
Transportation	1,522,347	1,157,478	1,152,341	(5,137)	1,246,249	1,242,497	1,240,818	(1,679)
Total support services	22,882,143	23,080,701	22,057,791	(1,022,910)	21,596,472	21,847,948	21,461,444	(386,504)

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

General Purpose School Fund
Comparative Schedules of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
(Continued)

Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures (continued):								
Non-instructional:								
Pre-k program - grant	\$ 461,499	\$ 460,771	\$ 460,772	\$ 1	\$ 450,795	\$ 465,349	\$ 465,349	\$ -
Pre-k program - local	654,054	637,320	606,778	(30,542)	597,478	564,079	536,095	(27,984)
Total non-instructional	1,115,553	1,098,091	1,067,550	(30,541)	1,048,273	1,029,428	1,001,444	(27,984)
Capital outlay	707,205	850,335	5,615,616	4,765,281	517,205	790,891	8,427,627	7,636,736
Debt service:								
Principal on capitalized leases	-	-	119,532	119,532	411,755	411,755	411,755	-
Interest on capitalized leases	-	-	14,952	14,952	13,245	13,245	13,245	-
Principal on bonds and notes payable	-	-	4,292,702	4,292,702	-	-	4,184,320	4,184,320
Interest on bonds and notes payable	-	-	2,879,909	2,879,909	-	-	2,795,558	2,795,558
Total debt service	-	-	7,307,095	7,307,095	425,000	425,000	7,404,878	6,979,878
Total expenditures	59,131,285	59,085,227	69,009,327	9,924,100	56,668,759	56,644,692	70,231,377	13,586,685
Revenues over (under) expenditures	(17,411,761)	(17,411,761)	(26,131,271)	(8,719,510)	(16,701,734)	(16,701,734)	(29,676,576)	(12,974,842)
Other financing sources (uses):								
Transfers in - from city	15,493,963	15,493,963	24,350,126	8,856,163	15,493,963	15,493,963	23,552,605	8,058,642
Transfer in - other funds	125,000	125,000	126,856	1,856	110,000	110,000	122,532	12,532
Transfers out - other funds	(73,353)	(73,353)	(73,256)	97	(71,676)	(71,676)	(71,950)	(274)
Bond refunding	-	-	(13,802,239)	(13,802,239)	-	-	-	-
Bond proceeds	-	-	16,245,110	-	-	-	8,547,713	-
Total other financing sources (uses) - net	15,545,610	15,545,610	26,846,597	(4,944,123)	15,532,287	15,532,287	32,150,900	8,070,900
Net change in fund balances	\$ (1,866,151)	\$ (1,866,151)	715,326	\$ (13,663,633)	\$ (1,169,447)	\$ (1,169,447)	2,474,324	\$ (4,903,942)
Fund balance, beginning			13,002,452				10,528,128	
Fund balance, ending*			\$ 13,717,778				\$ 13,002,452	

*Includes unspent bond proceeds of \$3,458,913 held at the City.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

School Federal Projects Fund
Comparative Balance Sheets

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Grants receivable	\$ 330,097	\$ 493,038
Prepaid items	<u>-</u>	<u>154</u>
Total assets	<u>\$ 330,097</u>	<u>\$ 493,192</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Accounts payable	\$ 4,350	\$ 530
Accrued salaries and benefits	79,056	109,874
Due to other funds	245,396	381,758
Deferred revenue	<u>1,295</u>	<u>1,030</u>
Total liabilities	<u>330,097</u>	<u>493,192</u>
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 330,097</u>	<u>\$ 493,192</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

School Federal Projects Fund
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30, 2020 and 2019

	2020 Actual	2019 Actual
Revenues:		
Federal government	\$ 3,445,937	\$ 3,464,616
Total revenues	<u>3,445,937</u>	<u>3,464,616</u>
Expenditures:		
Instructional:		
Regular instruction	666,359	766,188
Special education	721,184	779,303
Technology and career	<u>121,308</u>	<u>50,533</u>
Total instructional	<u>1,508,851</u>	<u>1,596,024</u>
Support services:		
Health services	12,868	12,278
Other student support	56,785	67,244
Instructional staff	294,854	336,194
Special education	246,025	234,152
Technology and career	1,445	1,076
Technology	2,769	1,145
Transportation	<u>65,750</u>	<u>44,760</u>
Total support services	<u>680,496</u>	<u>696,849</u>
Non-instructional:		
Community service / early childhood education	1,139,734	1,058,232
Other	<u>-</u>	<u>979</u>
Total non-instructional	<u>1,139,734</u>	<u>1,059,211</u>
Total expenditures	<u>3,329,081</u>	<u>3,352,084</u>
Revenues over expenditures	<u>116,856</u>	<u>112,532</u>
Other financing sources (uses):		
Transfer to other funds	<u>(116,856)</u>	<u>(112,532)</u>
Total other financing sources (uses)	<u>(116,856)</u>	<u>(112,532)</u>
Net change in fund balances	-	-
Fund balance, beginning	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

School Federal Projects Fund
Comparative Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Federal government	\$ 3,861,611	\$ 3,861,611	\$ 3,445,937	\$ (415,674)	\$ 3,996,750	\$ 3,996,750	\$ 3,464,616	\$ (532,134)
Total revenues	3,861,611	3,861,611	3,445,937	(415,674)	3,996,750	3,996,750	3,464,616	(532,134)
Expenditures:								
Instructional:								
Regular instruction	750,000	724,435	666,359	(58,076)	866,250	793,226	766,188	(27,038)
Special education	790,000	829,446	721,184	(108,262)	805,000	831,379	779,303	(52,075)
Technology and career	50,000	121,310	121,308	(2)	125,000	53,575	50,533	(3,042)
Other	-	-	-	-	200,000	333,726	-	(333,726)
Total instructional	1,590,000	1,675,191	1,508,851	(166,340)	1,996,250	2,011,906	1,596,024	(415,882)
Support services:								
Health services	13,100	13,036	12,868	(168)	12,000	12,520	12,278	(242)
Other student support	45,000	65,124	56,785	(8,339)	75,000	85,423	67,244	(18,179)
Instructional staff	273,000	326,319	294,854	(31,465)	375,000	354,542	336,194	(18,348)
Special education	240,000	250,406	246,025	(4,381)	275,000	244,222	234,152	(10,070)
Technology and career	3,500	1,445	1,445	-	3,500	1,076	1,076	-
Technology	2,000	5,667	2,769	(2,898)	-	3,380	1,145	(2,235)
Fiscal services	-	-	-	-	-	-	-	-
Transportation	25,000	71,921	65,750	(6,171)	25,000	56,518	44,760	(11,758)
Total support services	601,600	733,918	680,496	(53,422)	765,500	757,681	696,849	(60,832)
Non-instructional:								
Community service / early childhood education	1,045,011	1,188,432	1,139,734	(48,698)	1,125,000	1,105,971	1,058,232	(47,739)
Other	500,000	131,180	-	(131,180)	-	1,081	979	(102)
Total non-instructional	1,545,011	1,319,612	1,139,734	(179,878)	1,125,000	1,107,052	1,059,211	(47,841)
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	3,736,611	3,728,721	3,329,081	(399,640)	3,886,750	3,876,639	3,352,084	(524,555)
Revenue over expenditures	125,000	132,890	116,856	(16,034)	110,000	120,111	112,532	(7,579)
Other financing sources (uses):								
Transfer to other funds	(125,000)	(132,890)	(116,856)	16,034	(110,000)	(120,111)	(112,532)	7,579
Total other financing sources (uses)	(125,000)	(132,890)	(116,856)	16,034	(110,000)	(120,111)	(112,532)	7,579
Net change in fund balances	\$ -	\$ -	-	\$ -	\$ -	\$ -	-	\$ -
Fund balance, beginning			-				-	
Fund balance, ending			\$ -				\$ -	

