TROUP COUNTY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2011

TROUP COUNTY SCHOOL DISTRICT

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MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and Members of
the Troup County School District
LaGrange, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the budgetary comparison for the General Fund and the aggregate remaining fund information of the Troup County School District as of and for the year ended June 30, 2011, which collectively comprise the Troup County School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Troup County School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Troup County School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note B, the Troup County School District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2012 on our consideration of the Troup County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Troup County School District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of Quality Basic Education earnings and expenditures by program, the schedule of Approved Local Option Sales Tax Projects, the schedule of lottery expenditures, the schedule of expenditures of state awards, and the schedule of expenditures of federal awards as required by the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 14, 2012

TROUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

The discussion and analysis of Troup County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the School District exceeded its liabilities at the close of FY2011 by $131.7 million. Of this amount, $15.7 million of unrestricted net assets may be used to meet the School District's ongoing obligations to its taxpayers and creditors.
- The School District's total net assets increased by $8.1 million (6.6%) during the current fiscal year. The Governmental Activities' increase was $8.0 million (6.6%) and the Business-type Activities' increase was (.4%) or $80 thousand. Total net assets of Governmental Activities increased because of total liabilities decreasing by $7.5 million (mainly outstanding debt), while total assets increased $.6 million (capital assets decreased $2.8 millions and cash increased $.6 million and investments increased by $3.1 million). The net assets for Enterprise Funds increase was a result of charges for services of $1.5 million and operating grants/contributions of $4.5 million being more than expenses of $5.8 million and transfers to other funds of $125 thousand.
- Governmental activities general revenues accounted for $55.9 million or 43.6% of all revenues. Governmental activities program specific revenues in the form of charges for services/sales, operating grants/contributions and capital grants/contributions accounted for $72.3 million or 56.4% of total Governmental Activities' revenues of $128.2 million.
- The School District had $120.2 million of expenses related to Governmental Activities; only $72.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues totaling $55.9 million were able to more than cover the balance of expenses. General revenues were derived from Property Taxes of $38.7 million, Special Local Option Sales Taxes of $10.5 million and State Aid/Formula Grants of $6.5 million.
- Among the major funds, the General Fund had $102.5 million in revenues and $100.6 million in expenditures. The General Fund's fund balance increased by $1.7 million to $15.7 million which represents 15.6% of total General Fund expenditures or 37.5 days of operations.
- Unrestricted net assets for Business-type activities of $2.0 million increased by $80 thousand or 33.5% of expenses and 80.4 days of operations.
- The School District's total debt decreased by $8.2 million during the FY2011.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the Troup County School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-

term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Troup County School District, the General Fund is by far the most significant fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?". The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting methods used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and change in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Georgia impacting revenue growth, facility conditions, required educational programs, Georgia educational budget changes and other factors.

In the Statement of Net Assets and the Statement of Activities, the School district is divided into two distinct kinds of activities:

- Governmental Activities – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods of services provided. The School District's food service and after school programs are reported as business activities.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, SPLOST III Capital Projects Fund, and SPLOST III Debt Service Fund.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified

accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provided a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. See pages 17 and 19.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Proprietary financial statements may be viewed on pages 20 – 22.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds generally include school clubs and organizations within the principal's accounts. Fiduciary fund statements may be viewed on page 23.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements may be viewed on pages 25 – 48.

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

Table 1
Troup County School System Net Assets
In Millions

	Governmental Activities		Business-Type Activities		Total Net Assets		Total % Change
	2010	2011	2010	2011	2010	2011	2010-11
Current and Other Assets	$ 38.9	$ 42.1	$ 1.9	$ 2.1	$ 40.8	$ 44.2	8.3%
Capital Assets	124.4	121.6	0.3	0.3	124.7	121.9	-2.2%
Total Assets	**163.3**	**163.7**	**2.2**	**2.4**	**165.5**	**166.1**	**0.4%**
Long Term Debt Outstanding	18.6	10.4	-	-	18.6	10.4	-44.1%
Other Liabilities	22.9	23.6	0.3	0.4	23.2	24.0	3.4%
Total Liabilities	**$ 41.5**	**$ 34.0**	**$ 0.3**	**$ 0.4**	**$ 41.8**	**$ 34.4**	**-17.7%**
Net Assets:							
Invested in Capital Assets, Net of Related Debt	82.3	102.7	0.3	0.3	82.6	103.0	24.7%
Restricted	24.7	11.3	-	1.5	24.7	12.8	-48.2%
Unrestricted	14.8	15.7	1.6	0.2	16.4	15.9	-3.0%
Total Net Assets	**$ 121.8**	**$ 129.7**	**$ 1.9**	**$ 2.0**	**$ 123.7**	**$ 131.7**	**6.5%**

Total net assets increased $8.0 million. Cash, investments and accounts receivable increased $3.8 million due to increases in the General Fund from Education Job Grant funds, sales tax collections for SPLOST III exceeding capital outlays and debt service payments and an increase in QZAB investments' market value. Capital Assets decreased by $2.8 million due to annual depreciation exceeding additional new assets. This was related to SPLOST III construction activities been completed early in the year. Long Term Debt was reduced $8.2 million as the payment on the SPLOST III bonds continued in FY2011.

Table 2 shows the changes in net assets for fiscal year 2011 compared to fiscal year 2010:

Table 2
Change in Troup County School System Net Assets
In Millions

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2010	2011	2010	2011	2010	2011	2010-11
Revenues							
Program Revenues							
Charges for Services	$ 2.9	$ 2.8	$1.8	$ 1.5	$ 4.7	$ 4.3	-8.5%
Federal Grants	16.0	13.0	4.6	4.5	20.6	17.5	-15.0%
State Grants/Entitlements	52.0	55.6	0.2		52.2	55.6	6.5%
Other	0.6	0.9	-	-	0.6	0.9	50.0%
General Revenues							
Property Taxes	37.5	38.7	-	-	37.5	38.7	3.2%
Sales Taxes	10.6	10.5	-	-	10.6	10.5	-0.9%
State Aid/Formula Grants	5.3	6.5	-	-	5.3	6.5	22.6%
Other	0.3	0.1	-	-	0.3	0.1	-66.7%
Total Revenues	**125.2**	**128.1**	**6.6**	**6.0**	**131.8**	**134.1**	**1.7%**
Expenses							
Instruction	74.2	75.6	-	-	74.2	75.6	1.9%
Support Services	9.2	9.3	-	-	9.2	9.3	1.1%
Improvement of Instructional Services	4.4	5.2	-	-	4.4	5.2	18.2%
Educational Media	2.3	2.4	-	-	2.3	2.4	4.3%
General Administration	2.2	2.0	-	-	2.2	2.0	-9.1%
School Administration	6.6	6.7	-	-	6.6	6.7	1.5%
Business Administration	1.1	1.1	-	-	1.1	1.1	0.0%
Maintenance/Operation of Facilities	9.0	8.9	-	-	9.0	8.9	-1.1%
Student Transportation Services	7.2	6.3	-	-	7.2	6.3	-12.5%
Central Support Services	0.7	0.7	-	-	0.7	0.7	0.0%
Other Support Services	0.5	0.5	-	-	0.5	0.5	0.0%
Business Type Activities	-		5.9	5.8	5.9	5.8	-1.7%
Community Services	0.6	0.6	-	-	0.6	0.6	0.0%
Interest on Long-Term Debt	1.2	0.9	-	-	1.2	0.9	-25.0%
Total Expenses	**119.2**	**120.2**	**5.9**	**5.8**	**125.1**	**126.0**	**0.7%**
Excess(Deficiency) before Transfers	6.0	7.9	0.7	0.2	6.7	8.1	20.9%
Transfers	0.1	0.1	(0.1)	(0.1)	-	-	0.0%
Change in Net Assets	**6.1**	**8.0**	**0.6**	**0.1**	**6.7**	**8.1**	**20.9%**
Beginning Net Assets - 7/1/10	**115.7**	**121.7**	**1.3**	**1.9**	**117.0**	**123.6**	5.6%
Ending Net Assets - 6/30/11	**$ 121.8**	**$ 129.7**	**$1.9**	**$ 2.0**	**$ 123.7**	**$131.7**	**6.5%**

Revenues for governmental activities increased by 2.3%, while expenses increased by .8%. Program revenues increased by 1.1%, mainly due to increases in State Grants/Entitlements of $3.6 million, partially offset by a decrease in Federal Grants of $3.0 million. Federal Grant decreases were related to American Reinvestment and Recovery Act (ARRA) received for fiscal stabilization, Title I and Special Education programs beginning to phase out in FY11. Increases in State Grants resulted from improving revenue collections and the need to replace the lower ARRA funds. General Revenues increased by

3.9% mainly due to increases in Property Taxes of $1.2 million and State Formula Grants of $1.2 million. State Aid/Formula Grants increase was associated with state bonds for purchase of buses and higher equalization grant payments. Property tax increases resulted from a higher tax digest generated by economic activity associated with the new KIA plant and associated suppliers, plus lower tax abatements. Expenses increased by $1.0 million as a result of increased payroll expense from a reduction in the number of employee leave without pay days, mandated salary step increases partially offset by reductions in utilities, supplies, travel and other operating expenses.

Governmental Activities

The State of Georgia continued austerity reductions related to the QBE formula for FY11 in the amount of $8.9 million. Austerity reductions have totaled over $35.2 million since their inception in FY03 versus the normal QBE funding level. The original FY2011 budget contained mandated step increases and teacher retirement employer matching increases adding personnel expenses of $1.3 million. The reductions in revenues and mandated personnel expense increases where offset by reducing employee pay by an average of 3 leave without pay days ($1.2 million), a shortened academic calendar of 165 days ($.4 million) and implementing budget reductions in non-personnel areas of supplies, travel, and equipment ($1.4 million). Management continued to use its system-wide committee approach to develop recommendations for the 2011 budget to offset any funding deficits and to determine expenditure priorities. Recommended budget actions for FY11 operations were as follows:

- Leave Without Pay salary reductions $2.6 million
- Reduce Transportation fuel costs $.3 million
- Reduce Textbook purchases $.3 million
- Non-Personnel budget cuts and freezes $.6 million
- Additional KIA property tax revenue $1.0 million

The District's millage rate for FY11 was maintained at 18.85.

The School District's millage rate of 18.85 is still near the cap of 20.00 mills, above which increases must be approved by the voters of the District. The local tax digest is benefiting from the growth of KIA and its associated suppliers. FY2011 saw growth in the digest of roughly 6.9% including KIA growth and associated reductions in tax abatements for these operations. However, future growth will be limited by state mandated assessment freezes on existing property and the reduced values on existing homes due to the poor housing economy and the required use of foreclosure sales in setting appraisal values.

SPLOST III sales tax collections of $10.5 million were $1.1 million (8.5%) lower than the projections for FY11. For the first 48 months of SPLOST III, collections are $.8 million below projections. Interest income earned on the sale of related bonds will be used to offset this shortfall and cover all related SPLOST III expenditures.

The dependence upon State Aid/Formula grants and local property taxes remains very apparent. State funding represents 48.3% of total governmental activities revenue and local property and sales taxes represent 38.3% of the total revenues of $128.2 million. The continuation of State austerity cuts and lack of future increases to fund all State mandated activities will continue to increase the importance of local funding sources and other required expenditure reductions to the School District. This is indicated by the reduction in State funded revenue in FY04 of 57.8% to the current level of 50.7% in FY11.

Instruction comprises 62.9% of governmental activities program expenses. Interest expense was .7%. Interest expense was attributable to the outstanding general obligation bonds associated with capital projects for SPLOST III.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Table 3 shows, for Governmental Activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Troup County School System Governmental Activities
In Millions

	Total Cost of Services		Percentage Change	Net Cost Of Services		Percentage Change
	2010	2011	2010-11	2010	2011	2010-11
Expense Function						
Instruction	$ 74.2	$ 75.6	1.9%	$ 22.3	$ 23.8	6.7%
Support Services	9.3	9.3	0.0%	6.2	6.2	0.0%
Improvement of Instructional Services	4.3	5.2	20.9%	1.5	1.9	26.7%
Educational Media	2.3	2.4	4.3%	0.9	1.0	11.1%
General Administration	2.1	2.0	-4.8%	0.3	0.1	-66.7%
School Administration	6.6	6.7	1.5%	3.1	3.3	6.5%
Business Administration	1.1	1.1	0.0%	0.9	0.8	-11.1%
Maintenance/Operation of Facilities	9.0	8.9	-1.1%	5.4	5.2	-3.7%
Student Transportation Services	7.2	6.3	-12.5%	5.0	3.8	-24.0%
Central Support Services	0.8	0.7	-12.5%	0.7	0.7	0.0%
Other Support Services	0.5	0.5	0.0%	0.1	0.1	-
Community Services	0.6	0.6	0.0%	0.1	0.1	0.0%
Interest on Long-Term Debt	1.2	0.9	-25.0%	1.2	0.9	-25.0%
Total Expenses	**$ 119.2**	**$ 120.2**	**0.8%**	**$ 47.7**	**$ 47.9**	**0.4%**

The total cost of services for governmental activities increased by $1.0 million in FY11. Expenses increased slightly due to the reasons discussed under Table 2 above. The net cost of services increased by $.3 million mainly due to increased personnel costs from reduced leave without pays days partially offset by other operating expense reductions.

Business-Type Activities

Business-type activities include the School District's student food service operation and after school programs conducted by the elementary schools. These programs had revenues of $6.0 million and expenses of $5.8 million. Reserves were up $80 thousand at $2.0 million or 33.5% of expenses. School meal prices for FY2011 were not increased from FY2010. Management has established a target reserve of 15% of the total budget to judge when future price increases are necessary.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $128.1

million and expenditures of $125.5 million. The overall increase in the fund balance, after transfers, was $2.7 million. This was a result of the General Fund's Fund Balance increasing by $1.7 million, SPLOST III Capital Projects Fund's Fund Balance increasing $1.3 million, SPLOST III Debt Service Fund's Fund Balance decreasing $.6 million, and All Other Funds' Fund Balance increasing by $.3 million. General Fund changes resulted from higher Federal revenues versus budget and other expenditure reductions. SPLOST III Capital Outlay increased due to reduced construction projects and transfers of excess debt service funds into this account. SPLOST III Debt Service Fund decreased due to sales tax collections exceeding debt service being transferred to the capital outlay account.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2011, the School District amended its General Fund budget numerous times, mainly due to state QBE funding adjustments, Federal funding changes (Education Job Grant) and other expenditure adjustments to maintain a balanced budget. Total amended budgeted revenues and expenditures were increased $.6 million dollars. Revenue increases reflected state funding changes and other local revenue adjustments. Expenditure increases reflect expense changes associated with the state funding changes.

