TROUP COUNTY SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2012

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, and the aggregate remaining fund information of the Troup County School District as of and for the year ended June 30, 2012, 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 previously 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, 2012, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2013 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 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 should be considered in 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 Approved Local Option Sales Tax Projects, 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 combining and individual nonmajor fund financial statements and schedules, the schedule of Approved Local Option Sales Tax Projects, 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 fairly stated in all material respects in relation to the basic financial statements as a whole.



Atlanta, Georgia
May 17, 2013

TROUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

The discussion and analysis of Troup County School District (the "School District")'s financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 FY2012 by $135.0 million. Of this amount, $12.7 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 $3.3 million (2.5%) during the current fiscal year. The Governmental Activities' increase was $3.5 million (2.6%) and the Business-type Activities' decrease was (5.9%) or $116 thousand. Total net assets of Governmental Activities increased because of total liabilities decreasing by $8.3 million (mainly outstanding debt), while total assets decreased $4.9 million (capital assets decreased $3.7 million and cash increased $7.2 million and investments decreased by $9.2 million). The net assets for Business-type activity decreased as a result of charges for services of $1.7 million and operating grants/contributions of $5.0 million being less than expenses of $6.6 million and net transfers to other funds of $.2 million
- Governmental activities general revenues accounted for $55.7 million or 45.9% 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 $65.6 million or 54.1% of total Governmental Activities' revenues of $121.3 million.
- The School District had $118.1 million of expenses related to Governmental Activities; only $65.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues totaling $55.7 million were able to more than cover the balance of expenses. General revenues were primarily derived from Property Taxes of $37.4 million, Special Local Option Sales Taxes of $11.1 million and State Aid/Formula Grants of $6.5 million.
- Among the major funds, the General Fund had $97.5 million in revenues and $101.7 million in expenditures. The General Fund's fund balance decreased by $4.2 million to $11.5 million which represents 11.4% of total General Fund expenditures or 27.3 days of operations.
- Total net assets for Business-type activities of $1.8 million decreased by $116 thousand or 28.0% of expenses and 67.2 days of operations.
- The School District's total debt decreased by $8.2 million during the FY2012.

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 non-major 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 2012?" 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. These bases 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 through 20.

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 19 through 23.

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 24.

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 through 50.

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 2012 compared to 2011:

Table 1
Troup County School District's Net Assets
In Millions

	Governmental Activities		Business Type Activities		Total Net Assets		Total % Change
	2011	**2012**	**2011**	**2012**	**2011**	**2012**	**2011-12**
Current and Other Assets	$ 42.1	$ 40.9	$ 2.1	$ 1.9	$ 44.2	$ 42.8	-3.2%
Capital Assets	121.6	117.9	0.3	0.4	121.9	118.3	-3.0%
Total Assets	**163.7**	**158.8**	**2.4**	**2.3**	**166.1**	**161.1**	**-3.0%**
Long Term Liabilities	18.7	10.5	-	-	18.7	10.5	-43.9%
Other Liabilities	15.3	15.1	0.4	0.5	15.7	15.6	-0.6%
Total Liabilities	**34.0**	**25.6**	**0.4**	**0.5**	**34.4**	**26.1**	**-24.1%**
Net Assets:							
Invested in Capital Assets, Net of Related Debt	102.7	107.4	0.3	0.3	103.0	107.7	4.6%
Restricted	11.3	13.3	1.5	1.3	12.8	14.6	14.1%
Unrestricted	15.7	12.5	0.2	0.2	15.9	12.7	-20.1%
Total Net Assets	**$ 129.7**	**$ 133.2**	**$ 2.0**	**$ 1.8**	**$ 131.7**	**$ 135.0**	**2.5%**

Total net assets increased $3.3 million. Cash, investments and accounts receivable decreased $2.1 million due to decreases in the General Fund revenues from Education Job Grant funds, State Grants, and lower Property Tax collections. Capital Assets decreased by $3.7 million due to annual depreciation exceeding additional new assets. This was related to SPLOST III construction activities being put on hold due to lower sales tax collections than originally projected. Long Term Debt was reduced $8.2 million as the payment on the SPLOST III bonds continued in FY2012.