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2020

	Special Revenue Funds			
	Other Education Special Revenue Funds	Extended School Program Fund	Cafeteria	Total Special Revenue Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 97,039	\$ 970,514	\$ 1,067,553
Inventories	-	-	28,909	28,909
Accounts receivable	-	-	-	-
Grants receivable	36,268	-	57,110	93,378
Total assets	\$ 36,268	\$ 97,039	\$ 1,056,533	\$ 1,189,840
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Accounts payable	\$ -	\$ 857	\$ 71,736	\$ 72,593
Accrued salaries and benefits	2,934	-	-	2,934
Due to other funds	25,550	-	-	25,550
Total liabilities	28,484	857	71,736	101,077
Deferred inflows of resources	-	20,225	31,428	51,653
Fund balances:				
Nonspendable:				
Inventories	-	-	28,909	28,909
Restricted:				
Restricted for support service	7,784	-	-	7,784
Restricted for non-instructional	-	-	924,460	924,460
Unrestricted:				
Committed	-	75,957	-	75,957
Total fund balances	7,784	75,957	953,369	1,037,110
Total liabilities, deferred inflows of resources and fund balances	\$ 36,268	\$ 97,039	\$ 1,056,533	\$ 1,189,840

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Year Ended June 30, 2020

	Special Revenue Funds			
	Other Education Special Revenue Funds	Extended School Program Fund	Central Cafeteria Fund	Total
Revenues:				
Charges for service	\$ -	\$ 326,918	\$ 353,588	\$ 680,506
Other local sources	22,559	-	-	22,559
State grants	117,853	-	-	117,853
Federal government	-	-	1,987,844	1,987,844
Other	-	-	-	-
Total revenues	<u>140,412</u>	<u>326,918</u>	<u>2,341,432</u>	<u>2,808,762</u>
Expenditures:				
Support services:				
Other student support	102,868	-	-	102,868
Non-instructional:				
Food service	-	-	2,196,779	2,196,779
Community service	<u>105,526</u>	<u>329,720</u>	<u>-</u>	<u>435,246</u>
Total expenditures	<u>208,394</u>	<u>329,720</u>	<u>2,196,779</u>	<u>2,734,893</u>
Revenues over (under) expenditures	<u>(67,982)</u>	<u>(2,802)</u>	<u>144,653</u>	<u>73,869</u>
Other financing sources (uses):				
Operating transfers - other funds	<u>73,256</u>	<u>(10,000)</u>	<u>-</u>	<u>63,256</u>
Total other financing sources (uses)	<u>73,256</u>	<u>(10,000)</u>	<u>-</u>	<u>63,256</u>
Net change in fund balances	5,274	(12,802)	144,653	137,125
Fund balance, beginning	<u>2,510</u>	<u>88,759</u>	<u>808,716</u>	<u>899,985</u>
Fund balance, ending	<u>\$ 7,784</u>	<u>\$ 75,957</u>	<u>\$ 953,369</u>	<u>\$ 1,037,110</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Other Education Special Revenue Funds
Comparative Balance Sheets

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	\$ -
Grants receivable	<u>36,268</u>	<u>16,261</u>
Total assets	<u>\$ 36,268</u>	<u>\$ 16,261</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Accrued salaries and benefits	\$ 2,934	\$ 2,870
Due to other funds	<u>25,550</u>	<u>10,881</u>
Total liabilities	<u>28,484</u>	<u>13,751</u>
Fund balances:		
Restricted:		
Restricted for support services	<u>7,784</u>	<u>2,510</u>
Total liabilities and fund balances	<u>\$ 36,268</u>	<u>\$ 16,261</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Other Education Special Revenue Funds
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30, 2020 and 2019

	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues:		
Other local sources	\$ 22,559	\$ 11,791
State grants	<u>117,853</u>	<u>72,994</u>
Total revenues	<u>140,412</u>	<u>84,785</u>
Expenditures:		
Non-instructional:		
Other student services	102,868	102,561
Community service	<u>105,526</u>	<u>58,340</u>
Total expenditures	<u>208,394</u>	<u>160,901</u>
Revenues over (under) expenditures	(67,982)	(76,116)
Other financing sources:		
Operating transfers - other funds	<u>73,256</u>	<u>71,950</u>
Net change in fund balance	5,274	(4,166)
Fund balance, beginning	<u>2,510</u>	<u>6,676</u>
Fund balance, ending	<u>\$ 7,784</u>	<u>\$ 2,510</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Other Education Special Revenue Funds
Comparative Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Other local sources	\$ 32,929	\$ 32,929	\$ 22,559	\$ (10,370)	\$ 32,929	\$ 32,929	\$ 11,791	\$ (21,138)
State grants	75,545	121,602	117,853	(3,749)	51,478	75,545	72,994	(2,551)
Total revenues	108,474	154,531	140,412	(14,119)	84,407	108,474	84,785	(23,689)
Expenditures:								
Non-instructional:								
Other student services	103,986	102,986	102,868	(118)	101,286	102,286	102,561	275
Community service	77,862	124,919	105,526	(19,393)	54,797	77,864	58,340	(19,524)
Total expenditures	181,848	227,905	208,394	(19,511)	156,083	180,150	160,901	(19,249)
Revenues over (under) expenditures	(73,374)	(73,374)	(67,982)	5,392	(71,676)	(71,676)	(76,116)	(4,440)
Other financing sources:								
Operating transfers - other funds	73,374	73,374	73,256	(118)	71,676	71,676	71,950	274
Net change in fund balance	\$ -	\$ -	5,274	\$ 5,274	\$ -	\$ -	(4,166)	\$ (4,166)
Fund balance, beginning			2,510				6,676	
Fund balance, ending			\$ 7,784				\$ 2,510	

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Extended School Program Fund
Comparative Balance Sheets

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 97,039	\$ 93,359
Accounts receivable	<u>-</u>	<u>-</u>
Total assets	<u>\$ 97,039</u>	<u>\$ 93,359</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 857	\$ 1,349
Accrued salaries and benefits	<u>-</u>	<u>3,251</u>
Total liabilities	<u>857</u>	<u>4,600</u>
Deferred inflows of resources	<u>20,225</u>	<u>-</u>
Fund balances:		
Committed	<u>75,957</u>	<u>88,759</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 97,039</u>	<u>\$ 93,359</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Extended School Program Fund
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30, 2020 and 2019

	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues:		
Charges for services	\$ 326,918	\$ 385,637
Other income	<u>-</u>	<u>500</u>
Total revenues	<u>326,918</u>	<u>386,137</u>
Expenditures:		
Non-instructional:		
Community service	<u>329,720</u>	<u>388,595</u>
Total expenditures	<u>329,720</u>	<u>388,595</u>
Revenues over (under) expenditures	(2,802)	(2,458)
Other financing sources (uses):		
Operating transfers - other funds	<u>(10,000)</u>	<u>(10,000)</u>
Net change in fund balance	(12,802)	(12,458)
Fund balance, beginning	<u>88,759</u>	<u>101,217</u>
Fund balance, ending	<u>\$ 75,957</u>	<u>\$ 88,759</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Extended School Program Fund
Comparative Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30, 2019 and 2018

	2019				2018			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Charges for services	\$ 473,067	\$ 473,067	\$ 326,918	\$ (146,149)	\$ 438,243	\$ 438,243	\$ 385,637	\$ (52,606)
Other income	-	-	-	-	-	-	500	500
Total revenues	<u>473,067</u>	<u>473,067</u>	<u>326,918</u>	<u>(146,149)</u>	<u>438,243</u>	<u>438,243</u>	<u>386,137</u>	<u>(52,106)</u>
Expenditures:								
Non-instructional:								
Community service	<u>463,067</u>	<u>463,067</u>	<u>329,720</u>	<u>(133,347)</u>	<u>443,243</u>	<u>443,243</u>	<u>388,595</u>	<u>(54,648)</u>
Total expenditures	<u>463,067</u>	<u>463,067</u>	<u>329,720</u>	<u>(133,347)</u>	<u>443,243</u>	<u>443,243</u>	<u>388,595</u>	<u>(54,648)</u>
Revenues over (under) expenditures	10,000	10,000	(2,802)	(12,802)	(5,000)	(5,000)	(2,458)	2,542
Other financing sources (uses):								
Operating transfers - other funds	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,802)</u>	<u>\$ (12,802)</u>	<u>\$ (15,000)</u>	<u>\$ (15,000)</u>	<u>(12,458)</u>	<u>\$ 2,542</u>
Fund balance, beginning			<u>88,759</u>				<u>101,217</u>	
Fund balance, ending			<u>\$ 75,957</u>				<u>\$ 88,759</u>	

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Central Cafeteria Fund
Comparative Balance Sheets