Actual revenue for the General Fund on a budget basis was $102.6 million or $2.4 million over the final amended budget due to the receipt of the federal Education Job Grant late in FY2011.

Actual expenditures for the General Fund on a budget basis were $100.5 million or $.6 million less than the amended budget. Most expenditure categories were below budget due to expenditure control plans developed by management to offset state funding shortfalls. The major reduction versus the final amended budget were in non-personnel expense categories that were frozen pending additional state revenue cuts.

The School District was able to increase the ending General Fund's Fund Balance by $1.7 million from FY2010. This resulted in an ending fund balance of $15.7 million or 15.6% of total expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District had $121.6 million (net of accumulated depreciation) invested in land, land improvements, buildings, machinery/equipment, vehicles and construction in progress at the end of fiscal year 2011 for Governmental Activities.

Table 4 shows fiscal 2011 balances compared to 2010:

Table 4
Troup County School System Capital Assets at June 30
Net of Depreciation
In Millions

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2010	2011	2010	2011	2010	2011	2010-11
Land	$ 2.9	$ 2.9	$ -	$ -	$ 2.9	$ 2.9	0.0%
Construction in Progress	15.4	-	-	-	15.4	-	-100.0%
Land Improvements	2.3	2.2	-	-	2.3	2.2	-4.3%
Buildings	97.9	110.9	-	-	97.9	110.9	13.3%
Machinery & Equipment	3.3	3.1	0.3	0.3	3.6	3.4	-5.6%
Vehicles	2.6	2.5	-	-	2.6	2.5	-3.8%
Total	**$ 124.4**	**$ 121.6**	**$ 0.3**	**$ 0.3**	**$ 124.7**	**$ 121.9**	-2.2%

The decrease occurred due to annual depreciation exceeding new construction or other capital asset purchases. SPLOST III construction projects have been completed based upon current estimated collections.

Debt Administration

The School District had $18.7 million in bonds outstanding at June 30, 2011, with $8.3 million due in one year.

Table 5 summarizes bonds and capital leases outstanding:

Table 5
Troup County School System Outstanding Debt at June 30
In Millions

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2010	2011	2010	2011	2010	2011	2010-11
General Obligation Bonds (Backed by Local Sales Tax)	$ 25.0	$ 17.0	$ -	$ -	$ 25.0	$ 17.0	-32.0%
Qualified Zone Academy Bond	1.6	1.7	-	-	1.6	1.7	6.2%
Total	**$ 26.6**	**$ 18.7**	**$ -**	**$ -**	**$ 26.6**	**$ 18.7**	-29.7%

The General Obligation Bonds represent the debt associated with SPLOST III collections which began in July, 2007. These funds were borrowed to allow construction on approved projects to begin in advance of actual collections to meet student enrollment growth. SPLOST III borrowings of $40.2 million are to be covered by estimated sales tax collections of $55.5 million from July, 2007 to June, 2012. Management continues to monitor collections monthly to insure all bond payments and construction projects will be covered by collections and interest income earned on these bonds. Current estimates are that tax collections and earned interest will cover all SPLOST III projects.

The Qualified Zone Academy Bond (QZAB) was used for major renovations at Whitesville Road Elementary School including roof replacement, HVAC replacement, computer lab upgrades, additional classroom space, handicap accessibility, computers and other classroom equipment, and general building renovations to plumbing, electrical and furniture/fixtures. No bond repayments are required for QZAB until October, 2015. Annual deposits of $206,864 were made to a sinking fund account with U. S. Bank from FY03 through FY09 to fund this repayment.

The School District maintains an AA2 bond rating with Moody's Investment Services and an AA+ rating with Standard & Poor's based upon the Georgia State Intercept Program. The School District's issuer credit rating was increased to AA- from A by Standard and Poor's on June 3, 2011 based upon the District's long-standing maintenance of strong reserve levels, positive operations, and tax base growth due in part to the recent additional of a KIA automotive plant to the District's service area. The AA- rating is based on the District's own creditworthiness.

Legal debt margin for the Troup County School District per Georgia School Law 20-2-390 is $96.1 million based upon current state aid of $57.4 million and current property tax assessments of $38.7 million. The School District currently has borrowings of 19.5% of its legal limit.

For The Future

The Troup County School District was able to improve its financial position in fiscal year 2011 by increasing its unrestricted reserves from $13.5 million to $15.7 million in Governmental Activities. The overall increase in net assets of $8.0 million for Governmental Activities was positive for the financial strength of the School District. However, as the preceding information shows, the School District is facing increasing dependence on local revenue sources or expense reductions to fund its operations. The poor outlook for increased State funding for K-12 education and the continued escalation of mandated employee benefit expense in the next 2-3 years poses the biggest future challenge for the School District.

Locally, the School District maintained the millage rate for fiscal year 2011 at 18.85. This leaves us only an additional 1.15 mills before reaching the maximum of 20 mills above which increases require voter approval. New laws passed in 2010 by the State Legislature freeze assessments on existing residential property until sold to a new owner. The current poor housing market created a slight decline in property values, although Troup County has been more isolated from these declines than other parts of the state due to growth of KIA and related suppliers.

The State Legislature also eliminated an $8,000 homestead exemption in 2010 to balance their budget. The increased residential property tax burden continues to be a concern for local homeowners. This means that additional revenues will be hard to come by without new property being brought into the tax base.

On the positive side of growth, the new KIA automotive plant with an investment base of $1.2 billion as of November, 2010 has grown to three shifts and 3,000 employees. KIA has announced additional expansions due to strong sales growth for their vehicles. KIA and its subsidiary suppliers have brought over 8,000 new jobs to the Troup County area. The School District has agreed to a 50% property tax abatement for the property tax years 2007 to 2016 and a 25% property tax abatement for the years 2017 to 2022 for the new KIA plant resulting in an increase over current property tax levels. KIA and its related suppliers are estimated to generate between $5-6 million in new property taxes for the School District by 2013.

State QBE funds and State formula grants decreased by $2.0 million in FY11 due to continued cuts to balance the State budget. Total austerity reductions since their inception in FY03 now total $35.2 million with an additional $9.2 million planned for FY12.

Poor economic conditions in the State of Georgia continue to generate the potential for future cuts in state funding. Local school districts continue to struggle with the unfunded mandates required by state and federal regulations. This puts pressure on local funding sources to maintain the current programs. The FY12 budget plan is using $2.9 million of the General Fund reserve to balance the budget. The remaining General Fund unassigned reserve of $12.6 million should allow us to meet operating demands for the next 2-3 years. The School District has prepared a three year forecast to highlight the potential revenue problems and required actions needed to balance the annual budgets through FY2014. The School District continues to conduct in-depth reviews of all operations to reduce expenses and find new revenue sources to offset these funding shortfalls.

Given the requirements of No Child Left Behind and the continued accountability for improving test scores, management is faced with needing to carefully prioritize existing resources in the most efficient manner possible. New resources for restoring previously cut programs will continue to be slim for at least the foreseeable future without new state revenue sources.

The School District is using Systemwide committees to insure adequate input on setting the proper priorities and also insuring that all management personnel are well versed in the revenue and expense challenges to be addressed. It was this team approach that allowed the School District to maintain the financial bottom line in FY2011. This teamwork and continued prioritization of financial resources will be the key to continued academic improvement with the projected decrease in resources.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Don Miller, Chief Financial Officer, at Troup County School District, 100 North Davis Road, LaGrange, Georgia 30241.

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2011

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH	$ 3,126,404	$ 2,025,798	$ 5,152,202
INVESTMENTS	29,737,631	-	29,737,631
ACCOUNTS RECEIVABLE	259,000	52,548	311,548
DEFERRED CHARGES	100,769	-	100,769
TAXES RECEIVABLE, NET OF ALLOWANCE	1,216,514	-	1,216,514
DUE FROM OTHER GOVERNMENTS	7,567,252	-	7,567,252
INVENTORY	20,939	-	20,939
PREPAIDS	72,586	-	72,586
CAPITAL ASSETS NOT BEING DEPRECIATED:			
LAND	2,863,353	-	2,863,353
CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION:			
LAND IMPROVEMENTS	2,141,461	-	2,141,461
BUILDINGS	110,910,327	-	110,910,327
MACHINERY/EQUIPMENT	3,104,714	273,365	3,378,079
VEHICLES	2,542,693	-	2,542,693
TOTAL CAPITAL ASSETS, NET OF ACCUM. DEPRECIATION	121,562,548	273,365	121,835,913
TOTAL ASSETS	163,663,643	2,351,711	166,015,354
LIABILITIES			
ACCOUNTS PAYABLE	1,854,556	42,417	1,896,973
SALARIES AND BENEFITS PAYABLE	12,600,448	353,695	12,954,143
EXPIRED GRANTS PAYABLE	310,381	-	310,381
UNEARNED REVENUE	36,942	-	36,942
LONG-TERM LIABILITIES:			
PORTION DUE OR PAYABLE WITHIN ONE YEAR:			
BONDS, CAPITAL LEASES, AND CONTRACTS	8,335,000	-	8,335,000
ACCRUED INTEREST	204,320	-	204,320
PORTIONS DUE OR PAYABLE AFTER ONE YEAR:			
BONDS, CAPITAL LEASES, AND CONTRACTS	10,358,133	-	10,358,133
UNAMORTIZED BOND PREMIUM	258,755	-	258,755
TOTAL LIABILITIES	33,958,535	396,112	34,354,647
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	102,711,430	273,365	102,984,795
RESTRICTED FOR :			
CONTINUATION OF FEDERAL PROGRAMS	-	1,526,600	1,526,600
DEBT SERVICE	10,402,603	-	10,402,603
BUS REPLACEMENT	35,822	-	35,822
OTHER ACTIVITIES	1,070,216	-	1,070,216
UNRESTRICTED	15,485,038	155,634	15,640,672
TOTAL NET ASSETS	$ 129,705,109	$ 1,955,599	$ 131,660,708

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED June 30, 2011

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS: TOTAL
GOVERNMENTAL ACTIVITIES:							
INSTRUCTION	$ 75,582,882	$ 170,007	$ 51,677,317	$ -	$ (23,735,558)	$ -	$ (23,735,558)
SUPPORT SERVICES	9,348,890	2,043,280	1,106,737	-	(6,198,873)	-	(6,198,873)
IMPROVEMENT OF INSTRUCTIONAL SERVICES	5,162,348	-	3,266,966	-	(1,895,382)	-	(1,895,382)
EDUCATIONAL MEDIA	2,404,350	-	1,406,790	-	(997,560)	-	(997,560)
GENERAL ADMINISTRATION	2,059,997	-	1,956,032	-	(103,965)	-	(103,965)
SCHOOL ADMINISTRATION	6,725,628	-	3,424,048	-	(3,301,580)	-	(3,301,580)
BUSINESS ADMINISTRATION	1,068,477	25,680	197,162	-	(845,635)	-	(845,635)
MAINTENANCE AND OPERATION OF FACILITIES	8,891,812	289,936	3,352,765	-	(5,249,111)	-	(5,249,111)
STUDENT TRANSPORTATION SERVICES	6,297,617	240,500	2,237,844	-	(3,819,273)	-	(3,819,273)
CENTRAL SUPPORT SERVICES	673,592	-	127	-	(673,465)	-	(673,465)
OTHER SUPPORT SERVICES	465,104	-	405,455	-	(59,649)	-	(59,649)
COMMUNITY SERVICES	618,381	-	479,563	-	(138,818)	-	(138,818)
INTEREST ON LONG-TERM DEBT	881,094	-	-	-	(881,094)	-	(881,094)
TOTAL GOVERNMENTAL ACTIVITIES	120,180,172	2,769,403	69,510,806	-	(47,899,963)	-	(47,899,963)
BUSINESS-TYPE ACTIVITIES:							
FOOD SERVICE	5,465,548	996,852	4,514,783	-	-	46,087	46,087
AFTER SCHOOL PROGRAMS	373,633	531,483	-	-	-	157,850	157,850
TOTAL BUSINESS-TYPE ACTIVITIES	5,839,181	1,528,335	4,514,783	-	-	203,937	203,937
TOTAL PRIMARY GOVERNMENT	$ 126,019,353	$ 4,297,738	$ 74,025,589	$ -	(47,899,963)	203,937	(47,696,026)
GENERAL REVENUES:							
TAXES:							
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					38,680,763	-	38,680,763
SALES TAXES, LEVIED FOR DEBT SERVICE					10,527,833	-	10,527,833
STATE AID-FORMULA GRANTS					6,492,698	-	6,492,698
UNRESTRICTED INVESTMENT EARNINGS					49,741	821	50,562
TRANSFERS FROM (TO) OTHER FUNDS					125,131	(125,131)	-
GAIN ON DISPOSAL OF CAPITAL ASSETS					42,250	-	42,250
TOTAL GENERAL REVENUE					55,918,416	(124,310)	55,794,106
CHANGE IN NET ASSETS					8,018,453	79,627	8,098,080
NET ASSETS- BEGINNING					121,686,656	1,875,972	123,562,628
NET ASSETS- ENDING					$ 129,705,109	$ 1,955,599	$ 131,660,708