Table 2 shows the changes in net assets for fiscal year 2012 compared to fiscal year 2011:

Table 2
Change in Troup County School District's Net Assets
In Millions

	Governmental Activities		Business Type Activities		Total Net Assets		Total % Change
	2011	2012	2011	2012	2011	2012	2011-12
Revenues							
Program Revenues							
Charges for Services	$ 2.8	$ 2.9	$ 1.5	$ 1.6	$ 4.3	$ 4.5	4.7%
Federal Grants	13.0	8.0	4.5	4.8	17.5	12.8	-26.9%
State Grants/Entitlements	55.6	53.9	-	0.2	55.6	54.1	-2.7%
Other	0.9	0.8	-	-	0.9	0.8	-11.1%
General Revenues							
Property Taxes	38.7	37.4	-	-	38.7	37.4	-3.4%
Sales Taxes	10.5	11.1	-	-	10.5	11.1	5.7%
State Aid/Formula Grants	6.5	6.5	-	-	6.5	6.5	0.0%
Other	0.1	0.7	-	-	0.1	0.7	600.0%
Total Revenues	**128.1**	**121.3**	**6.0**	**6.6**	**134.1**	**127.9**	**-4.6%**
Expenses							
Instruction	75.6	74.0	-	-	75.6	74.0	-2.1%
Pupil Support Services	9.3	9.1	-	-	9.3	9.1	-2.2%
Improvement of Instructional Services	5.2	4.4	-	-	5.2	4.4	-15.4%
Educational Media	2.4	2.4	-	-	2.4	2.4	0.0%
General Administration	2.0	1.8	-	-	2.0	1.8	-10.0%
School Administration	6.7	6.7	-	-	6.7	6.7	0.0%
Business Administration	1.1	1.1	-	-	1.1	1.1	0.0%
Maintenance/Operation of Facilities	8.9	8.8	-	-	8.9	8.8	-1.1%
Student Transportation Services	6.3	7.6	-	-	6.3	7.6	20.6%
Central Support Services	0.7	0.7	-	-	0.7	0.7	0.0%
Other Support Services	0.5	0.4	-	-	0.5	0.4	-20.0%
Business Type Activities	-	-	5.8	6.6	5.8	6.6	13.8%
Community Services	0.6	0.5	-	-	0.6	0.5	-16.7%
Interest on Long-Term Debt	0.9	0.5	-	-	0.9	0.5	-44.4%
Total Expenses	**120.2**	**118.0**	**5.8**	**6.6**	**126.0**	**124.6**	**-1.1%**
Excess (Deficiency) before Transfers	7.9	3.3	0.2	-	8.1	3.3	-59.3%
Transfers	0.1	0.2	(0.1)	(0.2)	-	-	0.0%
Change in Net Assets	**8.0**	**3.5**	**0.1**	**(0.2)**	**8.1**	**3.3**	**-59.3%**
Beginning Net Assets	**121.7**	**129.7**	**1.9**	**2.0**	**123.7**	**131.7**	**6.5%**
Ending Net Assets	**$ 129.7**	**$ 133.2**	**$ 2.0**	**$ 1.8**	**$ 131.8**	**$ 135.0**	**2.4%**

Revenues for governmental activities decreased by 5.3%, while expenses decreased by 1.8%. Program revenues decreased by 9.3%, mainly due to decreases in Federal Grants of $4.9 million and State Grants/Entitlements of $1.7 million. Federal Grant decreases were primarily related to American Reinvestment and Recovery Act (ARRA) received for fiscal stabilization of $1.0 million, Education Job Grant funds of $2.4 million, Title I of $1.0 million and Special Education of $1.2 million programs being phased out in FY11. The ARRA funding reductions were partially offset by a $.7 million increase in regular Title I and Special Education funds. Decreases in State Grants resulted from reductions in QBE funding of $1.3 million and Pre-K lottery funds of $.4 million from continuing state budget cuts. General Revenues decreased by .9% mainly due to decreases in Property Taxes of $1.3 million, partially offset by higher sales tax collections of $.6 million. Property tax decreases resulted from a lower residential tax digest generated by lower appraisal values. Expenses decreased by $2.2 million as a result of consolidation of two smaller elementary schools into one to save overhead expenses of $1.1 million, plus other budget reduction actions.