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 970,514	\$ 849,879
Inventories	28,909	27,365
Accounts receivable	-	6,190
Grants receivable	<u>57,110</u>	<u>28,416</u>
Total assets	<u>\$ 1,056,533</u>	<u>\$ 911,850</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Accounts payable	<u>\$ 71,736</u>	<u>\$ 83,058</u>
Total liabilities	<u>71,736</u>	<u>83,058</u>
Deferred inflows of resources	<u>31,428</u>	<u>20,076</u>
Fund balance:		
Nonspendable:		
Inventories	28,909	27,365
Restricted for non-instructional - food service	<u>924,460</u>	<u>781,351</u>
Total fund balance	<u>953,369</u>	<u>808,716</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,056,533</u>	<u>\$ 911,850</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Central Cafeteria Fund
Comparative Statements of Revenues, Expenditures and Changes
in Fund Balance

Years Ended June 30, 2020 and 2019

	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenues:		
Charges for services	\$ 353,588	\$ 522,214
Federal and state government	<u>1,987,844</u>	<u>1,724,802</u>
Total revenues	<u>2,341,432</u>	<u>2,247,016</u>
Expenditures:		
Non-instructional:		
Food service	<u>2,196,779</u>	<u>2,099,640</u>
Total expenditures	<u>2,196,779</u>	<u>2,099,640</u>
Net change in fund balance	144,653	147,376
Fund balance, beginning	<u>808,716</u>	<u>661,340</u>
Fund balance, ending	<u>\$ 953,369</u>	<u>\$ 808,716</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Central Cafeteria Fund
Comparative Schedules of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual

Years Ended June 30, 2020 and 2019

	2020				2019			
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:								
Charges for services	\$ 629,559	\$ 629,559	\$ 353,588	\$ (275,971)	\$ 526,366	\$ 526,366	\$ 522,214	\$ (4,152)
Federal and state government	<u>1,549,332</u>	<u>1,549,332</u>	<u>1,987,844</u>	<u>438,512</u>	<u>1,502,525</u>	<u>1,502,525</u>	<u>1,724,802</u>	<u>222,277</u>
Total revenues	<u>2,178,891</u>	<u>2,178,891</u>	<u>2,341,432</u>	<u>162,541</u>	<u>2,028,891</u>	<u>2,028,891</u>	<u>2,247,016</u>	<u>218,125</u>
Expenditures:								
Non-instructional:								
Food service	<u>2,358,891</u>	<u>2,358,891</u>	<u>2,196,779</u>	<u>(162,112)</u>	<u>2,208,891</u>	<u>2,208,891</u>	<u>2,099,640</u>	<u>(109,251)</u>
Total expenditures	<u>2,358,891</u>	<u>2,358,891</u>	<u>2,196,779</u>	<u>(162,112)</u>	<u>2,208,891</u>	<u>2,208,891</u>	<u>2,099,640</u>	<u>(109,251)</u>
Net change in fund balance	<u>\$ (180,000)</u>	<u>\$ (180,000)</u>	144,653	<u>\$ 324,653</u>	<u>\$ (180,000)</u>	<u>\$ (180,000)</u>	147,376	<u>\$ 327,376</u>
Fund balance, beginning			<u>808,716</u>				<u>661,340</u>	
Fund balance, ending			<u>\$ 953,369</u>				<u>\$ 808,716</u>	

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Comparative Statements of Fiduciary Net Position - Fiduciary Fund
Private Purpose Trust and Agency Fund

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,208,626	\$ 1,142,267
Accounts receivable	-	952
Inventory	-	3,339
Prepaid expenses	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,208,626</u>	<u>\$ 1,146,558</u>
 <u>LIABILITIES AND NET POSITION</u>		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u> </u>
Net position:		
Held in trust for scholarships	89,173	89,752
Held in trust for internal school funds	<u>1,119,453</u>	<u>1,056,806</u>
	<u> </u>	<u> </u>
Total net position	<u>1,208,626</u>	<u>1,146,558</u>
	<u> </u>	<u> </u>
Total liabilities and net position	<u>\$ 1,208,626</u>	<u>\$ 1,146,558</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Comparative Statements of Changes in Fiduciary Net Position - Fiduciary Fund
Private Purpose Trust and Agency Fund

Years Ended June 30, 2020 and 2019

	<u>2020 Actual</u>	<u>2019 Actual</u>
Additions:		
Investment income	\$ 1,921	\$ 8,021
Contributions	<u>1,230,066</u>	<u>1,449,878</u>
Total additions	<u>1,231,987</u>	<u>1,457,899</u>
Deductions:		
Scholarship awards	2,500	21,454
School related expenditures	<u>1,167,419</u>	<u>1,343,089</u>
Total deductions	<u>1,169,919</u>	<u>1,364,543</u>
Change in net position	62,068	93,356
Net position, beginning	<u>1,146,558</u>	<u>1,053,202</u>
Net position, ending	<u>\$ 1,208,626</u>	<u>\$ 1,146,558</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards

June 30, 2020

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through To Subrecipients	Expenditures
Federal Awards:					
Direct Funding:					
U.S. Department of Energy	Clinch River Environmental Studies Organization (CRESO)	81.104	DE-FG05-93OR22105	N/A	\$ 39,272
Total Program 81.104					39,272
U.S. Department of Education	Federal Impact Aid-Section 8003	84.041	S041B-2017-4752	N/A	49,436
Total Program 84.041					49,436
Total Direct Funding					88,708
Pass-through Funding:					
U.S. Department of Health and Human Services (HHS) through Anderson County, TN	Headstart	93.600	PA20	N/A	8,984
U.S. Department of Health and Human Services (HHS) through Anderson County, TN	Headstart	93.600	PA22	N/A	818,153
U.S. Department of Health and Human Services (HHS) through Anderson County, TN	Headstart Safety Grant	93.600	PA	N/A	141,410
Total Program 93.600					968,547
U.S. Department of Education through TN Department of Education	Carl Perkins ACT	84.048A	Project #18--012000 Award #V048A180042	N/A	71,707
U.S. Department of Education through TN Department of Education	Carl Perkins Reserve	84.048A	Project #18--012000 Award #V048A160042	N/A	60,000
Total Program 84.048A					131,707
U.S. Department of Education through TN Department of Education	IDEA Discretionary	84.027A	Award #H027A180052	N/A	8,236
U.S. Department of Education through TN Department of Education	IDEA Discretionary	84.027A	Award #H027A180052	N/A	82,299
U.S. Department of Education through TN Department of Education	IDEA-B	84.027A	Project #18--012000 Award #I027A180052	N/A	956,385
Total Program 84.027A					1,046,920

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards
(Continued)

June 30, 2020

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through To Subrecipients	Expenditures
Federal Awards (Continued):					
Pass-through Funding (Continued):					
U.S. Department of Education through TN Department of Education	Idea-B/Preschool	84.173A	Project #18--012000 Award #H173A180095	N/A	\$ 29,096
Total Program 84.173A					29,096
Total Special Education (IDEA) Cluster					1,076,016
U.S. Department of Agriculture through TN Department of Education	Nat'l School Breakfast Program	10.553	N/A	N/A	544,425
Total Program 10.553					544,425
U.S. Department of Agriculture through TN Department of Education	Nat'l School Lunch Program	10.555	N/A	N/A	1,061,634
U.S. Department of Agriculture through TN Department of Education	Nat'l School Lunch Program / After School Snacks	10.555	N/A	N/A	16,510
U.S. Department of Agriculture through TN Department of Education	USDA Commodity Rebate	10.555	N/A	N/A	6,912
Total Program 10.555					1,085,056
U.S. Department of Agriculture through TN Department of Education	USDA Summer Food Program	10.559	N/A	N/A	64,393
Total Program 10.559					64,393
Total Child Nutrition Cluster					1,693,874
U.S. Department of Agriculture through TN Department of Human Services	Child & Adult Care Food Program	10.558	03-47-59931-00-5	N/A	121,458
Total Program 10.559=8					121,458
U.S. Department of Agriculture through TN Department of Education	Child Nutrition State Match	10.560	N/A	N/A	17,069
Total Program 10.560					17,069
U.S. Department of Agriculture through TN Department of Education	USDA Fresh Fruit Veggie Program	10.582	N/A	N/A	13,289
Total Program 10.582					13,289

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards
(Continued)