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	GENERAL FUND	SPLOST III CAPITAL PROJECTS FUND	SPLOST III DEBT SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
CASH	$ 796,562	$ 179	$ -	$ 1,963,324	$ 2,760,065
INVESTMENTS	19,037,688	81	8,066,350	2,633,512	29,737,631
ACCOUNTS RECEIVABLE	62,925	-	-	194,709	257,634
TAXES RECEIVABLE, NET OF ALLOWANCE	285,415	-	931,099	-	1,216,514
INTERFUND LOAN RECEIVABLE	464,500	-	-	-	464,500
DUE FROM OTHER GOVERNMENTS	7,332,193	-	-	235,059	7,567,252
DUE FROM OTHER FUNDS	350,562	464,240	-	-	814,802
INVENTORY	20,939	-	-	-	20,939
PREPAIDS	72,586	-	-	-	72,586
TOTAL ASSETS	$ 28,423,370	$ 464,500	$ 8,997,449	$ 5,026,604	$ 42,911,923
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	$ 1,370,673	$ -	$ -	$ 191,283	$ 1,561,956
SALARIES AND BENEFITS PAYABLE	11,325,487	-	-	1,274,961	12,600,448
EXPIRED GRANTS PAYABLE	2,030	-	-	308,351	310,381
DUE TO OTHER FUNDS	-	-	464,240	275,457	739,697
UNEARNED REVENUE	-	-	-	36,942	36,942
LOAN PAYABLE - INTERFUND	-	464,500	-	-	464,500
TOTAL LIABILITIES	$ 12,698,190	$ 464,500	$ 464,240	$ 2,086,994	$ 15,713,924
FUND BALANCES:					
NONSPENDABLE	93,525	-	-	-	93,525
RESTRICTED FOR:					
DEBT SERVICE	-	-	8,533,209	1,869,394	10,402,603
BUS REPLACEMENT	35,822	-	-	-	35,822
OTHER	-	-	-	193,803	193,803
COMMITTED	-	-	-	876,413	876,413
ASSIGNED FOR:					
SUBSEQUENT PERIOD EXPENSE	2,950,039	-	-	-	2,950,039
UNASSIGNED	12,645,794	-	-	-	12,645,794
TOTAL FUND BALANCES	15,725,180	-	8,533,209	2,939,610	27,197,999
TOTAL LIABILITIES AND FUND BALANCES	$ 28,423,370	$ 464,500	$ 8,997,449	$ 5,026,604	$ 42,911,923

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2011

TOTAL FUND BALANCES--GOVERNMENTAL FUNDS		$ 27,197,999
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:		
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 $185,545,636 AND THE ACCUMULATED DEPRECIATION IS $63,983,088		121,562,548
LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED AS LIABILITIES IN THE FUNDS. LONG-TERM LIABILITIES AT YEAR-END CONSIST OF:		
BONDS PAYABLE	(18,693,133)	
UNAMORTIZED BOND ISSUANCE COSTS	100,769	
UNAMORTIZED BOND PREMIUM	(258,755)	
ACCRUED INTEREST	(204,320)	
		(19,055,438)
TOTAL NET ASSETS--GOVERNMENTAL ACTIVITIES		$ 129,705,109

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED June 30, 2011

	GENERAL FUND	SPLOST III CAPITAL PROJECTS FUND	SPLOST III DEBT SERVICE FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
PROPERTY TAXES	$ 38,680,763	$ -	$ -	$ -	$ 38,680,763
SALES TAXES	-	-	10,527,833	-	10,527,833
FEES AND CHARGES	766,257	-	-	2,043,280	2,809,537
STATE AID	59,821,034	-	-	2,257,412	62,078,446
FEDERAL AID	2,852,622	-	-	10,140,612	12,993,234
EARNINGS ON INVESTMENTS	(15,631)	126	90	64,749	49,334
MISCELLANEOUS	366,819	-	-	565,005	931,824
TOTAL REVENUES	102,471,863	126	10,527,923	15,071,058	128,070,970
EXPENDITURES					
CURRENT:					
INSTRUCTION	65,115,315	231,976	-	7,721,688	73,068,979
PUPIL SUPPORT SERVICES	6,480,014	-	-	2,557,930	9,037,944
IMPROVEMENT OF INSTRUCTIONAL SERVICES	2,008,945	-	-	2,981,702	4,990,647
EDUCATIONAL MEDIA	2,313,949	-	-	10,432	2,324,381
GENERAL ADMINISTRATION	1,631,193	-	-	360,288	1,991,481
SCHOOL ADMINISTRATION	6,184,065	-	-	317,867	6,501,932
BUSINESS ADMINISTRATION	1,030,365	2,574	-	-	1,032,939
MAINTENANCE AND OPERATION OF FACILITIES	8,749,659	-	-	37,917	8,787,576
STUDENT TRANSPORTATION SERVICES	5,491,548	-	-	211,758	5,703,306
CENTRAL SUPPORT SERVICES	651,061	-	-	127	651,188
OTHER SUPPORT SERVICES	44,180	-	-	405,455	449,635
COMMUNITY SERVICES	118,251	-	-	479,563	597,814
DEBT SERVICE:					
PRINCIPAL	-	-	8,015,000	-	8,015,000
INTEREST	-	-	977,575	-	977,575
CAPITAL OUTLAY	732,329	584,314	-	25,697	1,342,340
TOTAL EXPENDITURES	100,550,874	818,864	8,992,575	15,110,424	125,472,737
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	1,920,989	(818,738)	1,535,348	(39,366)	2,598,233
OTHER FINANCING SOURCES (USES)					
TRANSFERS OUT	(439,871)	-	(2,168,733)	(228,852)	(2,837,456)
TRANSFERS IN	210,591	2,168,733	-	543,536	2,922,860
PROCEEDS FROM SALE OF CAPITAL ASSETS	42,250	-	-	-	42,250
TOTAL OTHER FINANCING SOURCES(USES)	(187,030)	2,168,733	(2,168,733)	314,684	127,654
NET CHANGE IN FUND BALANCES	1,733,959	1,349,995	(633,385)	275,318	2,725,887
FUND BALANCES-JULY 1, 2010	13,991,221	(1,349,995)	9,166,594	2,664,292	24,472,112
FUND BALANCES-JUNE 30, 2011	$ 15,725,180	$ -	$ 8,533,209	$ 2,939,610	$ 27,197,999

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
June 30, 2011

TOTAL NET CHANGE IN FUND BALANCES--GOVERNMENTAL FUNDS		$ 2,725,887
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
CAPITAL OUTLAYS ARE REPORTED IN GOVERNMENTAL FUNDS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES, THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AS DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAYS ($1,342,340) IS LESS THAN DEPRECIATION EXPENSE ($4,161,256) IN THE PERIOD.		(2,818,916)
REPAYMENT OF PRINCIPAL-DEBT IS AN EXPENDITURE IN THE GOVERNMENTAL FUNDS, BUT THE PAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS.		8,015,000
THE ISSUANCE OF LONG-TERM DEBT (E.G., BONDS, LEASES) PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS. ALSO, GOVERNMENTAL FUNDS REPORT THE EFFECT OF ISSUANCE COSTS, PREMIUMS, DISCOUNTS, AND SIMILAR ITEMS WHEN DEBT IS FIRST ISSUED, WHEREAS THESE AMOUNTS ARE DEFERRED AND AMORTIZED IN THE STATEMENT OF ACTIVITIES. NEITHER TRANSACTION, HOWEVER , HAS ANY EFFECT ON NET ASSETS. THIS AMOUNT IS THE NET EFFECT OF THESE DIFFERENCES IN THE TREATMENT OF LONG-TERM DEBT AND RELATED ITEMS.		
AMORTIZATION ON ISSUANCE COSTS AND PREMIUMS	126,389	
		126,389
INTEREST ON LONG-TERM DEBT IN THE STATEMENT OF ACTIVITIES DIFFERS FROM THE AMOUNT REPORTED IN THE GOVERNMENTAL FUNDS BECAUSE INTEREST IS RECOGNIZED AS AN EXPENDITURE IN THE FUNDS WHEN IT IS DUE, AND THUS REQUIRES THE USE OF CURRENT FINANCIAL RESOURCES. IN THE STATEMENT OF ACTIVITIES, HOWEVER, INTEREST EXPENSE IS RECOGNIZED AS THE INTEREST ACCRUES, REGARDLESS OF WHEN IT IS DUE.		(29,908)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 8,018,453

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	ENTERPRISE FUND FOOD SERVICE	ENTERPRISE FUND ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS AND OTHER DEBITS				
CURRENT ASSETS				
CASH	$ 1,870,164	$ 155,634	$ 2,025,798	$ 366,339
ACCOUNTS RECEIVABLE	52,548	-	52,548	1,366
TOTAL CURRENT ASSETS	1,922,712	155,634	2,078,346	367,705
NONCURRENT ASSETS				
MACHINERY/EQUIPMENT	1,527,254	-	1,527,254	-
LESS ACCUMULATED DEPRECIATION	(1,253,889)	-	(1,253,889)	-
TOTAL NONCURRENT ASSETS	273,365	-	273,365	-
TOTAL ASSETS	2,196,077	155,634	2,351,711	367,705
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	42,417	-	42,417	292,600
SALARIES AND BENEFITS PAYABLE	353,695	-	353,695	-
DUE TO OTHER FUNDS	-	-	-	75,105
TOTAL CURRENT LIABILITIES	396,112	-	396,112	367,705
TOTAL LIABILITIES	396,112	-	396,112	367,705
NET ASSETS				
INVESTED IN CAPITAL ASSETS	273,365	-	273,365	-
RESTRICTED FOR CONTINUATION OF FEDERAL PROGRAMS	1,526,600	-	1,526,600	-
UNRESTRICTED	-	155,634	155,634	-
TOTAL NET ASSETS	$ 1,799,965	$ 155,634	$ 1,955,599	$ -

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED June 30, 2011

	ENTERPRISE FUND FOOD SERVICE	ENTERPRISE FUND ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES				
FOOD SERVICE CHARGES	$ 996,852	$ -	$ 996,852	$ -
AFTER SCHOOL PROGRAMS CHARGES	-	531,483	531,483	-
CHARGES TO OTHER FUNDS	-	-	-	391,573
TOTAL OPERATING REVENUES	996,852	531,483	1,528,335	391,573
OPERATING EXPENSES				
CURRENT:				
PAYROLL COST	2,510,368	278,770	2,789,138	-
PROFESSIONAL AND CONTRACT SERVICES	139,020	4,413	143,433	-
SUPPLIES AND MATERIALS	2,377,480	62,689	2,440,169	-
DEPRECIATION	38,565	-	38,565	-
OTHER OPERATING COSTS	400,115	27,761	427,876	431,707
TOTAL OPERATING COSTS	5,465,548	373,633	5,839,181	431,707
OPERATING INCOME (LOSS)	(4,468,696)	157,850	(4,310,846)	(40,134)
NONOPERATING REVENUES				
INTEREST INCOME	821	-	821	407
STATE MATCHING AND OTHER	188,813	-	188,813	-
GRANTS-CHILD NUTRITION PROGRAM	4,325,970	-	4,325,970	-
TOTAL NONOPERATING REVENUE (EXPENSE)	4,515,604	-	4,515,604	407
INCOME LOSS) BEFORE TRANSFERS	46,908	157,850	204,758	(39,727)
TRANSFERS OUT	-	(532,594)	(532,594)	-
TRANSFERS IN	-	407,463	407,463	39,727
CHANGE IN NET ASSETS	46,908	32,719	79,627	-
TOTAL NET ASSETS - JULY 1, 2010	1,753,057	122,915	1,875,972	-
TOTAL NET ASSETS - JUNE 30, 2011	$ 1,799,965	$ 155,634	$ 1,955,599	$ -

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED June 30, 2011

	ENTERPRISE FUND FOOD SERVICE	ENTERPRISE FUND ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIVED FROM USER CHARGES	$ 996,852	$ 531,483	$ 1,528,335	$ -
RECEIVED FROM ASSESSMENTS TO OTHER FUNDS	-	-	-	391,573
PAYMENTS TO EMPLOYEES FOR SERVICES	(2,463,267)	(278,770)	(2,742,037)	-
PAYMENTS FOR WORKERS COMPENSATION AND OTHER EXPENSES	(10,468)	-	(10,468)	(414,466)
PAYMENTS TO SUPPLIERS FOR GOODS/SERVICES	(2,769,870)	(94,863)	(2,864,733)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,246,753)	157,850	(4,088,903)	(22,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
NONOPERATING GRANTS RECEIVED	4,514,783	-	4,514,783	-
TRANSFERS TO OTHER FUNDS	-	(125,131)	(125,131)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING	4,514,783	(125,131)	4,389,652	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION OF CAPITAL ASSETS	(23,532)	-	(23,532)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST ON INVESTMENTS	821	-	821	407
NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENTS	245,319	32,719	278,038	(22,486)
CASH/CASH EQUIVALENTS JULY 1, 2010	1,624,845	122,915	1,747,760	349,098
CASH/CASH EQUIVALENTS JUNE 30, 2011	$ 1,870,164	$ 155,634	$ 2,025,798	$ 326,612
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	$ (4,468,696)	$ 157,850	$ (4,310,846)	$ (40,134)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	38,565	-	38,565	-
CHANGES IN ASSETS AND LIABILITIES:				
RECEIVABLES	(52,548)	-	(52,548)	206,298
INVENTORIES	199,293	-	199,293	-
ACCRUED LIABILITIES	36,633	-	36,633	(189,057)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (4,246,753)	$ 157,850	$ (4,088,903)	$ (22,893)

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2011

	PRIVATE-PURPOSE TRUSTS - 701	AGENCY FUNDS - 705
ASSETS		
CASH	$ -	$ 106,401
INVESTMENTS	13,055	-
TOTAL ASSETS	13,055	106,401
LIABILITIES		
DUE TO STUDENT GROUPS	-	106,401
TOTAL LIABILITIES	-	106,401
NET ASSETS		
RESTRICTED FOR SCHOLARSHIPS	13,055	-
TOTAL NET ASSETS	$ 13,055	$ -