Governmental Activities

The State of Georgia continued austerity reductions related to the QBE formula for FY12 in the amount of $9.2 million. Austerity reductions have totaled over $44.4 million since their inception in FY03 versus the normal QBE funding level. The original FY2012 budget contained mandated step increases of $1.1 million and reduced leave without pay days of $1.1 million. The reductions in revenues and mandated personnel expense increases were offset by consolidation of two elementary schools of $1.1 million, budget reductions of $1.0 million and use of general fund reserve balance of $3.0 million. Management continued to use its system-wide committee approach to develop recommendations for the 2012 budget to offset any funding deficits and to determine expenditure priorities. Recommended budget actions for FY12 operations were as follows:

- Consolidation of Cannon Street and Mountville Elementary schools $1.1 million
- Reduce energy usage $.3 million
- Reduce Textbook purchases $.3 million
- Reduce Supply Purchases $.2 million
- Central Office Staff Reductions $.2 million
- Reduce Staff Development funds $.2 million
- Reduce PALS, Promise Institute, and Other Miscellaneous expense $.9 million
- Use of General Fund Reserve balance $3.0 million

The District's millage rate for FY12 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. However, a decline in residential appraisal value negatively impacted the FY2012 property tax collections.

SPLOST III sales tax collections of $11.1 million were $1.1 million (9.0%) lower than the projections for FY12. Final SPLOST III collections are $2.0 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 49.8 % of total governmental activities revenue and local property and sales taxes represent 40.0% of the total revenues of $121.3 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 49.8% in FY12.

Instruction comprises 62.6% of governmental activities program expenses. Interest expense was .4%. 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 District's Governmental Activities
In Millions

	Governmental Activities		Percentage Change	Net Cost Of Services		Total % Change
	2011	2012	2011	2011	2012	2011-12
Expense Function Expenses						
Instruction	$ 75.7	$ 74.0	-2.2%	$ 23.8	$ 25.9	8.8%
Pupil Support Services	9.3	9.1	-2.2%	6.2	6.2	0.0%
Improvement of Instructional Services	5.2	4.4	-15.4%	1.9	2.1	10.5%
Educational Media	2.4	2.4	0.0%	1.0	1.2	20.0%
General Administration	2.0	1.8	-10.0%	0.1	0.3	200.0%
School Administration	6.7	6.7	0.0%	3.3	3.7	12.1%
Business Administration	1.1	1.1	0.0%	0.8	0.9	12.5%
Maintenance/Operation of Facilities	8.9	8.8	-1.1%	5.2	5.3	1.9%
Student Transportation Services	6.3	7.6	20.6%	3.8	5.7	50.0%
Central Support Services	0.7	0.7	0.0%	0.7	0.7	0.0%
Other Support Services	0.5	0.4	-20.0%	0.1	(0.1)	-200.0%
Community Services	0.6	0.5	-16.7%	0.1	0.1	0.0%
Interest on Long-Term Debt	0.9	0.5	-44.4%	0.9	0.5	-44.4%
Total Expenses	**$ 120.3**	**$ 118.0**	**-1.9%**	**$ 47.9**	**$ 52.5**	**9.6%**

The total cost of services for governmental activities decreased by $2.3 million in FY12. Expenses decreased due to the reasons discussed under Table 2 above. The net cost of services increased by $4.6 million mainly due to decreased federal and state funding, partially offset by expense reductions discussed under Table 2 above.

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 $6.7 million and expenses of $6.6 million. Net Assets were down $116 thousand at $1.8 million or 28.0% of expenses. School meal prices for FY2012 were not increased from FY2011. Management has established a target Net Assets 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. All governmental funds had total revenues of $121.0 million and expenditures of $122.8 million. The overall decrease in the fund balance, after transfers, was $1.5 million. This was a result of the General Fund's Fund Balance decreasing by $4.2 million, SPLOST III Capital Projects Fund's Fund Balance increasing $1.7 million, SPLOST III Debt Service Fund's Fund Balance increasing $.4 million, and All Other Funds' Fund Balance increasing by $.6 million. General Fund changes resulted from lower Federal and State revenues partially offset by 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 increased due to sales tax collections being higher than debt service payments and transfers 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 2012, the School District amended its General Fund budget numerous times, mainly due to state QBE funding adjustments, Federal funding changes and other expenditure adjustments to maintain a balanced budget. Total amended budgeted revenues and expenditures were increased $.1 million dollars. Revenue increases reflected state funding changes and other local revenue adjustments. Expenditure increases reflect changes associated with the state funding changes.

Actual revenue for the General Fund on a budget basis was $97.7 million or $.5 million under the final amended budget due to lower property tax collections partially offset by higher State revenues.