June 30, 2020

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through To Subrecipients	Expenditures
Federal Awards (Continued):					
Pass-through Funding (Continued):					
U.S. Department of Education through TN Department of Education	Title I - A	84.010A	Project #18-572-012000 Award #SO10A180042	N/A	\$ 866,435
Total Program 84.010A					866,435
U.S. Department of Education through TN Department of Education	Title IV - B	84.287	Project #18--012000 Award #S287C180043	N/A	140,396
Total Program 84.287					140,396
U.S. Department of Education through TN Department of Education	Title III - A	84.365A	Project #18--01200 Award #S365A180042	N/A	9,224
Total Program 84.365A					9,224
U.S. Department of Education through TN Department of Education	Title II - A	84.367A	Project #18--012000 Award #S367A180040	N/A	131,537
Total Program 84.367A					131,537
U.S. Department of Education through TN Department of Education	Title IV - A	84.424A	Project #18--012000 Award #S2424A180044	N/A	63,723
Total Program 84.424A					63,723
U.S. Department of Education through TN Department of Education	Read to Be Ready Summer	93.575	Project #18--012000 Award #V048A180042	N/A	20,376
Total Program 93.575					20,376
Total Pass-through Funding					5,253,651
Total Federal Awards					\$ 5,342,359
State Awards:					
Tennessee Department of Education	Early Childhood Education Pre-K Expansion	N/A	18--012000 PreK/State 46515	N/A	\$ 460,771
Tennessee Department of Education	Coordinated School Health	N/A	Project #18--012000 46590 (S397A090043)	N/A	74,999
Tennessee Department of Education	Safe Schools Act - FY2019	N/A	S397A090043	N/A	88,241

(Continued)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Expenditures of Federal and State Awards
(Continued)

June 30, 2020

Federal Grantor/Pass-through Grantor/State Grantor	Program/ Cluster Name	CFDA Number	Contract Number	Passed Through To Subrecipients	Expenditures
<u>State Awards (Continued):</u>					
Tennessee Department of Education	Family Resource Center - FY 2020	N/A	Project #18-012000	N/A	\$ 29,612
Total State Awards					<u>\$ 653,623</u>
Total Federal and State Awards					<u>\$ 5,995,982</u>

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Notes to Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2020

Note A – Basis of Presentation

The accompanying schedule of federal and state awards (the Schedule) includes federal and state award activity of Oak Ridge Schools under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Oak Ridge Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Oak Ridge Schools.

Note B – Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Oak Ridge Schools has elected to use an indirect cost rate of 6.0% for the following programs, as allowed under the Uniform Guidance:
 - a. Title I
 - b. Title II
 - c. Title III
 - d. Title IV
 - e. Carl Perkins ACT
 - f. IDEA Grants

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Noncash Federal Awards

June 30, 2020

<u>Federal Grantor/Pass-through Grantor/State Grantor</u>	<u>Program/ Cluster Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Passed Through To Subrecipients</u>	<u>Expenditures</u>
Federal Awards:					
Noncash:					
U.S. Department of Agriculture through TN Department of Education	N/A	10.569	N/A	N/A	<u>\$ 138,101</u>

See independent auditor's report.

OAK RIDGE CITY SCHOOLS
OAK RIDGE, TENNESSEE

Schedule of Changes in Long-Term Debt by Individual Issue

June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 6/30/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/29/2020
Bonds Payable:									
TN General Obligation Bond - Series 2009	\$ 15,676,720	Variable (1)	02/03/2009	06/01/2022	\$ 5,955,605	\$ -	\$ -	\$ 5,955,605	\$ -
TN General Obligation Bond - Series 2009b	7,846,634	Variable (2)	11/24/2009	06/01/2041	7,846,634	-	-	7,846,634	-
TN General Obligation Bond - Series 2015a	9,140,000	Variable (3)	12/18/2015	06/01/2024	5,850,000	-	950,000	-	4,900,000
TN General Obligation Bond - Series 2015b	9,445,000	Variable (4)	12/18/2015	06/01/2032	9,240,000	-	50,000	-	9,190,000
TN General Obligation Bond - Series 2017	3,905,000	Variable (5)	11/10/2017	06/01/2033	3,684,196	-	223,284	-	3,460,912
TN General Obligation Bond - Series 2018	8,700,000	Variable (6)	12/18/2018	06/01/2043	8,547,713	-	-	-	8,547,713
TN General Obligation Bond - Series 2019	15,713,000	Variable (7)	9/13/2019	06/01/2038	-	15,713,000	2,485,000	-	13,228,000
Qualified Zone Academy Bond - Series 2004	7,049,360	0.00%	11/24/2004	11/24/2020	881,170	-	440,585	-	440,585
Qualified Zone Academy Bond - Series 2005	1,032,500	0.00%	12/28/2005	12/28/2020	137,667	-	68,833	-	68,834
TMBF Bonds - Series 2008	7,752,287	Variable (8)	04/16/2008	05/25/2027	7,632,288	-	75,000	-	7,557,288
Local Government Public Improvement Bond VII-E-1	21,140,000	Variable (9)	01/02/2013	06/01/2036	21,140,000	-	-	-	21,140,000
Local Government Public Improvement Bond VI-M-1	4,735,000	Variable (10)	01/09/2013	06/01/2029	4,735,000	-	-	-	4,735,000
Total Bonds Payable					<u>\$ 75,650,273</u>	<u>\$ 15,713,000</u>	<u>\$ 4,292,702</u>	<u>\$ 13,802,239</u>	<u>\$ 73,268,332</u>
Loans Payable:									
Loan Payable to EESI of TN, Loan	3,000,000	1.00%	01/01/2020	12/01/2031	<u>\$ 2,508,196</u>	<u>\$ 532,110</u>	<u>\$ 119,532</u>	<u>\$ -</u>	<u>\$ 2,920,774</u>

(1) Variable interest rate between 3.00 - 5.00%

(2) Variable interest rate between 5.60 - 6.50%

(3) Variable interest rate between 2.00 - 5.00%

(4) Variable interest rate between 2.00 - 5.00%

(5) Variable interest rate between 2.25 - 5.00%

(6) Variable interest rate between 3.00 - 5.00%

(7) Variable interest rate between 2.00 - 5.00%

(8) Variable interest rate at June 30, 2020 is 0.90%

(9) Synthetic variable interest rate at June 30, 2020 approximates to 4.31%

(10) Synthetic variable interest rate at June 30, 2020 approximates to 4.32%

See independent auditor's report.

STATISTICAL SECTION (UNAUDITED)

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	(Restated) 2012	2011
Governmental activities:										
Net investment in capital assets	\$ (6,865,976)	\$ (4,268,288)	\$ (8,467,072)	\$ (10,064,996)	\$ (4,884,355)	\$ (4,988,392)	\$ (4,467,543)	\$ (3,631,784)	\$ (2,366,437)	\$ (966,589)
Restricted	13,797,680	8,954,898	3,716,673	429,327	280,344	133,981	143,972	89,870	27,016	71,666
Unrestricted	<u>(7,960,515)</u>	<u>(10,404,145)</u>	<u>(7,228,052)</u>	<u>(8,173,876)</u>	<u>(12,254,611)</u>	<u>(11,186,045)</u>	<u>(4,398,509)</u>	<u>(3,009,777)</u>	<u>(5,854,000)</u>	<u>(719,887)</u>
	<u>\$ (1,028,811)</u>	<u>\$ (5,717,535)</u>	<u>\$ (11,978,451)</u>	<u>\$ (17,809,545)</u>	<u>\$ (16,858,622)</u>	<u>\$ (16,040,456)</u>	<u>\$ (8,722,080)</u>	<u>\$ (6,551,691)</u>	<u>\$ (8,193,421)</u>	<u>\$ (1,614,810)</u>