TROUP COUNTY SCHOOL SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

ADDITIONS	
INTEREST ON INVESTMENTS	$ 105
TOTAL ADDITIONS	105
DEDUCTIONS	
SCHOLARSHIPS AWARDED	105
	-
TOTAL DEDUCTIONS	105
EXCESS OF ADDITIONS OVER DEDUCTIONS	-
CHANGE IN NET ASSETS	-
NET ASSETS-JULY 1, 2010	13,055
NET ASSETS-JUNE 30, 2011	$ 13,055

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2011

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
STATE FUNDS	$ 59,460,121	$ 60,045,303	$ 60,018,196	$ (27,107)
FEDERAL FUNDS	450,000	453,936	2,852,622	2,398,686
LOCAL AND OTHER FUNDS	39,689,033	39,717,033	39,760,997	43,964
TOTAL REVENUES	99,599,154	100,216,272	102,631,815	2,415,543
EXPENDITURES				
CURRENT				
INSTRUCTION	64,900,156	65,233,413	65,113,045	120,368
PUPIL SUPPORT SERVICES	6,803,984	6,485,830	6,480,013	5,817
IMPROVEMENT OF INSTRUCTIONAL SERVICES	1,968,269	2,206,188	2,021,385	184,803
EDUCATIONAL MEDIA	2,267,844	2,267,839	2,313,949	(46,110)
GENERAL ADMINISTRATION	1,999,880	1,775,889	1,631,193	144,696
SCHOOL ADMINISTRATION	5,951,562	5,966,510	6,184,065	(217,555)
BUSINESS ADMINISTRATION	1,118,260	1,118,260	1,030,365	87,895
MAINTENANCE AND OPERATION OF FACILITIES	8,905,171	8,905,171	8,843,462	61,709
STUDENT TRANSPORTATION SERVICES	5,820,781	6,354,825	6,095,029	259,796
CENTRAL SUPPORT SERVICES	676,493	680,493	651,061	29,432
OTHER SUPPORT SERVICES	43,904	43,904	44,180	(276)
COMMUNITY SERVICES	114,969	114,969	118,251	(3,282)
TOTAL EXPENDITURES	100,571,273	101,153,291	100,525,998	627,293
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(972,119)	(937,019)	2,105,817	3,042,836
OTHER FINANCING SOURCES (USES)				
OPERATING TRANSFERS OUT	(260,586)	(260,586)	(464,748)	(204,162)
OPERATING TRANSFERS IN	-	-	92,890	92,890
TOTAL OTHER FINANCING SOURCES (USES)	(260,586)	(260,586)	(371,858)	(111,272)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,232,705)	(1,197,605)	1,733,959	2,931,564
FUND BALANCE, BEGINNING OF YEAR	13,991,221	13,991,221	13,991,221	-
FUND BALANCE, END OF YEAR	$ 12,758,516	$ 12,793,616	$ 15,725,180	$ 2,931,564

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Troup County School District (the "School District") have been prepared in conformity with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applicable to governmental units. The more significant of the School District's accounting policies are summarized below.

A. Reporting Entity

The School District was established under the laws of the State of Georgia and operates under the guidance of a seven member school board (the "Board") elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all organizations that compose its legal entity.

B. Government-wide and Fund Financial Statements

The School District's basic financial statements are collectively comprised of the Government-wide financial statements, fund financial statements and notes to the basic financial statement of the Troup County Board of Education.

The preparation of the financial statements in conformity with accounting principles generally accepted in the Untied States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ form those estimates.

The government–wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its business-type activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are financed in whole or in part by fees charge to employees, students or to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, internal service funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the

government-wide financial statements. Eliminations have been made to minimize the double counting of internal activities. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining funds are aggregated and reported as non-major funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The School District uses fund groups to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, sales taxes and interest income are considered to be susceptible to accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized to the extent they have matured.

Revenues from local sources consist mainly of property taxes, sales taxes, and interest income associated with the current fiscal period. For property and sales tax revenue, the term "available" is interpreted to mean those taxes billed prior to year end which are collected within sixty days after the end of the fiscal year. Interest income is recognized when earned. Revenues from Federal and State grants are generally recognized in the Special Revenue funds when the related expenditures are incurred. However, revenues from grantor agencies are not susceptible to accrual until the grantor agency has appropriated funds for that fiscal period and that fiscal period has begun. All other revenue items are considered to be measurable and available only when cash is received by the government.

The School District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the School District's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

The School District reports the following major governmental funds:

General Fund - This fund is the government's primary operating fund. It accounts for all financial transactions and resources of the School District, except those required to be accounted for in another fund.

Capital Projects Funds – These funds are used to account for resources which are used exclusively for acquiring school sites, constructing and equipping new school facilities, and renovating existing facilities. The major revenue sources are proceeds from a general obligation bond sale, Special Purpose Local Option Sales Tax ("SPLOST") revenue, and amounts received from the State of Georgia Capital Outlay program. The major Capital Projects Fund is SPLOST III Capital Projects.

Debt Service Funds - These funds are used to account for the resources accumulated and the payments made for principal and interest on long-term general obligation debt of governmental funds. The major Debt Service Fund is SPLOST III Debt Service.

The School District reports the following major proprietary funds:

Food Service Enterprise Fund - This fund is used to account for the revenues and expenditures associated with the School District's School Food and Nutrition program including the federal and state grants associated with the breakfast and lunch services for students.

After-School Program (ACE) Enterprise Fund – This fund is used to account for the revenues and expenditures associated with the after school programs run by the School District's elementary schools.

Additionally, the government reports the following fund types:

Special Revenue Funds – These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects and debt service.

Internal Service Funds – These funds account for Workers' Compensation, Unemployment Benefits, and Flexible Spending account services provided to other governmental funds on a cost reimbursement basis. These funds are consolidated into the Governmental Activities column in the government-wide statements.

Fiduciary Funds – These funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds of the School District. The fiduciary funds include the following types:

- Private-Purpose Trust Fund - This fund is used to account for an endowment of which the corpus is to be invested and preserved intact with the resultant income to be used to provide scholarships to graduating men that reside in the City of Hogansville.

- Agency Fund - This fund is used to account for money collected primarily through the fundraising efforts of individual school activity organizations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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. The principal operating revenues of the Food Service and After School Programs are fees collected from users. Operating expenses for enterprise and 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.

New Accounting Pronouncements

In fiscal year 2011, the School District adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The provisions of this Statement establish accounting and financial reporting standards for all governments that report governmental funds. It establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds.

C. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The School District's cash and cash equivalents includes interest bearing checking accounts, savings accounts and certificates of deposits with maturities of less than three months.

Official Code of Georgia Annotated Section 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. Both participating interest-earning contracts and money market investments with a maturity at purchase greater than one year are reported at fair market value. The Official Code of Georgia Annotated Section 36-83-4 authorizes the School District to invest its funds. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity. Investments include state investment pools, money market funds, and certificate of deposits. Georgia law allows the School District to invest its funds in obligations of the State of Georgia or other states, obligations issued by the United States Government, obligations fully insured or guaranteed by the United States Government or a United States government agency, obligations of any corporation of the United States government, prime banker's acceptances, the Georgia Fund I or Georgia Extended Asset Pool administered by the Georgia Department of Administrative Services, Fiscal Division, repurchase agreements, and obligations of political subdivisions of the State of Georgia.

Georgia Fund 1 created by the Official Code of Georgia Annotated ("OCGA") 36-83-8 is a stable net asset value investment pool, which follows Standard, and Poor's criteria for AAA rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1.00 per share. The Georgia State Department of Audits has the regulatory oversight of the Georgia Fund 1.

2. Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements do not include any amounts which would necessitate the need for an allowance of uncollectible receivables.

The property tax levy was fixed on July 15, 2010, based on property values assessed as of January 1, 2010. Taxes were payable on or before November 15, 2010. An interest penalty of 12% per annum is charged on property taxes paid after that date. Taxes collected within the current fiscal year or within 60 days after year-end on the 2010 tax digest are reported as revenue in the governmental funds for fiscal year 2011. The Troup County Tax

Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2011, for school operations were $38,680,763. Property taxes became an enforceable lien on January 20, 2011. All property tax receivables are shown net of a 1.0% allowance for uncollectible taxes. State law limits the School District's tax levy for operations to 20 mills (one mill equals $1 per thousand dollars of assessed value). Taxes levied in the calendar year 2010 for FY2011 school operations were assessed at 18.85 mills. This was the same rate as the prior year. There is currently no levy for school bonds.

Special Purpose Local Option Sales Tax (SPLOST) is collected by the State of Georgia and remitted to the School District approximately 30 days after the period of collection. SPLOST funds are to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The School District's most recent re-authorization was September, 2006 for the sales tax collection period covering July 1, 2007 through June 30, 2012. SPLOST III collections for FY2011 at the fund reporting level were $10,527,833.

3. Inventories and Prepaid Items

Inventories consist of food and consumable supplies and are recorded on the consumption method whereby expenditures are recorded as the inventory items are used. Inventories are reported at cost or fair value, if donated, using the first-in, first-out method and are equally offset by a reservation of fund balance which indicates that they are not available for discretionary expenditures even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the Fund financial statements at the time of purchase. On the Government-wide financial statements, capital assets, which include land, land improvements, buildings, machinery/equipment, vehicles and construction in progress are recorded at historical cost or estimated historical cost if prior year accounting records were not available. Capital assets are defined by the School District as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of 1 year. Donated capital assets are recorded at estimated fair market value at the date of donation. Disposals are deleted from capital assets records at the recorded depreciated cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. During the fiscal year under review, no events of changes in circumstances affecting a capital asset that may indicate impairment were known to the School District.

Outlays for capital assets and improvements are placed in the construction in progress account until they are put into operation. Depreciation on land improvements, buildings,

machinery/equipment and vehicles is calculated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Land Improvements	20
Furniture/Equipment	20
Machinery/Equipment	15
Business Equipment	10
Vehicles	8
Computers	5

Tables 6 and 7 provide the Capital Asset Activity for Governmental and Business-Type Activity, respectively, as of June 30, 2011:

Table 6
Troup County School District
Governmental Activity
Capital Asset Activity
For the Year Ending June 30, 2011

	Beginning Balance	Increases		Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	$ 2,863,353	$ -		$ -	$ 2,863,353
Construction in Progress	$ 15,389,265	$ -		$ (15,389,265)	$ -
Total Assets, Not Being Depreciated	$ 18,252,618	$ -		$ (15,389,265)	$ 2,863,353
Capital Assets, Being Depreciated:					
Land Improvements	$ 5,659,208	$ -		$ -	$ 5,659,208
Buildings	$ 139,334,555	$15,973,579		$ -	$ 155,308,134
Machinery & Equipment	$ 6,339,907	$ 137,170		$ -	$ 6,477,077
Vehicles	$ 15,546,273	$ 620,856		$ (929,265)	$ 15,237,864
Total Capital Assets, Being Depreciated	$ 166,879,943	$16,731,605		$ (929,265)	$ 182,682,283
Less Accumulated Depreciation For:					
Land Improvements	$ (3,347,277)	$ (170,470)		$ -	$ (3,517,747)
Buildings	$ (41,433,404)	$ (2,964,403)			$ (44,397,807)
Machinery & Equipment	$ (2,992,431)	$ (379,932)			$ (3,372,363)
Vehicles	$ (12,977,985)	$ (646,451)		$ 929,265	$ (12,695,171)
Total Accumulated Depreciation	$ (60,751,097)	$ (4,161,256)	**	$ 929,265	$ (63,983,088)
Total Capital Assets, Being Depreciated, Net	$ 106,128,846	$12,570,349		$ -	$ 118,699,195
Governmental Activities Capital Assets, Net	$ 124,381,464	$12,570,349		$ (15,389,265)	$ 121,562,548

Increases to Construction in Progress reflect all asset additions for the year and are subsequently reclassified to the appropriate capital asset category, if the capital asset has been put into service.

** Depreciation expense was charged to functions as follows:

Instruction	$ 2,513,903
Support Services	310,946
Improvement of Instructional Services	171,701
Educational Media	79,969
General Administration	68,516
School Administration	223,696
Business Administration	35,538
Maintenance and Operation of Facilities	104,236
Student Transportation Services	594,311
Central Support Services	22,404
Other Support Services	15,469
Community Services	20,567
Total Governmental Activities Depreciation Expense	$ 4,161,256

Table 7
Troup County School District
Business-Type Activities
Capital Asset Activity
For the Year Ending June 30, 2011

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciated:				
Machinery & Equipment	$ 1,503,722	$ 23,532	$ -	$ 1,527,254
Total Capital Assets, Being Depreciated	$ 1,503,722	$ 23,532	$ -	$ 1,527,254
Less Accumulated Depreciation For:				
Machinery & Equipment	(1,215,324)	(38,565)	-	(1,253,889)
Total Accumulated Depreciation	$ (1,215,324)	$ (38,565) **	$ -	$ (1,253,889)
Total Capital Assets, Being Depreciated, Net	$ 288,398	$ (15,033)	$ -	$ 273,365
Business-Type Activities Capital Assets, Net	$ 288,398	$ (15,033)	$ -	$ 273,365

** Depreciation expense was charged to functions as follows:

Food Service	$ 38,565
Total Business-Type Activities Depreciation Expense	$ 38,565

5. Compensated Absences

Vacation leave accumulated in excess of twenty-four days will be forfeited if not used by the end of the fiscal year. All employees, regardless of classification, shall not be paid for any unused vacation leave upon retirement or separation of employment. Accordingly, there is no liability for vacation leave at year end.

Sick and personal leave does not vest with the employee and unused accumulated sick and personal leave is forfeited upon retirement or termination of employment. Therefore, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

6. General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the fiscal period bonds are issued. 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. General obligation bonds are direct obligations and pledge the full faith and credit of the government. The outstanding amount of these bonds is recorded in the Statement of Net Assets.

A Qualified Zone Academy Bond (QZAB) was obtained during fiscal year 2002 to assist in funding certain capital projects. The interest free loan is reflected at the present value of the future obligation to repay the $2,257,500 at the October, 2015 maturity date. Annual adjustments to the present value will be reflected as interest expense.