Actual expenditures for the General Fund on a budget basis were $102.0 million or $1.1 million higher than the amended budget. Most expenditure categories except Instruction and Pupil Support Services and capital outlay were at or below budget due to expenditure control plans developed by management to offset state funding shortfalls.

The School District had a decrease in the ending General Fund's Fund Balance of $4.1 million from FY2011. This resulted in an ending fund balance of $11.5 million or 11.4% of total expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District had $117.9 million (net of accumulated depreciation) invested in land, land improvements, buildings, machinery/equipment, and vehicles at the end of fiscal year 2012 for Governmental Activities.

Table 4 shows fiscal 2012 balances compared to 2011:

Table 4
Troup County School District's Capital Assets at June 30
Net of Depreciation
In Millions

	Governmental Activities		Business Type Activities		Total Net Assets		Total % Change
	2011	2012	2011	2012	2011	2012	2011-12
Land	$ 2.9	$ 2.9	$ -	$ -	$ 2.9	$ 2.9	0.0%
Land Improvements	2.2	2.0	-	-	2.2	2.0	-9.1%
Buildings	110.9	107.9	-	-	110.9	107.9	-2.7%
Machinery & Equipment	3.1	2.8	0.3	0.3	3.4	3.1	-8.8%
Vehicles	2.5	2.3	-	-	2.5	2.3	-8.0%
Total	**$ 121.6**	**$ 117.9**	**$ 0.3**	**$ 0.3**	**$ 121.9**	**$ 118.2**	**-3.0%**

The decrease in capital assets 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 $10.5 million in bonds outstanding at June 30, 2012, with $8.7 million due in one year.

Table 5 summarizes bonds and capital leases outstanding:

Table 5
Troup County School District's Outstanding Debt at June 30
In Millions

	Governmental Activities		Business Type Activities		Total Net Assets		Total % Change
	2011	2012	2011	2012	2011	2012	2011-12
General Obligation Bonds (Backed by Local Option Sales Tax)	$ 17.0	$ 8.7	$ -	$ -	$ 17.0	$ 8.7	-48.8%
Qualified Zone Academy Bond	1.7	1.8	-	-	1.7	1.8	5.9%
Total	**$ 18.7**	**$ 10.5**	**$ -**	**$ -**	**$ 18.7**	**$ 10.5**	**-43.9%**

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 growths. 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. All General Obligation Bonds plus interest were paid in full on October 1, 2012.

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 $96.2 million based upon current state aid of $58.6 million and current property tax assessments of $37.6 million. The School District currently has borrowings of 10.9% of its legal limit.

For The Future

The Troup County School District decreased its unrestricted net assets in Governmental Activities from $15.7 million to $12.5 million. The overall increase in net assets of $3.5 million for Governmental Activities was positive for the financial strength of the School District. However, as the preceding information shows, the School District continues to face 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 2012 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. The current poor housing market created a 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 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 previous 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 $2.7 million in FY12 due to continued cuts to balance the State budget. Total austerity reductions since their inception in FY03 now total $44.4 million with an additional $9.2 million planned for FY13.

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 FY13 budget plan is using $1.2 million of the General Fund reserve to balance the budget. The remaining General Fund unassigned reserve of $10.3 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 FY2015. The School District continues to conduct in-depth reviews of all operations to reduce expenditures 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 Performance Based Budgeting and a Community Task Force to insure adequate input on setting the proper priorities and also insuring that all management personnel and community members are well versed in the revenue and expense challenges to be addressed. 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 Byron Jones, 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, 2012