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Change in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	(Restated) 2015	2014	2013	(Restated) 2012	2011
Expenses:										
Governmental activities:										
Instructional	\$ 37,165,827	\$ 34,986,630	\$ 34,790,175	\$ 34,240,037	\$ 30,156,746	\$ 29,193,306	\$ 33,499,296	\$ 34,942,916	\$ 36,147,513	\$ 34,495,875
Support services	20,757,959	20,828,817	21,134,627	21,335,813	22,725,143	21,344,213	19,081,808	18,067,089	18,167,296	17,610,147
Non-instructional	4,668,489	4,416,946	4,308,199	3,919,086	3,728,687	3,915,339	5,363,080	4,028,545	3,910,058	3,920,163
Pension expense	-	-	-	-	(342,633)	(120,675)	-	-	-	-
Interest on long-term debt	3,545,395	2,971,502	2,783,647	2,487,639	2,238,570	2,737,256	2,778,855	2,868,515	2,763,493	2,697,482
Total governmental activities expenses	66,137,570	63,203,895	63,016,648	61,982,575	58,506,513	57,069,439	60,723,039	59,907,065	60,988,360	58,723,667
Program revenues:										
Governmental activities:										
Charges for services:										
Instructional	225,678	250,092	269,261	5,348	289,396	303,813	296,773	327,892	354,642	400,746
Support services	-	-	-	-	18,435	16,663	21,396	17,200	19,349	15,354
Non-instructional	410,221	622,660	603,011	612,688	809,981	770,605	814,343	869,140	1,046,683	1,116,039
Operating grants and contributions:										
Instructional*	24,717,844	24,235,456	23,754,403	23,234,346	3,588,921	3,533,592	4,040,198	3,903,431	5,083,714	3,294,489
Support services	814,030	833,727	813,856	707,487	-	-	-	-	-	675,182
Non-instructional	3,406,446	3,514,473	3,575,967	2,868,786	1,959,932	1,807,495	1,814,991	1,744,783	1,689,867	2,361,629
Total governmental activities program revenues	29,574,219	29,456,408	29,016,498	27,428,655	6,666,665	6,432,168	6,987,701	6,862,446	8,194,255	7,863,439
Net expenses:										
Governmental activities	(36,563,451)	(33,747,487)	(34,000,150)	(34,553,920)	(51,839,848)	(50,637,271)	(53,735,338)	(53,044,619)	(52,794,105)	(50,860,228)
General revenues and other changes in net position:										
General revenues:										
Property taxes	11,445,587	10,592,827	10,393,227	10,520,679	10,085,357	9,066,034	9,191,611	8,893,890	8,806,098	8,774,875
Local options sales and mineral severance taxes	7,094,673	5,879,572	5,213,462	4,711,919	4,568,039	4,304,972	4,854,957	4,988,486	4,026,712	4,027,249
Mixed drink taxes	192	162	174	140	87	273	5,649	-	-	-
Other local sources	-	-	-	-	1,310,914	467,368	331,846	313,863	356,505	308,108
State of Tennessee - BEP	-	-	-	-	19,491,000	19,043,000	18,855,000	18,886,515	18,525,000	16,714,405
Federal government - unrestricted*	-	-	-	-	51,639	33,355	47,176	73,083	66,544	1,936,754
Investment income (loss)	136,533	183,638	94,856	40,311	18,601	461	13,664	22,042	24,744	20,766
Investment income (loss) - change in fair market value of swaps	(2,265,857)	(1,479,459)	995,446	1,967,643	(2,397,961)	(882,448)	(438,257)	3,169,166	(4,830,874)	(414,647)
Gain (loss) on sale and disposal of capital assets	-	-	-	(1)	(146)	5,926	28,074	17,917	1,262	(18,896)
Pension income	-	654,313	9,458	36,486	-	-	-	-	-	-
Contributions	110,456	104,927	104,310	205,350	-	-	-	-	-	-
Miscellaneous	380,465	519,818	443,984	494,966	-	-	-	-	-	-
Payments from component unit	-	-	-	-	63,271	80,044	66,756	111,329	-	-
Transfers from the City's general fund	15,493,963	15,493,963	15,493,963	15,493,963	14,955,915	14,629,302	14,112,832	13,862,832	14,629,302	14,686,834
Transfer from the School's general purpose school fund to the City's debt service fund	(16,245,110)	(8,547,713)	-	-	-	-	-	-	-	-
Transfers from the equipment rental and replacement fund	-	-	-	-	(876,826)	286,194	222,314	15,254	524,703	-
Transfers from the City's capital projects fund	4,854,012	9,626,477	564,276	57,715	335,410	-	-	-	-	-
Transfers from the City's debt service fund	20,247,261	6,979,878	6,652,469	6,452,176	4,875,846	4,845,347	4,273,327	4,331,972	4,141,985	4,002,020
Total governmental activities	41,252,175	40,008,403	39,965,625	39,981,347	52,481,146	51,879,828	51,564,949	54,686,349	46,271,981	50,037,468
Change in governmental activities net position	\$ 4,688,724	\$ 6,260,916	\$ 5,965,475	\$ 5,427,427	\$ 641,298	\$ 1,242,557	\$ (2,170,389)	\$ 1,641,730	\$ (6,522,124)	\$ (822,760)

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

* Beginning in fiscal year 2017, Basic Education Program funds are reported in Operating grants and contributions. Basic Education Program funds were previously reported as Instructional revenues and are no longer a separate line item under General revenues.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	General Purpose School Fund				All Other Government Funds			
	Non-Spendable	Restricted	Unrestricted (A)	Total	Non-Spendable	Restricted	Unrestricted (A)	Total
2011	\$ 53,580	\$ 67,261	\$ 5,509,326	\$ 5,630,167	\$ -	\$ 4,405	\$ 54,109	\$ 58,514
2012	83,659	73,782	5,680,670	5,838,111	4,508	67,821	70,568	142,897
2013	58,739	30,692	5,978,950	6,068,381	4,566	175,778	40,710	221,054
2014	71,362	52,669	5,534,857	5,658,888	1,777	246,290	15,368	263,435
2015	87,814	18,295	5,900,231	6,006,340	-	121,476	18,080	139,556
2016	73,867	(1,724)	6,930,925	7,003,068	-	278,213	58,254	336,467
2017	96,315	(7,883)	7,207,146	7,295,578	-	437,210	103,621	540,831
2018	112,824	2,578,271	7,837,033	10,528,128 *	43,195	624,821	101,217	769,233
2019	88,368	4,431,644	8,482,440	13,002,452 **	27,365	783,861	88,759	899,985
2020	41,429	3,695,684	9,980,665	13,717,778 ***	28,909	932,244	75,957	1,037,110