Tables 8 and 9 provide the detail as of June 30, 2011 for the School District's outstanding debt:

Table 8
Troup County School District
General Long-Term Debt Schedules
As of June 30, 2011

	Balance 7/1/2010	Additions	Payments	Balance 6/30/2011	Amounts Due In One Year
Qualified Zone Academy Bond (QZAB) Maturing 2015 with No Interest	$ 1,583,075	$ 110,058	$ -	$ 1,693,133	$ -
2006 General Obligation Bonds Maturing Serially Through 10/1/2012, Interest 4% - 5%	15,930,000	-	5,125,000	10,805,000	5,305,000
2007 General Obligation Bonds Maturing Serially Through 10/1/2012 Interest 4% - 4.684%	9,085,000	-	2,890,000	6,195,000	3,030,000
	$ 26,598,075	$ 110,058	$ 8,015,000	$ 18,693,133	$ 8,335,000

Table 9
Troup County School District
General Long-Term Debt Schedules
As of June 30, 2011

Payment Schedules

Year Ending 6/30		Principal	Interest	Total
2012	2006 Gen Obligation	$ 5,305,000	$ 407,625	$ 5,712,625
	2007 Gen Obligation	3,030,000	212,638	3,242,638
		8,335,000	**620,263**	**8,955,263**
2013	2006 Gen Obligation	5,500,000	137,500	5,637,500
	2007 Gen Obligation	3,165,000	74,125	3,239,125
		8,665,000	**211,625**	**8,876,625**
2014 - 2015	QZAB	2,257,000	-	2,257,000
		2,257,000	-	**2,257,000**
Total		**$ 19,257,000**	**$ 831,888**	**$ 20,088,888**

7. Net Assets

The School District's net assets in the government-wide statements are classified as follows:

Invested in capital assets, net of related debt – This represents the School District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets – These represent resources for which the School District is legally or contractually obligated to spend resources for bus replacement, continuation of federal programs, debt service and capital projects in accordance with restrictions imposed by external third parties.

Unrestricted net assets – Unrestricted net assets represent resources derived from property taxes, sales taxes, grant and contributions not restricted to specific programs, charges for services, and miscellaneous revenues. These resources are used for transactions relating to the educational and general operations of the School District, and may be used at the discretion of the Board to meet current expenses for those purposes.

8. Fund Balances

The School District's fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Constraints are placed on the use of resources are either (1) externally imposed conditions by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education. The Board of Education is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (1) the Board of Education or (2) the budget of finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned - The residual classification for the General Fund. This classification represents fund balances that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the goal of the School District to achieve and maintain a committed, assigned and unassigned fund balance in the General Fund at fiscal year end of not less than 30 days of operating expenditures for the subsequent budget year, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia Annotated Section 20-2-167(a) 5. If the unassigned fund balance at fiscal year end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

When multiple categories of fund balance are available for expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Fund Balances of the Governmental Funds at June 30, 2011, are as follows:

TROUP COUNTY SCHOOL DISTRICT
FUND BALANCE CATEGORIES
AS OF 6/30/2011

NONSPENDABLE		
INVENTORIES	$ 20,939	
PREPAID ASSETS	72,586	
		$ 93,525
RESTRICTED		
BUS REPLACEMENT	35,822	
DEBT SERVICE	10,402,603	
OTHER	193,803	
		10,632,228
COMMITTED		
SCHOOL ACTIVITY ACCOUNTS	876,413	
		876,413
ASSIGNED		
SUBSEQUENT PERIOD EXPENDITURES	2,950,039	
		2,950,039
UNASSIGNED		12,645,794
TOTAL FUND BALANCES		$ 27,197,999

9. Interfund Transactions

During the course of its operations, the School District makes transfers between funds to finance operations, provide services, acquire assets and service debt. To the extent that certain transfers between funds had not been received as of year end, balances of interfund amounts receivable or payable have been recorded.

10. Salaries Payable and Related Receivable

Generally accepted accounting principles require that expenditures be recorded when incurred, rather than when funds are received or disbursed. Personnel contracts for the FY2011 employment period specify that compensation be paid in twelve equal monthly payments beginning in September, 2010 and ending in August, 2011. As of June 30, 2011, compensation under these employment contracts has been earned, but two of the twelve monthly payments, due in July and August, 2011 have not been made. Payments for these two months were recorded as expenditures by the School District based upon the accrual method. Funds received from the State of Georgia for the State's share of these salaries and benefits have been recorded as revenue based upon the accrual method. Generally accepted accounting principles require that such revenues be recorded when measurable and available.

NOTE B - BUDGETARY INFORMATION

The Troup County School District's budget is the financial plan for the School District's fiscal year and is based upon estimates of expenditures together with probable funding sources. There is no statutory prohibition regarding over expenditures in excess of the budget at any level as long as there is an adequate available fund balance. The budget for the general fund and certain special revenue funds is prepared by fund, function and object.

The budget process begins when the District's administration prepares a tentative budget for the Board's approval. After approval of this tentative budget by the Board, said budget is advertised at least once in a newspaper of general circulation in the locality. At the next regular meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167, to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end. Encumbrance accounting is employed by the School District. However, outstanding encumbrances lapse at year-end.

Actual expenditures for the General Fund on a budget basis were $100.5 million or $.6 million less than the amended budget. Most expenditure categories were below budget due to expenditure control plans developed by management to offset state aid funding reductions. Instruction ($.1 million), Improvement of Instruction ($.2 million), General Administration ($.1 million) and Transportation ($.3 million) were the major categories under budget. The FY2011 revenues were $2.4 million greater than the expenditures and transfers resulting in

an ending fund balance of $15.7 million. The excess revenue was due to the unplanned receipt of the Education Job Grant funds as part of the federal stimulus package.

The budget for governmental funds was prepared on a basis other than generally accepted accounting principles. The primary difference between the budget basis and generally accepted accounting principles (GAAP) are payments made by the State of Georgia for School District employee benefits which are recognized as revenues and expenditures under GAAP and are not recognized on the budget basis.

Adjustments necessary to convert the General Fund's excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses from the GAAP basis to the budget basis are as follows:

GAAP basis	$ 1,733,959
Adjustments for:	
Employee benefits	394,948
On behalf of payments	(394,948)
Budget basis	$ 1,733,959

NOTE C – DEPOSITS

Official Code of Georgia Annotated (OCGA) Section 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety and the market value of securities pledged shall be equal to not less than 110 percent of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (OCGA 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110 percent of the daily pool balance. The School District currently has pooling agreements with all its depository banks as authorized by Official Code of Georgia Annotated Section 45-8-1 and administered by Georgia Office of Treasury and Fiscal Services.

At June 30, 2011, the carrying amount of the School District's cash totaled $5,258,603 and related bank balances totaled $7,950,042, all of which was covered by Federal depository insurance or by pledged pooling agreements.

NOTE D – INVESTMENTS

At year end, the School District's investment balances included certificate of deposits of $763,055 which were insured or registered, or held by the School District or its agent in the School District's name. The investment balance also included $1,156,282 in the Georgia Fund 1 and $17,895,860 in the Georgia Extended Asset Pool. The Georgia Fund 1 and Georgia Extended Asset Pool are administered by the State of Georgia, Office of Treasury

and Fiscal Services which are not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of Treasury and Fiscal Services for the Local Government Investment Pool (Georgia Fund 1) and the Georgia Extended Asset Pool (GEAP) does not provide for investment in derivatives of similar investments. Additional information on these pools is disclosed in the State of Georgia Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at https://www.audits.state.ga.us/internet/searchRpts.html

The Georgia Fund 1, which is not registered with the SEC as an investment company, does operate in a manner consistent with the SEC's rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price of $1.00 per share. Georgia Fund 1 has an AAAm credit quality rating from Standard and Poor's with a weight average maturity (WAM) of 59 days on June 30, 2011 for interest risk purposes. The longer the WAM, the more susceptible the fund is to rising interest rates.

The Georgia Extended Asset Pool is a variable net asset value investment pool which follows Standard and Poor's criteria for AAAf money market rated funds. The pool is not registered with the SEC as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which at June 30, 2011 was $2.00 per share. GEAP had an AAAf credit quality rating as of June 30, 2011, with an effective duration of .63 for interest rate risk evaluation. The higher the duration, the greater the interest rate risks. The credit rating was lowered to AA+f on August 8, 2011 following the United States Sovereign downgrade.

Additionally, $10,433,706 is invested with U S Bank in United States Treasury Securities for the SPLOST III Debt Service and QZAB loan escrow accounts. These funds are shown at current market value.

Interest rate risk is the risk that changes in the interest rates of debt investments will adversely affect the fair value of an investment. The School District's policy for managing interest rate risk is to limit the weighted average maturity of its investment portfolio to less than 10 months.

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's policy for managing credit quality risk is to mainly use LGIP and Extended Asset Pool through Office of Treasury and Fiscal Services to mitigate any quality risks. Other investments will be through the purchase of mutual funds investing in money markets or U. S. government securities with ratings of AAA by Standard & Poor's.

NOTE E – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds due from Georgia DOE as of June 30, 2011, for QBE salary accruals totaling $7,283,993, Troup County Parks/Recreations scoreboard

loan $45,000, State CTAE Vocational Bonds $3,200, Title IA $8,001, IDEA ARRA $117,893, Title IV $1,152 ROTC grant $10,513 and Caring Communities $97,500.

NOTE F - TAXES RECEIVABLE

On June 30, 2011, the School District reported property tax receivables of $285,415, net of allowance for uncollectibles. A 1.0 % allowance of $391,071 has been established in the General Fund for taxes in dispute and estimated amounts that will not be collected. Sales tax receivables totaled $931,099 from SPLOST III June, 2011 collections to be received in July, 2011.

NOTE G - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund receivable and payable balances at June 30, 2011 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 350,562	$ -
SPLOST III Debt Service	$ -	$ 464,240
SPLOST III Capital Outlay	464,240	$ -
Non-Major Governmental Funds		
Drug Free	$ -	1,139
ROTC	-	7,773
Caring Communities	-	258,124
Exxon	-	8,421
Internal Service Funds		
Workers' Compensation	-	75,105
Total	$ 814,802	$ 814,802

Transfers are used to (1) move revenues from the fund with collection authorization to the capital projects fund after debt service principal and interest payments have been fully escrowed, (2) transfer revenues credited to the general fund depository account to the food service depository account, (3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorization, including amounts provided as subsidies or matching funds for various grant programs, or (4) move unrestricted revenues from other funds to the general funds per

budgetary authorization to cover that funds portion of general expenses such as utilities, facilities usage, and insurance expenses.

Interfund transfers for the year ended June 30, 2011 were as follows:

	Transfer In	Transfer Out
General Fund	$ 210,591	$ 439,871
SPLOST III Capital Projects	2,168,733	-
SPLOST III Debt Service	-	2,168,733
Non-Major Governmental Funds	543,536	228,852
Total Governmental Funds	2,922,860	2,837,456
Internal Service Funds	39,727	-
ACE Enterprise Fund	407,463	532,594
Total	$ 3,370,050	$ 3,370,050

NOTE H - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The School District has recognized revenue and expenditures for health insurance and retirement contributions paid on the School District's behalf as follows:

Georgia Department of Education	
Paid to the State System of Personnel Administration of Health Insurance of Non-Certified Personnel	$ 221,996
Office of Treasury and Fiscal Services	
Paid to the State System of Teachers' Retirement System for Schools Employees' Retirement (TRS)	93,971
Paid to the Public School Employees' Retirement System for Public School Employees' Retirement (PSERS)	78,981
Total Payments	$ 394,948

NOTE I - NON-MONETARY TRANSACTIONS

The School District received from the United States Department of Agriculture through the Georgia Department of Education approximately $251,310 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues and expenditures in the Food Service Enterprise Fund.

NOTE J - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; acts of God and unemployment compensation. The School District is self-insured for workers' compensation and unemployment claims. The School District purchases commercial

insurance for all other risks of loss. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years. There was no reduction in insurance coverage since last fiscal year.

Workers' Compensation Claims

The School District is self-insured for workers' compensation claims of its employees. A premium of .6% of payroll salary is charged by the Internal Service Fund to each fund for workers' compensation with year-end adjustments to balance premiums and expenses. The School District accounts for workers' compensation claims in Proprietary Funds using an Internal Service Fund. Workers' compensation claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported and related claims administration expenses. An excess coverage insurance policy covers individual claims in excess of $450,000 loss per occurrence up to the statutory limit.

Changes in the workers' compensation claims liability during the last two years are as follows:

Year	Beginning Year Liability	Current Year Claims Accrual	Claims Paid	End Of Year Liability
2011	$ 315,284	$ 367,930	$ 391,980	$ 291,234
2010	$ 134,124	$ 662,857	$ 481,697	$ 315,284

The decrease in claims accruals for fiscal year 2011 resulted from settlement activity on existing claims. We continue to focus on safety and establishment of additional light duty programs to return employees to work in a more timely fashion.

Unemployment Claims

The School District is self insured with regard to unemployment compensation insurance. These claims are accounted for in the Proprietary Fund using an Internal Service Fund. Unemployment compensation expenditures are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported and claims administration expenses.

Changes in the unemployment compensation net assets during the last two fiscal years are as follows:

Year	Beginning Year Net Assets	Current Year Charges to Other Funds	Claims Expense	End Of Year Net Assets
2011	$ -	$ 39,727	$ 39,727	$ -
2010	$ 23,462	$ 23,664	$ 47,126	$ -

Unemployment claims decreased slightly in fiscal year 2011 due to lower turn-over.

NOTE K - RETIREMENT PLANS

Teachers Retirement System of Georgia (TRS)

Plan Description

Substantially all teachers, administrative and clerical personnel employed by local school Districts are covered by the Teachers Retirement System of Georgia (TRS), which is a cost-sharing, multiple employer, public employee retirement system.