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CASH	$ 10,444,223	$ 1,923,438	$ 12,367,661
INVESTMENTS	20,497,080	-	20,497,080
ACCOUNTS RECEIVABLE	225,468	-	225,468
DEFERRED CHARGES	20,155	-	20,155
TAXES RECEIVABLE, NET OF ALLOWANCE	2,195,361	-	2,195,361
DUE FROM OTHER GOVERNMENTS	7,485,896	-	7,485,896
INVENTORY	10,294	-	10,294
PREPAIDS	37,586	-	37,586
CAPITAL ASSETS (NONDEPRECIABLE)	2,863,353	-	2,863,353
CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)	115,005,203	365,157	115,370,360
TOTAL ASSETS	158,784,619	2,288,595	161,073,214
LIABILITIES			
ACCOUNTS PAYABLE	1,213,455	90,409	1,303,864
SALARIES AND BENEFITS PAYABLE	13,430,664	358,387	13,789,051
EXPIRED GRANTS PAYABLE	36,572	-	36,572
CLAIMS PAYABLE	315,018	-	315,018
NONCURRENT LIABILITIES:			
DUE WITHIN ONE YEAR:			
BONDS	8,665,000	-	8,665,000
ACCRUED INTEREST	105,813	-	105,813
UNAMORTIZED BOND PREMIUM	51,753	-	51,753
DUE IN MORE THAN ONE YEAR:			
BONDS	1,810,842	-	1,810,842
TOTAL LIABILITIES	25,629,117	448,796	26,077,913
NET ASSETS			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	107,340,961	365,157	107,706,118
RESTRICTED FOR :			
CONTINUATION OF FEDERAL PROGRAMS	-	1,323,907	1,323,907
DEBT SERVICE	11,390,690	-	11,390,690
CAPITAL PROJECTS	1,715,458	-	1,715,458
OTHER ACTIVITIES	194,271	-	194,271
UNRESTRICTED	12,514,122	150,735	12,664,857
TOTAL NET ASSETS	$ 133,155,502	$ 1,839,799	$ 134,995,301

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) AND CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:						
INSTRUCTION	$ 73,938,873	$ 140,064	$ 47,878,521	$ (25,920,288)	$ -	$ (25,920,288)
PUPIL SUPPORT SERVICES	9,106,048	2,158,315	765,641	(6,182,092)	-	(6,182,092)
IMPROVEMENT OF INSTRUCTIONAL SERVICES	4,417,043	-	2,360,350	(2,056,693)	-	(2,056,693)
EDUCATIONAL MEDIA	2,405,239	-	1,237,462	(1,167,777)	-	(1,167,777)
GENERAL ADMINISTRATION	1,846,738	910	1,565,104	(280,724)	-	(280,724)
SCHOOL ADMINISTRATION	6,707,827	-	3,025,223	(3,682,604)	-	(3,682,604)
BUSINESS ADMINISTRATION	1,110,828	75,825	103,975	(931,028)	-	(931,028)
MAINTENANCE AND OPERATION OF FACILITIES	8,846,484	248,411	3,292,380	(5,305,693)	-	(5,305,693)
STUDENT TRANSPORTATION SERVICES	7,608,773	214,833	1,662,027	(5,731,913)	-	(5,731,913)
CENTRAL SUPPORT SERVICES	714,687	-	-	(714,687)	-	(714,687)
OTHER SUPPORT SERVICES	411,445	-	484,078	72,633	-	72,633
COMMUNITY SERVICES	423,353	-	291,133	(132,220)	-	(132,220)
INTEREST ON LONG-TERM DEBT	513,077	-	-	(513,077)	-	(513,077)
TOTAL GOVERNMENTAL ACTIVITIES	118,050,415	2,838,358	62,665,894	(52,546,163)	-	(52,546,163)
BUSINESS-TYPE ACTIVITIES:						
FOOD SERVICE	6,129,893	1,016,137	5,001,880	-	(111,876)	(111,876)
AFTER SCHOOL PROGRAMS	453,264	670,283	-	-	217,019	217,019
TOTAL BUSINESS-TYPE ACTIVITIES	6,583,157	1,686,420	5,001,880	-	105,143	105,143
TOTAL PRIMARY GOVERNMENT	$ 124,633,572	$ 4,524,778	$ 67,667,774	(52,546,163)	105,143	(52,441,020)
GENERAL REVENUES:						
TAXES:						
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES				37,433,856	-	37,433,856
SALES TAXES, LEVIED FOR DEBT SERVICE				11,053,726	-	11,053,726
STATE AID-FORMULA GRANTS				6,509,466	-	6,509,466
UNRESTRICTED INVESTMENT EARNINGS				706,540	975	707,515
GAIN ON DISPOSAL OF CAPITAL ASSETS				71,050	-	71,050
TRANSFERS				221,918	(221,918)	-
TOTAL GENERAL REVENUES AND TRANSFERS				55,996,556	(220,943)	55,775,613
CHANGE IN NET ASSETS				3,450,393	(115,800)	3,334,593
NET ASSETS- BEGINNING				129,705,109	1,955,599	131,660,708
NET ASSETS- ENDING				$ 133,155,502	$ 1,839,799	$ 134,995,301