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

* Includes unspent bond proceeds of \$2,575,267

** Includes unspent bond proceeds of \$4,320,986.

*** Includes unspent bond proceeds of \$3,458,913.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues:											
Local taxes	\$ 18,540,452	\$ 16,472,561	\$ 15,606,862	\$ 15,232,737	\$ 14,653,483	\$ 13,371,279	\$ 14,052,217	\$ 13,882,376	\$ 12,832,810	\$ 12,802,124	\$ 12,649,926
Charges for services	909,659	1,161,953	1,142,086	1,112,544	1,099,377	1,074,418	1,111,116	1,197,033	1,401,325	1,514,327	1,650,818
Other local sources	349,569	446,670	355,932	428,331	108,410	182,835	179,589	196,074	160,263	178,545	221,755
State of Tennessee - BEP	22,869,340	22,210,310	21,413,738	20,286,000	19,491,000	19,043,000	20,229,863	20,055,845	19,809,329	17,698,595	18,307,746
State of Tennessee - Other	980,518	1,051,170	1,089,604	936,791	831,777	895,440	-	-	-	-	-
State of TN - On-behalf payments	-	-	-	-	-	170,285	172,409	178,429	165,609	178,079	194,338
Federal government	5,483,217	5,326,296	5,255,766	5,237,683	4,922,293	4,477,066	4,439,807	4,453,497	5,455,401	7,098,920	6,204,151
Capital lease proceeds	-	-	-	-	1,511,253	-	-	-	-	-	-
Other	-	68,395	152,686	167,933	1,075,597	202,356	171,518	204,185	176,383	176,006	176,311
Total revenues	49,132,755	46,737,355	45,016,674	43,402,019	43,693,190	39,416,679	40,356,519	40,167,439	40,001,120	39,646,596	39,405,045
Expenditures:											
Instructional	34,470,126	33,532,008	33,013,509	32,479,204	33,538,970	30,936,574	30,396,647	31,319,400	32,468,000	30,539,940	30,983,850
Support services	22,841,155	22,260,854	21,353,498	21,375,087	19,461,674	18,418,123	18,439,716	17,927,629	17,919,146	17,463,999	16,837,686
Non-instructional	4,839,309	4,607,230	4,366,070	3,903,789	3,781,123	3,900,739	3,875,556	3,872,652	3,826,312	3,771,273	3,884,878
Capital outlays	5,615,616	8,427,627	4,907,084	273,743	299,801	141,403	1,698,895	655,676	851,912	655,294	1,239,855
Debt service - principal	4,292,702	4,596,075	4,467,419	4,284,200	21,948,400	2,416,180	1,790,488	1,758,264	1,681,448	1,468,216	1,386,865
Debt service - interest	2,879,905	2,808,803	2,610,050	2,592,976	2,719,800	2,854,736	2,913,179	2,999,307	2,886,106	2,846,676	2,899,923
Other	-	-	-	-	-	-	-	-	-	117,204	134,075
Total expenditures	74,938,813	76,232,597	70,717,630	64,908,999	81,749,768	58,667,755	59,114,481	58,532,928	59,632,924	56,862,602	57,367,132
Excess (deficiency) of revenues over expenditures	(25,806,058)	(29,495,242)	(25,700,956)	(21,506,980)	(38,056,578)	(19,251,076)	(18,757,962)	(18,365,489)	(19,631,804)	(17,216,006)	(17,962,087)
Other financing sources (uses):											
Transfers in - from City	24,350,126	23,552,605	22,710,708	22,003,854	39,186,566	19,474,649	18,386,159	18,194,804	18,771,287	18,688,854	17,954,718
Current refunding of bonds	-	-	-	-	-	-	(307,573)	-	-	(1,656,721)	(4,675,000)
Refunding bonds issued	-	-	-	-	-	-	306,653	-	-	1,645,631	-
Premium of refunding bonds issued	-	-	-	-	-	-	8,179	-	-	33,500	-
General obligation bonds issued	-	-	-	-	-	-	(2,568)	-	-	318,284	5,825,000
Transfers in - other funds	200,112	194,482	221,313	172,672	63,651	-	-	-	-	-	-
Transfers out - other funds	(200,112)	(194,482)	(221,313)	(172,672)	-	-	-	-	-	-	-
Bond refunding	(13,802,239)	-	-	-	-	-	-	-	-	-	-
Bond proceeds	16,245,110	8,547,713	6,413,196	-	-	-	-	-	-	-	-
Capitalized lease proceeds	-	-	-	-	-	-	-	479,112	1,152,844	-	-
Total other financing sources (uses)	26,792,997	32,100,318	29,123,904	22,003,854	39,250,217	19,474,649	18,390,850	18,673,916	19,924,131	19,029,548	19,104,718
Net change in fund balances	986,939	2,605,076	3,422,948	496,874	1,193,639	223,573	(367,112)	308,427	292,327	1,813,542	1,142,631
Fund balance, beginning, as previously stated	13,902,437	11,297,361	7,836,409	7,339,535	6,145,896	5,922,323	6,289,435	5,981,008	5,688,681	3,875,139	2,732,508
Prior period adjustment	-	-	38,004	-	-	-	-	-	-	-	-
Fund balance, beginning, as restated	13,902,437	11,297,361	7,874,413	7,339,535	6,145,896	5,922,323	6,289,435	5,981,008	5,688,681	3,875,139	2,732,508
Fund balance, ending	\$ 14,889,376	\$ 13,902,437	\$ 11,297,361	\$ 7,836,409	\$ 7,339,535	\$ 6,145,896	\$ 5,922,323	\$ 6,289,435	\$ 5,981,008	\$ 5,688,681	\$ 3,875,139

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Local Tax Revenues by Source of All Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Local Option Sales Tax</u>	<u>Mineral Severance Tax</u>	<u>Mixed Drink Tax</u>	<u>Total</u>
2011	\$ 8,774,875	\$ 4,005,204	\$ 22,045	\$ -	\$ 12,802,124
2012	8,806,098	3,984,776	41,936	-	12,832,810
2013	8,893,890	4,986,448	2,038	-	13,882,376
2014	9,191,611	4,854,777	180	5,649	14,052,217
2015	9,066,034	4,340,972	-	273	13,407,279
2016	10,085,357	4,568,039	-	87	14,653,483
2017	10,520,679	4,711,403	515	140	15,232,737
2018	10,393,227	5,213,462	43	174	15,606,906
2019	10,592,827	5,879,500	72	162	16,472,561
2020	11,445,587	7,094,673	-	192	18,540,452

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Appraised and Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property (1a)		Personal Property (1b)		Public Utility Property (1c)		Total		(2) Total Direct Tax Rate In/Out	Ratio of Total Assessed to Total Appraised Value
		Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value		
Anderson County											
2020	2019	\$ 6,645,171,827	\$ 1,484,563,125	\$641,569,023	\$ 192,470,707	\$ 95,205,555	\$ 38,082,222	\$ 7,381,946,405	\$ 1,715,116,054	2.56/2.69	23.23%
2019	2018	6,075,766,637	1,463,229,520	608,890,153	175,047,954	90,096,472	39,327,110	6,774,753,262	1,677,604,584	2.54/2.59	24.76%
2018	2017	5,985,637,163	1,450,496,710	565,365,950	162,095,605	91,064,651	39,749,720	6,642,067,764	1,652,342,035	2.52/2.59	24.88%
2017	2016	5,611,802,105	1,432,503,075	523,447,208	157,429,322	105,715,397	46,144,771	6,240,964,710	1,636,077,168	2.52/2.59	26.22%
2016	2015	5,473,537,110	1,401,404,970	473,719,875	142,511,140	105,564,935	46,079,094	6,052,821,920	1,589,995,204	2.35/2.53	26.27%
2015	2014	5,163,144,200	1,468,538,695	451,860,084	135,558,025	79,575,664	43,766,615	5,694,579,948	1,647,863,335	2.35/2.53	28.94%
2014	2013	5,357,302,815	1,446,471,760	468,171,156	135,558,295	74,311,389	40,871,190	5,899,785,360	1,622,901,245	2.35/2.53	27.51%
2013	2012	5,542,958,171	1,449,714,920	430,114,371	129,034,404	41,628,886	22,895,887	6,014,701,428	1,601,645,211	2.38/2.53	26.63%
2012	2011	5,103,304,200	1,447,259,535	405,505,830	121,651,846	61,665,568	33,916,062	5,570,475,598	1,602,827,443	2.38/2.53	28.77%
2011	2010	5,072,033,400	1,438,571,130	420,909,761	126,273,011	40,289,379	22,159,158	5,533,232,540	1,587,003,299	2.27/2.37	28.68%
Roane County											
2020	2019	\$ 4,730,728,120	\$ 1,182,682,030	\$275,139,257	\$ 82,541,777	\$ 94,731,593	\$ 37,892,637	\$ 5,100,598,970	\$ 1,303,116,444	2.45/2.56	25.55%
2019	2018	4,594,840,586	1,164,831,990	192,885,053	57,462,292	93,267,487	40,711,258	4,880,993,126	1,263,005,540	2.52/2.35	25.88%
2018	2017	4,569,702,257	1,158,529,680	187,945,813	56,030,910	94,150,564	41,096,721	4,851,798,634	1,255,657,311	2.54/2.35	25.88%
2017	2016	4,609,054,400	1,157,943,685	196,316,395	60,878,733	166,869,205	72,838,408	4,972,240,000	1,291,660,826	2.35/2.52	25.98%
2016	2015	4,505,746,911	1,157,867,504	174,165,177	52,249,553	97,149,897	42,405,930	4,777,061,985	1,252,522,987	1.97/2.18	26.22%
2015	2014	4,438,600,400	1,206,929,570	176,732,327	53,019,698	76,611,695	42,136,432	4,691,944,421	1,302,085,700	1.97/2.18	27.75%
2014	2013	4,438,610,300	1,206,934,925	176,714,484	53,014,418	69,235,187	38,079,353	4,684,559,971	1,298,028,696	1.97/2.18	27.71%
2013	2012	4,379,144,400	1,186,869,930	243,147,371	72,944,304	71,935,962	39,564,779	4,694,227,733	1,299,379,013	1.97/2.18	27.68%
2012	2011	4,417,064,900	1,195,580,630	204,154,677	61,246,843	64,821,498	35,651,824	4,686,041,075	1,292,479,297	1.97/2.18	27.58%
2011	2010	4,444,845,200	1,207,094,090	208,032,952	62,410,327	61,164,818	33,640,650	4,714,042,970	1,303,145,067	1.91/2.64	27.64%

Notes: (1) Assessment Rates are set by Tennessee State Law as follows:

- (a) Real Property: Residential and Farm at 25 percent of value
Commercial and Industrial at 40 percent of value
(b) Personal Property at 30 percent of value
(c) Railroads at 40 percent of value and other Public Utilities at 55 percent of value

(2) "In" means inside the City of Oak Ridge. "Out" means outside the City of Oak Ridge's corporate limits or county-wide (County tax).