TRS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for retirement after 30 years of service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service. If an employee retires under this provision, the benefit will be permanently reduced by the lesser of one-twelfth of 7% for each month below age 60, or 7% for each year or fraction of a year less than 30 years of creditable service. Retirement benefits paid to members are equal to 2% of the average of the member's two consecutive highest paid years of service multiplied by the number of years of creditable service up to 40 years. The normal retirement pension is payable monthly for life. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary on the member's death. Retirement benefits also include death and disability benefits whereby the disabled member or surviving spouse is entitled to receive annually an amount equal to the member's service retirement benefit or disability retirement, whichever is greater. The benefit is based on the member's creditable service (minimum of 10 years) and compensation up to the date of death.

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, no vesting of employer contributions occurs, but the member's contributions are refunded with interest.

TRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 1-800-352-0650.

Funding Policy

Employees of the School District who are covered by TRS are required to pay 5.53% of their gross earnings to TRS. The School District makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees, as advised by their independent actuary. The employer contribution rate was 10.28% for FY2011. Employee and employer contribution rates will increase to 6.0% and 11.41% effective July 1, 2012.

The School District's contributions to TRS for the years ending June 30, 2011, 2010 and 2009 were $6,916,314, $6,493,780, and $6,018,536, respectively.

Public School Employees' Retirement System of Georgia (PSERS)

Plan Description

Substantially all transportation, maintenance, custodial, and lunchroom personnel employed by local school districts are covered by the Public School Employees' Retirement System of Georgia (PSERS), which is a cost-sharing multiple employer public employee retirement system. All employer contributions are made by the State of Georgia.

PSERS provides service retirement, disability retirement and survivor's benefits for its members. A member is eligible for normal service retirement after 10 years of service and attainment of age 65. A member applying for service retirement with 10 years of service and retiring between the ages of 60 and 65 receives a reduced benefit. Monthly retirement benefits paid to members are equal to $12.00 multiplied by the number of years of creditable service. Options are available for distribution of the member's monthly pension at a reduced rate to a designated beneficiary on the member's death.

Retirement provisions include death and disability benefits. Disability benefits are the same as if the employee had retired at age 65 as long as the employee has 15 or more years of creditable service. Death benefits are dependent upon the number of years of service. If there are less than ten years of service, a lump sum refund of the employee's contributions and interest are made to the beneficiary. If there are more than ten years of service, the beneficiary shall receive for life half of what the employee would have received upon retirement.

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, nonvesting of employer contributions occurs, but the member's contributions are refunded with interest.

PSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by calling 1-800-805-4609.

Funding Policy

Covered employees are required by State statute to contribute $4.00 a month for the nine-month school year. Unlike TRS, the School District makes no contribution to PSERS. The State of Georgia is required by statute to make employer contributions as actuarially determined and approved by the PSERS's Board of Trustees. Total contributions from the State of Georgia to PSERS for the School District for fiscal years ended June 30, 2011, 2010 and 2009 were $78,981, $58,155, and $78,981, respectively.

Supplemental Retirement Plan – Public School Employees' Retirement System Only

Plan Description

All employees participating in the Public School Employees' Retirement System are also eligible to participate in the School District's Supplemental Retirement Plan. The Board of Education recognized that PSERS was a limited defined benefit plan which did not provide for an adequate retirement for this group of employees and thus established this plan in 2001 to supplement the retirement for this group of employees.

This plan puts 1% of salary for all PSERS employees into 403(b)(7) type plan and will match up to an additional 4% of salary based upon the employee's elected contributions at a 50% rate. The plan requires 36 months of service to vest 100% in the employer matching portion. Failure to complete the 36 month vesting requirement will result in forfeiture of the employer contributions. The employee contributions will be refunded 100%, if the vesting requirement is not met.

Valic Retirement Services has been set up as the third party administrator. The plan offers 13 mutual funds and 1 fixed interest fund from which the employees may select their investment mix.

Funding Policy

The School District contributes 1% of the employee's monthly compensation for all eligible employees. Employees may contribute up to an additional 4% of monthly compensation on a voluntary basis. This employee contribution is matched at a 50% rate by the School District. Contributions are sent monthly to the third party administrator to be invested based upon the employee's investment choices.

The School District's contributions to the Supplemental Retirement Plan for the years ending June 30, 2011, 2010, and 2009 were $132,200, $149,642, and $142,240, respectively.

NOTE L - CONTINGENCIES

Grant Programs

The School District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School District has not complied with the rules and regulations governing the grants, refunds of any amounts received may be required and the collectability of any related receivable at year-end may be impaired. In the opinion of the School District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

The School District is engaged in various lawsuits arising in the ordinary course of business. These lawsuits are in various stages of the litigation process, and their ultimate outcome cannot be determined currently. Management does not believe the ultimate outcome of these lawsuits will have a material impact on the School District's financial statements.

NOTE M – CONSTRUCTION COMMITMENTS

The School District has no active construction projects as of June 30, 2011.

NOTE N – POST EMPLOYMENT BENEFITS

Georgia School Personnel Employees Post-employment Health Benefit Fund

Plan Description

The School District contributes to the Georgia School Personnel Employees Post-employment Health Benefit Fund (School OPEB Fund) a cost sharing, multiple-employer defined benefit post-employment healthcare plan that covers eligible former employees of public school systems, libraries and regional educational service agencies. The School OPEB Fund provides health insurance benefits to former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. Pursuant to Title 45, Chapter 18 of the Official Code of Georgia Annotated, the authority to establish and amend the benefit provisions of the plan are assigned to the Board of Community Health. The Department of Community Health issues a publicly available financial report that includes financial statements and required supplementary information for School OPEB Fund. That report may be obtained from the Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

Funding Policy

The contribution requirements of plan members and participating employers are established and may be amended by the Board of Community Health. Contributions of plan members or beneficiaries receiving benefits vary based on plan elections, dependent coverage, and Medicare eligibility and election. On average, plan members pay approximately twenty-five percent (25%) of the cost of health insurance coverage.

Participating employers are statutory required to contribute in accordance with the employer contribution rate established by the Board of Community Health. This contribution rates are established to fund both the active and retired employee health insurance plans based on projected pay-as-you-go financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The employer contribution rates for the combined active and retiree plans for the fiscal year ended June 30, 2011, was as follows:

Teachers	21.955% of covered payroll for August, 2010 to April, 2011 1.429% of covered payroll for April, 2011 to June, 2011
Non-Certificated Employees	$162.72 per member per month from July, 2010 to December, 2010 $218.20 per member per month from January, 2011 to May, 2011 $246.20 per member per month for June, 2011

The Department of Education was appropriated an additional $25,081,633 for non-certificated personnel health insurance payments. The amount attributable to the School District is reflected in the On-behalf not disclosure.

No additional contribution was required by the Board of Community Health for fiscal year 2011 nor contributed to the School OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the School plan for other post-employment benefits and are subject to appropriation.

The School District's contribution to the health insurance plans for the fiscal year ended June 30, 2011, was $10,512,130, which equaled the required contribution. School District's contributions for 2010 and 2009 were $9,764,324 and $7,607,052, respectively.

NOTE O – SUBSEQUENT EVENTS

General Obligation Bonds

In the subsequent fiscal year, voters authorized the School District to issue general obligation bonds in the amount of $30,000,000 as part of the Special Local Option Sales Tax (SPLOST) resolution passed in November, 2011. The proceeds from these bonds will be used to fund capital

projects approved in SPLOST IV. The approved SPLOST IV collections will run from July 1, 2012 thorough June 30, 2017.

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS		
	TITLE I - 402	IDEA VIB - 404	FED VOC ED - 406
ASSETS			
CASH	$ 622,047	$ 580,273	$ 1,569
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	8,001	117,893	-
TOTAL ASSETS	$ 630,048	$ 698,166	$ 1,569
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	$ 75,902	$ 60,292	$ 92
SALARIES AND BENEFITS PAYABLE	433,661	421,171	-
EXPIRED GRANTS PAYABLE	83,543	216,703	1,477
DUE TO OTHER FUNDS	-	-	-
UNEARNED REVENUE	36,942	-	-
TOTAL LIABILITIES	630,048	698,166	1,569
FUND BALANCES:			
NONSPENDABLE	-	-	-
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	-	-	-
COMMITTED	-	-	-
ASSIGNED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 630,048	$ 698,166	$ 1,569

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS			
	TITLE IIA -414	TITLE IIIA - 460	DRUG FREE -462	ROTC - 482
ASSETS				
CASH	$ 114,596	$ 3,714	$ -	$ -
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	-	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	1,152	10,513
TOTAL ASSETS	$ 114,596	$ 3,714	$ 1,152	$ 10,513
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	$ 5,188	$ 170	$ 13	$ 2,740
SALARIES AND BENEFITS PAYABLE	102,780	3,544	-	-
EXPIRED GRANTS PAYABLE	6,628	-	-	-
DUE TO OTHER FUNDS	-	-	1,139	7,773
UNEARNED REVENUE	-	-	-	-
TOTAL LIABILITIES	114,596	3,714	1,152	10,513
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED				
DEBT SERVICE	-	-	-	-
OTHER	-	-	-	-
COMMITTED	-	-	-	-
ASSIGNED	-	-	-	-
UNASSIGNED	-	-	-	-
TOTAL FUND BALANCES	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 114,596	$ 3,714	$ 1,152	$ 10,513

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS			
	550 - MENTOR	PRIN ACCT - 500	DIV. POWER - 552	554 - E. KELLEY
ASSETS				
CASH	$ 5,051	$ 126,643	$ -	$ -
INVESTMENTS	-	750,000	-	-
ACCOUNTS RECEIVABLE	-	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-	-
TOTAL ASSETS	$ 5,051	$ 876,643	$ -	$ -
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	$ -	$ 130	$ -	$ -
SALARIES AND BENEFITS PAYABLE	-	100	-	-
EXPIRED GRANTS PAYABLE	-	-	-	-
DUE TO OTHER FUNDS	-	-	-	-
UNEARNED REVENUE	-	-	-	-
TOTAL LIABILITIES	-	230	-	-
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED				
DEBT SERVICE	-	-	-	-
OTHER	5,051	-	-	-
COMMITTED	-	876,413	-	-
ASSIGNED	-	-	-	-
UNASSIGNED	-	-	-	-
TOTAL FUND BALANCES	5,051	876,413	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 5,051	$ 876,643	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS			
	HS ROBOTICS - 555	AQUARIUM - 556	EXXON - 558	SEWON - 559
ASSETS				
CASH	$ 23,183	$ -	$ -	$ -
INVESTMENTS	-	-	-	14,373
ACCOUNTS RECEIVABLE	-	-	8,421	-
DUE FROM OTHER GOVERNMENTS	-	-	-	-
TOTAL ASSETS	$ 23,183	$ -	$ 8,421	$ 14,373
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	$ 1,999	$ -	$ -	$ -
SALARIES AND BENEFITS PAYABLE	-	-	-	-
EXPIRED GRANTS PAYABLE	-	-	-	-
DUE TO OTHER FUNDS	-	-	8,421	-
UNEARNED REVENUE	-	-	-	-
TOTAL LIABILITIES	1,999	-	8,421	-
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED				
DEBT SERVICE	-	-	-	-
OTHER	21,184	-	-	14,373
COMMITTED	-	-	-	-
ASSIGNED	-	-	-	-
UNASSIGNED	-	-	-	-
TOTAL FUND BALANCES	21,184	-	-	14,373
TOTAL LIABILITIES AND FUND BALANCES	$ 23,183	$ -	$ 8,421	$ 14,373

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS		
	PREK- 560	584 - YOUTH LEADERSHIP	CARING COM - 583
ASSETS			
CASH	$ 332,509	$ 152	$ -
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	-	-	186,288
DUE FROM OTHER GOVERNMENTS	-	-	97,500
TOTAL ASSETS	$ 332,509	$ 152	$ 283,788
LIABILITIES AND FUND BALANCES			
ACCOUNTS PAYABLE	$ 18,804	$ -	$ 25,664
SALARIES AND BENEFITS PAYABLE	313,705	-	-
EXPIRED GRANTS PAYABLE	-	-	-
DUE TO OTHER FUNDS	-	-	258,124
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	332,509	-	283,788
FUND BALANCES:			
NONSPENDABLE	-	-	-
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	-	152	-
COMMITTED	-	-	-
ASSIGNED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	-	152	-
TOTAL LIABILITIES AND FUND BALANCES	$ 332,509	$ 152	$ 283,788

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	SPECIAL REVENUE FUNDS			
	P&G - 585	BULLYING -586	WEST PT YOUTH-587	CIS-703
ASSETS				
CASH	$ 27,264	$ -	$ 11,467	$ 114,601
INVESTMENTS	-	-	-	-
ACCOUNTS RECEIVABLE	-	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-	-
TOTAL ASSETS	$ 27,264	$ -	$ 11,467	$ 114,601
LIABILITIES AND FUND BALANCES				
ACCOUNTS PAYABLE	$ -	$ -	$ -	$ 289
SALARIES AND BENEFITS PAYABLE	-	-	-	-
EXPIRED GRANTS PAYABLE	-	-	-	-
DUE TO OTHER FUNDS	-	-	-	-
UNEARNED REVENUE	-	-	-	-
TOTAL LIABILITIES	-	-	-	289
FUND BALANCES:				
NONSPENDABLE	-	-	-	-
RESTRICTED				
DEBT SERVICE	-	-	-	-
OTHER	27,264	-	11,467	114,312
COMMITTED	-	-	-	-
ASSIGNED	-	-	-	-
UNASSIGNED	-	-	-	-
TOTAL FUND BALANCES	27,264	-	11,467	114,312
TOTAL LIABILITIES AND FUND BALANCES	$ 27,264	$ -	$ 11,467	$ 114,601