Sources: 2018 Tax Aggregate Report of Tennessee provided by the Tennessee Comptroller Treasury, Division of Property Assessments.
Anderson County, Tennessee, Finance Department
Roane County, Tennessee, Finance Department

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>City of Oak Ridge</u>	<u>Anderson County</u>	<u>Roane County</u>
2020	\$2.56	\$2.69	\$2.45
2019	2.54	2.59	2.35
2018	2.52	2.59	2.35
2017	2.52	2.59	2.35
2016	2.52	2.59	2.35
2015	2.39	2.53	1.97
2014	2.39	2.35	1.97
2013	2.39	2.35	1.97
2012	2.39	2.35	1.97
2011	2.39	2.26	1.91

Notes: The City of Oak Ridge is located in two Tennessee Counties: Anderson and Roane.

Overlapping rates are those of county governments that apply to property owners within the City of Oak Ridge. Approximately 15% of the taxable parcels (2,251 of 14,633) are located in the Roane County portion of the City.

The City's basic property tax rate may be increased only by a majority vote of the Oak Ridge City Council.

The City's base tax rate is the total direct rate.

- (1) Each governmental unit operates under different property tax assessment rolls which were certified at the time of their most recent reappraisal programs (Oak Ridge, Anderson County and Roane County - 2010 (fiscal year 2011) and 2015 (fiscal year 2016)).

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Principal Property Taxpayers
Current Tax Year and Nine Years Ago

Taxpayer	Type of Business	Tax Year 2020			Tax Year 2011		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
UT-Battelle (ORNL)	Management Contractor (ORNL)	\$ 72,346,826	1	8.47%	\$ 44,489,056	1	6.49%
Oak Ridge Projects LLC	Real Estate Developer	36,006,346	2	4.22%	37,778,018	2	5.51%
Energy Solutions (Scientific Ecology Group) (AKA GTS Duratek)	Environmental Services	13,135,965	3	1.54%	6,576,066	8	0.96%
TN Oak Ridge Rutgers, LLC	Real Estate Developer	12,304,640	4	1.44%	-	N/A	-
Methodist Medical Center	Health Services	11,458,587	5	1.34%	10,546,000	5	1.54%
Oak Ridge Tech Center	Office Complex	10,917,240	6	1.28%	13,388,273	3	1.95%
Oak Ridge Corp Partners							
R&R Properties/Richard Chinn	Entrepreneur	9,781,240	7	1.15%	11,508,382	4	1.68%
Oak Ridge Properties LLC (Wilkinson Realty)	Apartment Complexes	7,012,458	8	0.82%	7,434,309	6	1.09%
A & M Enterprises	Real Estate Developer	6,364,800	9	0.75%	5,074,560	9	0.74%
NPP - Oak Ridge, LLC	Apartment Complex	6,059,449	10	0.71%	-	N/A	-
BellSouth	Communications						
Advanced Measurement Technologies	Global Manufacturer	-	N/A	-	6,998,297	7	1.02%
		-	N/A	-	4,332,541	10	0.63%
		<u>\$ 185,387,551</u>		<u>21.72%</u>	<u>\$ 148,125,502</u>		<u>21.61%</u>

Source: City Finance Department

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date		Uncollected Taxes to Date	
			Amount	Percentage		Amount	Percentage	Amount	Percentage
			Collected	of Levy		Collected	of Levy	Amount	of Levy
Anderson County									
2020	2019	\$48,091,880	\$ 45,879,445	95.40%	\$ -	\$ 45,879,445	95.40%	\$ 2,212,435	4.60%
2019	2018	45,375,560	42,314,423	93.25%	2,405,355	44,719,778	98.55%	655,782	1.45%
2018	2017	44,517,403	42,113,903	94.60%	2,066,972	44,180,875	99.24%	336,528	0.76%
2017	2016	44,203,194	41,919,681	94.83%	2,087,021	44,006,702	99.56%	196,492	0.44%
2016	2015	42,877,374	40,768,406	95.08%	1,950,818	42,719,224	99.63%	158,150	0.37%
2015	2014	40,044,882	37,953,500	94.78%	1,899,786	39,853,286	99.52%	191,596	0.48%
2014	2013	40,226,997	37,697,807	93.71%	2,411,854	40,109,661	99.71%	117,336	0.29%
2013	2012	39,767,690	37,296,389	93.79%	2,447,639	39,744,028	99.94%	23,662	0.06%
2012	2011	39,418,410	36,853,130	93.49%	2,548,446	39,401,576	99.96%	16,834	0.04%
2011	2010	36,336,767	35,100,300	96.60%	1,224,370	36,324,670	99.97%	12,097	0.03%
City of Oak Ridge									
2020	2019	\$21,860,213	\$ 21,088,802	96.47%	\$ -	\$ 21,088,802	96.47%	\$ 771,411	3.53%
2019	2018	20,676,125	19,877,576	96.14%	511,323	20,388,899	98.61%	287,226	1.39%
2018	2017	20,199,140	19,596,550	97.02%	481,550	20,078,100	99.40%	121,040	0.60%
2017	2016	20,007,493	19,527,803	97.60%	460,764	19,988,567	99.91%	18,926	0.09%
2016	2015	19,984,133	19,129,012	95.72%	839,539	19,968,551	99.92%	15,582	0.08%
2015	2014	19,737,081	19,128,736	96.92%	592,399	19,721,135	99.92%	15,946	0.08%
2014	2013	19,461,911	18,853,042	96.87%	602,085	19,455,127	99.97%	6,784	0.03%
2013	2012	19,120,912	18,350,887	95.97%	763,381	19,114,268	99.97%	6,644	0.03%
2012	2011	19,153,289	18,695,063	97.61%	447,359	19,142,422	99.94%	10,867	0.06%
2011	2010	19,294,090	18,322,654	94.97%	960,011	19,282,665	99.94%	11,425	0.06%

- Notes: (1) Collections in subsequent years include amounts collected by the Trustee's Office after June 30 of each year and amounts collected by the Clerk and Master in Chancery Court.
(2) Source is the Anderson County, Tennessee Finance Department.
(3) On September 20, 2004, City Council authorized the Anderson County Delinquent Tax Attorney to collect City of Oak Ridge delinquent real property taxes in consolidation with the collection of Anderson County delinquent taxes. As real property becomes eligible for a delinquent property tax sale under Tennessee State law, the City is turning those delinquencies over to the Anderson County Delinquent Tax Attorney for collection.
(4) Roane County information is not available.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Direct and Overlapping Local Option Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>	
	<u>City of Oak Ridge</u>	<u>Anderson County</u>	<u>Roane County</u>
2011	2.75	2.75	2.50
2012	2.75	2.75	2.50
2013	2.75	2.75	2.50
2014	2.75	2.75	2.50
2015	2.75	2.75	2.50
2016	2.75	2.75	2.50
2017	2.75	2.75	2.50
2018	2.75	2.75	2.50
2019	2.75	2.75	2.50
2020	2.75	2.75	2.50

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

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	QZAB Bonds (1)	Notes Payable	Capitalized Outlay Obligations	Capitalized Lease Obligations	Total Outstanding Debt	Debt Per Capita
2020	\$ 39,326,625	\$ 509,419	\$ 33,432,288	\$ 2,920,774	\$ -	\$ 76,189,106	\$ 2,598
2019	41,124,149	1,018,837	33,507,288	2,508,196	-	78,158,470	2,665
2018	36,251,337	1,528,255	33,507,288	2,508,196	411,754	74,206,830	2,530
2017	35,905,414	2,037,674	33,507,288	-	810,677	72,261,053	2,463
2016	32,913,206	2,547,093	33,507,287	-	1,199,318	70,166,904	2,392
2015	16,353,940	3,056,510	52,487,288	-	121,313	72,019,051	2,455
2014	17,455,229	3,565,929	52,882,287	-	531,707	74,435,152	2,538
2013	17,968,219	4,075,347	53,252,287	-	930,736	76,226,589	2,599
2012	17,968,189	4,075,347	53,252,287	-	851,825	76,147,648	2,596
2011	19,117,977	5,094,184	53,702,287	-	119,869	78,034,317	2,661

- Notes: (1) Does not include unamortized bond discounts and premiums.
(2) FY 2008 is the first year the Schools adopted GASB Statement No. 34.
(3) Per Capita after FY 2009 is based upon the 2010 census population of 29,330.
(4) Personal Income information not available.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Appraised Value of Property</u>	<u>Debt Per Capita</u>
2020	\$39,326,625	0.53%	\$ 1,338
2019	41,124,149	0.61%	1,402
2018	36,251,337	0.55%	1,236
2017	35,905,414	0.58%	1,224
2016	32,913,206	0.54%	1,122
2015	16,353,940	0.29%	558
2014	17,455,229	0.30%	595
2013	17,968,219	0.30%	613
2012	17,968,189	0.32%	613
2011	19,117,977	0.35%	652

- Notes: (1) FY 2008 is the first year the Schools adopted GASB Statement No. 34.
(2) Per Capita after FY 2009 is based upon the 2010 census population of 29,330
(3) See the Schedule of Appraised and Assessed Value of Taxable Property.
(4) Property Values are for Anderson County Only.

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Demographic Statistics
1980, 1990 and 2000 Census Year Information and Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>Personal Income</u>	<u>(2) Per Capita Income</u>	<u>(2) Median Age</u>	<u>(2) Unemployment Rate</u>	<u>School Enrollment (4)</u>
1980	27,662	\$ 255,707,528	\$ 9,244 (1)	35.0 (1)	5.4% (1)	5,274
1990	27,310	482,321,910	17,661 (1)	39.6 (1)	4.9% (1)	4,432
2000	27,387	679,005,891	24,793 (1)	43.4 (1)	3.2% (1)	4,491
2011	29,330	922,311,180	31,446	(3)	9.4%	4,532
2012	29,330	948,737,510	32,347	(3)	8.6%	4,468
2013	29,330	942,431,560	32,132	43.2	7.4%	4,687
2014	29,330	923,631,030	31,491	43.1	7.0%	4,689
2015	29,330	931,931,420	31,774	43.2	5.7%	4,637
2016	29,330	919,700,810	31,357	43.2	4.7%	4,660
2017	29,330	928,910,430	31,671	42.3	4.8%	4,592
2018	29,330	952,051,800	32,460	40.7	4.2%	4,631
2019	29,330	(3)	(3)	(3)	4.0%	4,679
2020	29,330	(3)	(3)	(3)	8.6%	4,820

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

(2) Source: East Tennessee Development District/Bureau of Economic Analysis and Tennessee Department of Labor and Workforce Development. Statistic is for Anderson County. Information is maintained on a county basis and is unavailable for the City of Oak Ridge as a separate entity in a non-census year. The City comprises approximately 38% of Anderson County.

(3) Data Not Available

(4) Source: Oak Ridge Schools

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Principal Employers
Current Year and Nine Years Ago

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Consolidated Nuclear Services (CNS) (Y-12 National Security Complex)	4,700	1	14.21%	4,600	2	12.64%
UT-Battelle (ORNL)	4,500	2	13.61%	4,900	1	13.47%
Bechtel Jacobs Co. LLC (UPF Project at Y-12)	2,000	3	6.05%	1,337	4	3.68%
UCOR	1,600	4	4.84%	N/A	N/A	N/A
Methodist Medical Center	1,075	5	3.25%	1,350	3	3.71%
Oak Ridge Associated Universities	787	6	2.38%	1,000	6	2.75%
Oak Ridge Schools	669	7	2.06%	680	8	1.87%
Leidos	580	8	1.75%	N/A	N/A	N/A
Science Applications Int'l Corp. (SAIC)	546	9	1.65%	1,000	5	2.75%
Energy Solutions (AKA Duratek, Scientific Ecology Group, Inc.)	473	10	1.43%	678	9	1.86%
Wackenhut-Oak Ridge Team	N/A	N/A	N/A	921	7	2.53%
Sitel (Client Logic)	N/A	N/A	N/A	600	10	1.65%
	<u>16,930</u>		<u>51.23%</u>	<u>17,066</u>		<u>46.91%</u>

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

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Full-Time Equivalent School Employees
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Non-Teachers</u>	<u>Total</u>
2011	420.50	271.47	691.97
2012	420.90	260.53	681.43
2013	418.60	243.83	662.43
2014	411.48	237.60	649.08
2015	409.48	242.10	651.58
2016	405.88	246.68	652.56
2017	399.63	260.76	660.39
2018	398.68	264.26	662.94
2019	399.28	268.05	667.33
2020	380.68	289.10	669.78

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

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Enrollment, Membership, and Attendance Data
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Enrollment (A)	4,532	4,468	4,687	4,671	4,637	4,660	4,592	4,631	4,679	4,820
Average Daily Membership (A)	4,532	4,456	4,438	4,464	4,389	4,403	4,383	4,400	4,446	4,531
Average Daily Attendance (A)	4,288	4,240	4,247	4,212	4,173	4,189	4,193	4,182	4,238	4,383
Teacher/Pupil Ratio (B)	13.0	14.0	14.0	11.0	12.5	11.5	11.5	11.8	11.7	12.7
Number Graduating (B)	353	347	331	317	293	315	310	279	289	350
Avg. Test Scores (ACT) (B)	23.4	23.2	23.0	23.3	23.1	23.1	22.9	23.3	21.4	22.7
Number of Graduated Going to College (B)	318	295	284	281	278	231	273	247	215	245
Number of Free and Reduced Students (C)	1,929	2,171	2,208	1,996	2,308	2,573	2,341	2,253	2,268	2,347
Number of Student Meals Served (Lunch) (C)	449,930	383,005	372,676	358,029	673,108	352,915	381,713	361,977	376,161	388,122

Sources of Information:

- (A) Technology Department
- (B) Instructional Coordinator
- (C) Food Service Director

See independent auditor's report.

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Capital Assets Statistics by Function
Last Ten Fiscal Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Elementary Schools	4	4	4	4	4	4	4	4	4	4
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	1	1	1	1	1	1
Football Fields	3	3	3	3	3	3	3	3	3	3
Soccer Fields	1	1	1	1	1	1	1	1	1	1
Track Fields	3	3	3	3	3	3	3	3	3	3
Buses	35	35	32	30	29	29	27	20	18	7

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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

Board of Education
 Oak Ridge Schools
 Oak Ridge, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Oak Ridge Schools (the Schools), Oak Ridge, Tennessee, a special revenue fund of the City of Oak Ridge, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements, and have issued our report thereon dated December 9, 2020. Our report includes a reference to other auditors who audited the financial statements of the Oak Ridge Public Schools Education Foundation, Inc. (the Foundation), a discretely presented component unit, as described in our report on the Schools' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brown Lake & McDaniel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 9, 2020

BROWN JAKE & McDANIEL, PC

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

Board of Education
Oak Ridge Schools
Oak Ridge, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the Oak Ridge Schools (the Schools), Oak Ridge, Tennessee's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Schools' major federal programs for the year ended June 30, 2020. The Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Brown Lake & McDaniel, PC
CERTIFIED PUBLIC ACCOUNTANTS

Knoxville, Tennessee
December 9, 2020

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

ACCOMPANYING SCHEDULE OF FINDINGS AND QUESTIONED COSTS

I. SUMMARY OF AUDITOR'S RESULTS

- A. An unmodified opinion was issued on the basic financial statements of Oak Ridge Schools for the year ended June 30, 2020.
- B. Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? ☐ yes ☒ none reported
- C. Our audit disclosed no instances of noncompliance considered by us to be material to the financial statements.
- D. Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? ☐ yes ☒ none reported
- E. An unmodified opinion was issued for compliance for Oak Ridge Schools' major programs.
- F. The audit disclosed no audit findings requiring reporting under Section .510(a).
- G. We identified the following major federal assistance programs:
- 93.575 – US Department of Health and Human Services - Read to Be Ready Summer
84.027 – US Department of Education – IDEA B Special Education
84.173 – US Department of Education – IDEA B Preschool
- H. The threshold for distinguishing between Type A and Type B programs was \$750,000.
- I. The auditee was determined to be a low risk auditee.

II. SUMMARY OF FINDINGS REPORTED AT THE FINANCIAL STATEMENT LEVEL

None

III. SUMMARY OF FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OAK RIDGE SCHOOLS
OAK RIDGE, TENNESSEE

Summary Schedule of Prior Audit Findings

There were no prior year findings.