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2011

	DEBT SERVICE QZAB - 203	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS		
CASH	$ 255	$ 1,963,324
INVESTMENTS	1,869,139	2,633,512
ACCOUNTS RECEIVABLE	-	194,709
DUE FROM OTHER GOVERNMENTS	-	235,059
TOTAL ASSETS	$ 1,869,394	$ 5,026,604
LIABILITIES AND FUND BALANCES		
ACCOUNTS PAYABLE	$ -	$ 191,283
SALARIES AND BENEFITS PAYABLE	-	1,274,961
EXPIRED GRANTS PAYABLE	-	308,351
DUE TO OTHER FUNDS	-	275,457
UNEARNED REVENUE	-	36,942
TOTAL LIABILITIES	-	2,086,994
FUND BALANCES:		
NONSPENDABLE	-	-
RESTRICTED		
DEBT SERVICE	1,869,394	1,869,394
OTHER	-	193,803
COMMITTED		876,413
ASSIGNED	-	-
UNASSIGNED	-	-
TOTAL FUND BALANCES	1,869,394	2,939,610
TOTAL LIABILITIES AND FUND BALANCES	$ 1,869,394	$ 5,026,604

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS		
	TITLE I - 402	IDEA VIB - 404	FED VOC ED - 406
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	-	-	-
FEDERAL AID	5,458,989	3,709,111	135,721
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	-	-
TOTAL REVENUES	5,458,989	3,709,111	135,721
EXPENDITURES			
CURRENT:			
INSTRUCTION	2,474,410	2,324,030	90,348
SUPPORT SERVICES	-	941,857	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	2,418,499	111,192	33,373
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	144,437	171,026	-
SCHOOL ADMINISTRATION	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	16,188	174,151	-
CENTRAL SUPPORT SERVICES	-	-	-
OTHER SUPPORT SERVICES	405,455	-	-
COMMUNITY SERVICES	-	-	-
CAPITAL OUTLAY	-	-	12,000
TOTAL EXPENDITURES	5,458,989	3,722,256	135,721
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	-	(13,145)	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	-	13,145	-
TOTAL OTHER FINANCING SOURCES (USES)	-	13,145	-
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES-JULY 1, 2010	-	-	-
FUND BALANCES-JUNE 30, 2011	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	TITLE IIA -414	TITLE IIIA - 460	DRUG FREE -462	ROTC - 482
REVENUES				
FEES AND CHARGES	$ -	$ -	$ -	$ -
STATE AID	-	-	-	-
FEDERAL AID	667,078	30,524	21,305	116,272
EARNINGS ON INVESTMENTS	-	-	-	-
MISCELLANEOUS	-	-	-	-
TOTAL REVENUES	667,078	30,524	21,305	116,272
EXPENDITURES				
CURRENT:				
INSTRUCTION	263,343	32,900	-	380,250
SUPPORT SERVICES	-	-	19,240	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	403,791		5,650	-
EDUCATIONAL MEDIA	-	-	-	-
GENERAL ADMINISTRATION	20,571	1,574	1,761	-
SCHOOL ADMINISTRATION	-	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-	-
STUDENT TRANSPORTATION SERVICES	-	-	-	-
CENTRAL SUPPORT SERVICES	127	-	-	-
OTHER SUPPORT SERVICES	-	-	-	-
COMMUNITY SERVICES	-	-	-	-
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	687,832	34,474	26,651	380,250
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(20,754)	(3,950)	(5,346)	(263,978)
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	-	-
TRANSFERS IN	20,754	3,950	5,346	263,978
TOTAL OTHER FINANCING SOURCES (USES)	20,754	3,950	5,346	263,978
NET CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES-JULY 1, 2010	-	-	-	-
FUND BALANCES-JUNE 30, 2011	$ -	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	550 - MENTOR	PRIN ACCT - 500	DIV. POWER - 552	554 - E. KELLEY
REVENUES				
FEES AND CHARGES	$ -	$ 2,043,280	$ -	$ -
STATE AID	-	-	-	-
FEDERAL AID	-	-	-	-
EARNINGS ON INVESTMENTS	-	11,349	-	-
MISCELLANEOUS	25,000	-	38,845	
TOTAL REVENUES	25,000	2,054,629	38,845	-
EXPENDITURES				
CURRENT:				
INSTRUCTION	20,030	34,539	38,845	-
SUPPORT SERVICES	-	1,586,679	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	646	-	-
EDUCATIONAL MEDIA	-	10,432	-	-
GENERAL ADMINISTRATION	-	20,919	-	-
SCHOOL ADMINISTRATION	-	293,946	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	1,539	-	-
STUDENT TRANSPORTATION SERVICES	-	2,181	-	-
CENTRAL SUPPORT SERVICES	-		-	-
OTHER SUPPORT SERVICES	-	-	-	-
COMMUNITY SERVICES	-	-	-	-
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	20,030	1,950,881	38,845	-
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	4,970	103,748	-	-
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	(228,852)	-	-
TRANSFERS IN	81	236,282	-	-
TOTAL OTHER FINANCING SOURCES (USES)	81	7,430	-	
NET CHANGE IN FUND BALANCES	5,051	111,178	-	-
FUND BALANCES-JULY 1, 2010	-	765,235	-	-
FUND BALANCES-JUNE 30, 2011	$ 5,051	$ 876,413	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	HS ROBOTICS - 555	AQUARIUM - 556	EXXON - 558	SEWON - 559
REVENUES				
FEES AND CHARGES	$ -	$ -	$ -	$ -
STATE AID	-	-	-	-
FEDERAL AID	-	-	-	-
EARNINGS ON INVESTMENTS	-	-	-	-
MISCELLANEOUS	35,600	24,987	8,422	17,373
TOTAL REVENUES	35,600	24,987	8,422	17,373
EXPENDITURES				
CURRENT:				
INSTRUCTION	11,417	12,282	8,422	-
SUPPORT SERVICES	2,999	-	-	3,000
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-	-
EDUCATIONAL MEDIA	-	-	-	-
GENERAL ADMINISTRATION	-	-	-	-
SCHOOL ADMINISTRATION	-	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-	-
STUDENT TRANSPORTATION SERVICES	-	12,705	-	-
CENTRAL SUPPORT SERVICES	-	-	-	-
OTHER SUPPORT SERVICES	-	-	-	-
COMMUNITY SERVICES	-	-	-	-
CAPITAL OUTLAY	-	-	-	-
TOTAL EXPENDITURES	14,416	24,987	8,422	3,000
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	21,184	-	-	14,373
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	-	-
TRANSFERS IN	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	21,184	-	-	14,373
FUND BALANCES-JULY 1, 2010	-	-	-	-
FUND BALANCES-JUNE 30, 2011	$ 21,184	$ -	$ -	$ 14,373

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS		
	PREK - 560	584 - YOUTH LEADERSHIP	CARING COM - 583
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	2,076,627	-	141,573
FEDERAL AID	1,612	-	-
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	3,500	241,537
TOTAL REVENUES	2,078,239	3,500	383,110
EXPENDITURES			
CURRENT:			
INSTRUCTION	2,002,652	3,348	-
SUPPORT SERVICES	4,155	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	8,551	-	-
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	-	-	-
SCHOOL ADMINISTRATION	23,921	-	-
MAINTENANCE AND OPERATION OF FACILITIES	36,378	-	-
STUDENT TRANSPORTATION SERVICES	2,582	-	-
CENTRAL SUPPORT SERVICES	-	-	-
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	-	-	383,110
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	2,078,239	3,348	383,110
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	-	152	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	152	-
FUND BALANCES-JULY 1, 2010	-	-	-
FUND BALANCES-JUNE 30, 2011	$ -	$ 152	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	P&G - 585	BULLYING - 586	587 WEST PT YOUTH	CIS-703
REVENUES				
FEES AND CHARGES	$ -	$ -	$ -	$ -
STATE AID	-	6,108	-	33,104
FEDERAL AID	-	-	-	-
EARNINGS ON INVESTMENTS	-	-	-	-
MISCELLANEOUS	54,191	-	20,952	94,598
TOTAL REVENUES	54,191	6,108	20,952	127,702
EXPENDITURES				
CURRENT:				
INSTRUCTION	10,442	6,108	8,322	-
SUPPORT SERVICES	-	-	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-	-
EDUCATIONAL MEDIA	-	-	-	-
GENERAL ADMINISTRATION	-	-	-	-
SCHOOL ADMINISTRATION	-	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-	-
STUDENT TRANSPORTATION SERVICES	2,788	-	1,163	-
CENTRAL SUPPORT SERVICES	-	-	-	-
OTHER SUPPORT SERVICES	-	-	-	-
COMMUNITY SERVICES	-	-	-	96,453
CAPITAL OUTLAY	13,697	-	-	-
TOTAL EXPENDITURES	26,927	6,108	9,485	96,453
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	27,264	-	11,467	31,249
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	-	-
TRANSFERS IN	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	27,264	-	11,467	31,249
FUND BALANCES-JULY 1, 2010	-	-	-	83,063
FUND BALANCES-JUNE 30, 2011	$ 27,264	$ -	$ 11,467	$ 114,312

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE QZAB - 203	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES		
FEES AND CHARGES	$ -	$ 2,043,280
STATE AID	-	2,257,412
FEDERAL AID	-	10,140,612
EARNINGS ON INVESTMENTS	53,400	64,749
MISCELLANEOUS	-	565,005
TOTAL REVENUES	53,400	15,071,058
EXPENDITURES		
CURRENT:		
INSTRUCTION	-	7,721,688
SUPPORT SERVICES	-	2,557,930
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	2,981,702
EDUCATIONAL MEDIA	-	10,432
GENERAL ADMINISTRATION	-	360,288
SCHOOL ADMINISTRATION	-	317,867
MAINTENANCE AND OPERATION OF FACILITIES	-	37,917
STUDENT TRANSPORTATION SERVICES	-	211,758
CENTRAL SUPPORT SERVICES	-	127
OTHER SUPPORT SERVICES	-	405,455
COMMUNITY SERVICES	-	479,563
CAPITAL OUTLAY	-	25,697
TOTAL EXPENDITURES	-	15,110,424
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	53,400	(39,366)
OTHER FINANCING SOURCES (USES)		
TRANSFERS OUT	-	(228,852)
TRANSFERS IN	-	543,536
TOTAL OTHER FINANCING SOURCES (USES)	-	314,684
NET CHANGE IN FUND BALANCES	53,400	275,318
FUND BALANCES-JULY 1, 2010	1,815,994	2,664,292
FUND BALANCES-JUNE 30, 2011	$ 1,869,394	$ 2,939,610

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2011

	INTERNAL SERVICE FUND WORK COMP	INTERNAL SERVICE FUND UNEMPLOYMENT	INTERNAL SERVICE FUND FLEX SPENDING	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS AND OTHER DEBITS				
CURRENT ASSETS				
CASH	$ 366,339	$ -	$ -	$ 366,339
ACCOUNTS RECEIVABLE	-	-	1,366	1,366
TOTAL CURRENT ASSETS	366,339	-	1,366	367,705
TOTAL ASSETS	366,339	-	1,366	367,705
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	291,234	-	1,366	292,600
DUE TO OTHER FUNDS	75,105	-	-	75,105
TOTAL CURRENT LIABILITIES	366,339	-	1,366	367,705
TOTAL LIABILITIES	366,339	-	1,366	367,705
NET ASSETS				
UNRESTRICTED	-	-	-	-
TOTAL NET ASSETS	$ -	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	INTERNAL SERVICE FUND WORK COMP	INTERNAL SERVICE FUND UNEMPLOYMENT	INTERNAL SERVICE FUND FLEX SPENDING	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES				
CHARGES TO OTHER FUNDS	$ 391,573	$ -	$ -	$ 391,573
TOTAL REVENUES	391,573	-	-	391,573
OPERATING EXPENSES				
CURRENT:				
OTHER OPERATING COSTS	391,980	39,727	-	431,707
TOTAL OPERATING COSTS	391,980	39,727	-	431,707
OPERATING INCOME (LOSS)	(407)	(39,727)	-	(40,134)
NONOPERATING REVENUES (EXPENSES)				
INTEREST INCOME	407	-	-	407
TOTAL NONOPERATING REVENUE	407	-	-	407
TRANSFERS IN		39,727	-	39,727
CHANGE IN NET ASSETS	-	-	-	-
TOTAL NET ASSETS - JULY 1, 2010	-	-	-	-
TOTAL NET ASSETS - JUNE 30, 2011	$ -	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	INTERNAL SERVICE FUND WORK COMP	INTERNAL SERVICE FUND UNEMPLOYMENT	INTERNAL SERVICE FUND FLEX SPENDING	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
RECEIVED FROM ASSESSMENTS TO OTHER FUNDS	$ 391,573	$ -	$ -	$ 391,573
PAYMENTS FOR WORKERS COMPENSATION AND OTHER EXPENSES	(374,739)	(39,727)	-	(414,466)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	16,834	(39,727)	-	(22,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
TRANSFERS FROM OTHER FUNDS	-	39,727	-	39,727
NET CASH PROVIDED (USED) BY NON CAPITAL FINANCING ACTIVITIES	-	39,727	-	39,727
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST ON INVESTMENTS	407	-	-	407
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	407	-	-	407
NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENTS	17,241	-	-	17,241
CASH/CASH EQUIVALENTS JULY 1, 2010	349,098	-	-	349,098
CASH/CASH EQUIVALENTS JUNE 30, 2011	$ 366,339	$ -	$ -	$ 366,339
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	$ (407)	$ (39,727)	$ -	$ (40,134)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:				
CHANGES IN ASSETS AND LIABILITIES:				
RECEIVABLES	206,301	-	(3)	206,298
INVENTORIES		-		-
ACCRUED LIABILITIES	(189,060)	-	3	(189,057)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 16,834	$ (39,727)	$ -	$ (22,893)

TROUP COUNTY SCHOOL DISTRICT
QUALITY BASIC EDUCATION PROGRAM
SCHEDULE OF EARNINGS AND EXPENDITURES - BY PROGRAM
YEAR ENDED JUNE 30, 2011

DESCRIPTION	ALLOTMENTS FROM GADOE	ELIGIBLE QBE PROGRAMS SALARIES	OPERATIONS	TOTAL
KINDERGARTEN PROGRAM	$ 5,386,243	$ 4,806,737	$ 130,994	$ 4,937,731
KINDERGARTEN PROGRAM - EIP	356,038	213,124	1,570	214,694
PRIMARY GRADES (1-3) PROGRAM	10,668,432	10,433,595	323,893	10,757,488
PRIMARY GRADES (1-3) PROGRAM - EIP	1,951,968	2,615,694	2,261	2,617,955
UPPER ELEMENTARY GRADES (4-5) PROGRAM	5,193,654	6,361,959	245,824	6,607,783
UPPER ELEMENTARY GRADES (4-5) PROGRAM - EIP	1,362,538	1,755,931	2,154	1,758,085
MIDDLE GRADES (6-8) PROGRAM	699,870	618,730	77,711	696,441
MIDDLE SCHOOL (6-8) PROGRAM	8,341,848	7,920,392	220,801	8,141,193
HIGH SCHOOL GENERAL EDUCATION (9-12)	7,387,742	8,567,737	840,311	9,408,048
VOCATIONAL LABORATORY (9-12)	2,355,876	2,162,295	226,992	2,389,287
STUDENTS WITH DISABILITIES	6,234,691			
CATEGORY I	-	51,266	-	51,266
CATEGORY II	-	470,331	28,503	498,834
CATEGORY III	-	5,402,568	58,008	5,460,576
CATEGORY IV	-	202,766	4,793	207,559
GIFTED STUDENT - CATEGORY VI	3,798,835	2,638,263	25,226	2,663,489
REMEDIAL EDUCATION PROGRAM	1,266,714	1,131,918	9,773	1,141,691
ALTERNATIVE EDUCATION PROGRAM	698,368	1,126,194	14,902	1,141,096
ENGLISH SPEAKERS OF OTHER LANGUAGES (ESOL)	294,729	243,252	3,114	246,366
TOTAL DIRECT INSTRUCTIONAL FUNDS	55,997,546	56,722,752	2,216,830	58,939,582
TWENTY DAYS ADDITIONAL INSTRUCTION	497,781			-
MEDIA CENTER PROGRAM	1,612,893	2,102,858	202,003	2,304,861
STAFF AND PROFESSIONAL DEVELOPMENT	284,379		165,637	165,637
TOTAL QBE FORMULA FUNDS	$ 58,392,599	$ 58,825,610	$ 2,584,470	$ 61,410,080

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
FOR THE YEAR ENDED JUNE 30, 2011

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	PROJECT STATUS
SPLOST III					
Acquiring additional real property for future schools and administrative facilities; acquiring, constructing and equipping a new elementary school, middle school and/or high school. Modifications to middle and/or high school; adding to, renovating, repairing, improving, furnishing and equipping existing educational buildings, properties, and facilities of the Troup County School District, including without limitation, classroom additions, physical education facilities and resurfacing and parking facilities; technology upgrades, infrastructure and equipment; additional school buses; constructing new or renovating existing administrative facilities; and paying expenses incident thereto,	$ 50,000,000	$ 48,540,159	$ 818,864	$ 47,518,735	Ongoing
Interest expense on bonds sold under SPLOST III	5,479,500	6,919,341	977,575	5,109,879	Ongoing
	$ 55,479,500	$ 55,459,500	$ 1,796,439	$ 52,628,614	

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Special Purpose Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Troup County approved the imposition of a 1% sales tax to fund the above project(s) (and retire associated debt). Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the project(s).

TROUP COUNTY SCHOOL DISTRICT
SCHEDULE OF LOTTERY EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

	EXPENDITURES	
	PRE-KINDERGARTEN	TOTAL
EXPENDITURES		
SALARIES	$ 1,529,185	$ 1,529,185
BENEFITS	470,780	470,780
TRAVEL	1,552	1,552
OTHER SERVICES	38,960	38,960
SUPPLIES	37,762	37,762
TOTAL EXPENDITURES	$ 2,078,239	$ 2,078,239

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2011

FUNDING AGENCY PROGRAM/GRANT	GOVERNMENTAL FUND TYPES				
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	CAPITAL PROJECTS FUND	SCHOOL NUTRITION FUND	TOTAL
LOTTERY PROGRAMS					
PREKINDERGARTEN	$ -	$ 2,076,627	$ -	$ -	$ 2,076,627
SCHOOL NUTRITION	-	-	-	188,813	188,813
HUMAN RESOURCES, Georgia Department of					
CONTRACT #93-08080861-99	-	33,104			33,104
DEPARTMENT OF HEALTH					
BULLYING GRANT	-	6,108	-	-	6,108
OFFICE OF GOVERNOR CARING COMMUNITIES	-	141,573	-	-	141,573
EDUCATION, DEPARTMENT OF					
QUALITY BASIC EDUCATION	50,696,151				50,696,151
CATEGORICAL GRANTS					
PUPIL TRANSPORTATION					
REGULAR	1,492,042				1,492,042
BUS REPLACEMENT	534,044				534,044
NURSING SERVICES	187,360				187,360
EQUALIZAITION FUNDING	6,097,751				6,097,751
VOCATIONAL GRANTS	106,608				106,608
MATH AND SCIENCE SUPPLEMENTS	87,080				87,080
DUAL ENROLLMENT FUNDING	10,658				10,658
MOVE ON WHEN READY	267				267
VIRTUAL SCHOOL	500				500
RESIDENTIAL TREATMENT CENTERS	108,772				108,772
PRE-SCHOOL HANDICAPPED	104,854				104,854
ON BEHALF PAYMENTS					
ON BEHALF - HEALTH INSURANCE	221,995				221,995
ON BEHALF - TEACHER'S RETIREMENT	93,971				93,971
ON BEHALF - PUBLIC SCHOOL EMPLOYEE'S RETIREMENT	78,981				78,981
	$ 59,821,034	$ 2,257,412	$ -	$ 188,813	$ 62,267,259

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

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*

To the Superintendent and Members of
the Troup County School District
LaGrange, Georgia

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Troup County School District as of and for the year ended June 30, 2011, which collectively comprise the Troup County School District's basic financial statements and have issued our report thereon dated February 14, 2012. As referenced in our report, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective July 1, 2010. 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.

Internal Control Over Financial Reporting

Management of the Troup County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Troup County School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Troup County School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Troup County School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs, as item 2011-1 to be a material weakness.

Compliance and Other Matters

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

We also noted certain matters that we reported to management of the Troup County School District in a separate letter dated February 14, 2012.

Troup County School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Troup County School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the members of the Troup County School District, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 14, 2012

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Superintendent and Members of
the Troup County School District
La Grange, Georgia

Compliance

We have audited the Troup County School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Troup County School District's major federal programs for the year ended June 30, 2011. The Troup County School District s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Troup County School District's management. Our responsibility is to express an opinion on the Troup County School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Troup County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Troup County School District's compliance with those requirements.

In our opinion, the Troup County School District complied, in all material respects, with the 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, 2011.

Internal Control Over Compliance

Management of the Troup County School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Troup County School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Troup County School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therfore, there can be no assuance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-2 and 2011-3 to be material weaknesses.

Troup County School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Troup County School District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the members of the Troup County School District, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 14, 2012

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:		
Passed through Georgia Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 1,032,563
National School Lunch Program	10.555	3,042,097
National School Lunch Program (non-cash)	10.555	251,310
Total Child Nutrition Cluster		4,325,970
Total U. S. Department of Agriculture		4,325,970
U. S. DEPARTMENT OF DEFENSE		
R.O.T.C. Program	Unknown	116,272
Total U. S. Department of Defense		116,272
U. S. DEPARTMENT OF EDUCATION		
Passed through Georgia Department of Education:		
Education Job Fund	84.410	2,447,895
Title I, Part A Cluster		
Title I Programs - Improving the Academic Acheivment of the Disadvataged	84.010	4,293,826
Title I Programs - Distinguished School Award	84.010	38,802
Title I Programs - Delinquent Program	84.010	96,774
Title I Programs - ARRA	84.389	1,028,836
Title I Programs - ARRA Delinquent Program	84.389	751
Total Title I, Part A Cluster		5,458,989
Title II-A - Improving Teacher Quality	84.367	667,078
Title III - Immigrant	84.365	3,347
Title III - Limited English Proficient	84.365	27,177
		30,524
Title IV-A1 - Safe and Drug Free Schools & Communities	84.186	21,305
Special Education Cluster:		
Title VI-B Flowthrough	84.027	2,414,590
Title VI-B Preschool	84.173	76,628
Title VI-B Flowthrough - ARRA	84.391	1,217,893
Total Special Education Cluster		3,709,111
Vocational Grants - Professional Development	84.048	5,395
Vocational Grants - Program Improvement	84.048	130,326
		135,721
Pre-K ARRA Grant		1,612
Total U. S. Department of Education		12,472,235
Total Expenditures of Federal Awards		$ 16,914,477

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified?	____ yes __X__ none reported
Noncompliance material to financial statements noted?	____ yes __X__ no

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	__X__ yes ____ no
Significant deficiencies identified?	____ yes __X__ none reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027, 84.173, 84.391	Special Education Cluster
84.010, 84.389	Title I, Part A Cluster
84.367	Title II, Part A Grant
84.410	Education Jobs Funds

Dollar threshold used to distinguish between Type A and Type B programs:	$507,434
Auditee qualified as low-risk auditee?	____ yes __X__ no

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II
FINANCIAL STATEMENT FINDINGS

2011-1 Liabilities and Related Expenses/Expenditures

Criteria: Proper segregation of duties applies the principle that no single employee should be placed in a position that allows the employee to both commit and conceal an irregularity in the normal course of performing the employee's duties.

Condition: Internal controls would not be sufficient to prevent a misappropriation of funds without such actions being detected during the normal course of business.

Context/cause: During our review of disbursements in the Food Service Fund, we noted the following areas in which the School District lacks proper internal controls in relation to the disbursement process:

- Purchase orders should be prepared for all disbursements and reviewed by the appropriate level of management prior to the disbursement of funds.
- All invoices should be reviewed and have documented approval for expenditures in the Food Service Fund prior to the disbursement of funds.

Effects or possible effects: Failure to follow the School District's purchasing policies and procedures and having proper approvals documented may allow for errors or irregularities to occur and not be detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We recommend the School District follow the Board approved purchasing policies and procedures.

Auditee's Response: This situation has been corrected. It was an oversight when Food Service operations were contracted to an outside provider.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2011-2 Title II, Part A - CFDA #84.367; Semi – Annual Certification of Time and Effort

Criteria: In accordance with the terms of the Title II, Part A and OMB Circular A-87, Cost Principles, for State, Local, and Indian Tribe Governments an employee who works solely on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated) must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3). An employee who works in part on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated), and in part on consolidated Federal administrative activities or activities funded from other revenue sources, must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.

Condition and Context: For the fiscal year ended June 30, 2011, we reviewed nine (9) of employees paid out of Title II, Part A funds to determine if the School District was properly maintaining semi-annual certification of time and effort sheets. We found two (2) teachers paid out of Title II, Part A funds that were not properly maintaining semi-annual certification of time and effort sheets. The School District does not maintain the time and effort documentation as required by OMB Circular A-87.

Effects or Possible Effects: Personnel salaries unrelated to Title II, Part A could be funded with Title II, Part A funds. Therefore, unallowable costs could be charged to the grant.

Questioned Costs: None noted.

Cause: There was a lack of oversight of management in relation to required reports.

Recommendation: We recommend the School District maintain semi-annual certification of time and effort sheets on all employees whose salaries are funded out of Title II, Part A funds.

Views of Responsible Officials: We concur with the recommendation. Corrective action has already been taken to ensure that all the School District employees comply with the semi-annual certification requirement.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

2011-3 Title I, Part A Cluster - CFDA #84.010 and 84.389; Procurement and Suspension and Debarment

Criteria: Grant requirements state non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction that are expected to equal or exceed $25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the government-wide nonprocurement debarment and suspension guidance contains those additional limited circumstances.

Condition: While the District's General Terms & Conditions for vendors contains general language, the vendor is required to specifically confirm their exclusion from the database for contracts funded by the Title I programs or the District may elect to check the *Excluded Parties List System (EPLS).*

Context/Cause: The School District did not have adequate controls in place to ensure that the contract was not being awarded to a suspended or debarred party.

Effects: A contract could have been awarded to an ineligible party; however during our testing we noted that the vendor selected by the School District was not included on the *EPLS.*

Questioned Costs: None noted.

Recommendation: We recommend the School District include specific language relative to the suspension and debarment requirements within the contract and perform a search for the vendor on the *EPLS* (and maintain documentation of the search), for all federally funded contracts to ensure that contracts are not awarded to suspended or debarred parties.

Views of Responsible Officials: We concur with the recommendation. Corrective action has already been taken to meet the suspension and debarment requirements.

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION IV
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

2010-1. Semi – Annual Certification of Time and Efforts Sheets – Special Education Cluster:
U.S. Department of Education, Flow Through, CFDA #84.027
U.S. Department of Education, Preschool, CFDA #84.173
U.S. Department of Education, Flow Through - ARRA, CFDA #84.391
U.S. Department of Education, Preschool - ARRA, CFDA #84.392

Criteria: In accordance with the terms of the Special Education Cluster and OMB Circular A-87, Cost Principles, for State, Local, and Indian Tribe Governments an employee who works solely on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated) must furnish a semi-annual certification that he/she has been engaged solely in activities supported by the applicable source in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.(3). An employee who works in part on a single cost objective (i.e., a single Federal program whose administrative funds have not been consolidated), and in part on consolidated Federal administrative activities or activities funded from other revenue sources, must maintain time and effort distribution records in accordance with OMB Circular A-87, Attachment B, paragraph 8.h.

Condition and Context: For the fiscal year ended June 30, 2010, we reviewed twenty-five (25) of teachers paid out of Special Education Cluster funds to determine if the School District was properly maintaining semi-annual certification of time and effort sheets. We found twenty-five (25) teachers paid out of Special Education Cluster funds that were not properly maintaining semi-annual certification of time and effort sheets. The School District was only documenting time and effort on an annual basis at the end of the school year instead of semi-annually as required by OMB Circular A-87.

Status: This finding was resolved for the Special Education Cluster in the current year.