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	GENERAL FUND	SPLOST III CAPITAL PROJECTS FUND	SPLOST III DEBT SERVICE FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
CASH	$ 6,568,762	$ 1,715,458	$ -	$ 1,618,536	$ 9,902,756
INVESTMENTS	10,229,633	-	7,030,162	3,237,285	20,497,080
ACCOUNTS RECEIVABLE	51,186	-	-	173,644	224,830
TAXES RECEIVABLE, NET OF ALLOWANCE	311,000	-	1,884,361		2,195,361
DUE FROM OTHER GOVERNMENTS	7,454,674	-	-	31,222	7,485,896
DUE FROM OTHER FUNDS	426,461	-	-	8,460	434,921
INVENTORY	10,294	-	-	-	10,294
PREPAIDS	37,586	-	-	-	37,586
TOTAL ASSETS	25,089,596	1,715,458	8,914,523	5,069,147	40,788,724
LIABILITIES AND FUND BALANCES					
ACCOUNTS PAYABLE	1,097,885	-	-	115,570	1,213,455
SALARIES AND BENEFITS PAYABLE	12,342,850	-	-	1,087,814	13,430,664
EXPIRED GRANTS PAYABLE	-	-	-	36,572	36,572
DUE TO OTHER FUNDS	8,962	-	-	198,872	207,834
UNEARNED REVENUE	93,151	-	-	127,331	220,482
TOTAL LIABILITIES	13,542,848	-	-	1,566,159	15,109,007
FUND BALANCES:					
NONSPENDABLE	47,880	-	-	-	47,880
RESTRICTED FOR:					
DEBT SERVICE	-	-	8,914,523	2,476,167	11,390,690
CAPITAL OUTLAY	-	1,715,458	-	-	1,715,458
OTHER	-	-	-	194,271	194,271
COMMITTED	-	-	-	959,880	959,880
ASSIGNED FOR:					
SUBSEQUENT PERIOD BUDGET	1,155,623	-	-	-	1,155,623
UNASSIGNED	10,343,245	-	-	(127,330)	10,215,915
TOTAL FUND BALANCES	11,546,748	1,715,458	8,914,523	3,502,988	25,679,717
TOTAL LIABILITIES AND FUND BALANCES	$ 25,089,596	$ 1,715,458	$ 8,914,523	$ 5,069,147	$ 40,788,724

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

TOTAL FUND BALANCES--GOVERNMENTAL FUNDS		$ 25,679,717
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.		
COST	185,078,438	
LESS ACCUMULATED DEPRECIATION	(67,209,882)	
		117,868,556
REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUE IN THE FUNDS		220,482
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	(10,475,842)	
UNAMORTIZED BOND ISSUANCE COSTS	20,155	
UNAMORTIZED BOND PREMIUM	(51,753)	
ACCRUED INTEREST	(105,813)	
		(10,613,253)
TOTAL NET ASSETS--GOVERNMENTAL ACTIVITIES		$ 133,155,502

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND	SPLOST III CAPITAL PROJECTS FUND	SPLOST III DEBT SERVICE FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
PROPERTY TAXES	$ 37,433,856	$ -	$ -	$ -	$ 37,433,856
SALES TAXES	-	-	11,053,726	-	11,053,726
FEES AND CHARGES	681,009	-	-	2,158,315	2,839,324
STATE AID	58,564,268	-	-	1,849,918	60,414,186
FEDERAL AID	438,228	-	-	7,559,643	7,997,871
EARNINGS ON INVESTMENTS	90,883	385	-	615,110	706,378
MISCELLANEOUS	294,971	-	-	246,885	541,856
TOTAL REVENUES	97,503,215	385	11,053,726	12,429,871	120,987,197
EXPENDITURES					
CURRENT:					
INSTRUCTION	65,738,344	-	-	6,325,951	72,064,295
PUPIL SUPPORT SERVICES	6,563,327	-	-	2,311,995	8,875,322
IMPROVEMENT OF INSTRUCTIONAL SERVICES	2,223,135	-	-	2,081,934	4,305,069
EDUCATIONAL MEDIA	2,334,033	-	-	10,232	2,344,265
GENERAL ADMINISTRATION	1,622,759	-	-	177,163	1,799,922
SCHOOL ADMINISTRATION	6,189,960	2,076	-	345,648	6,537,684
BUSINESS ADMINISTRATION	1,082,764	-	-	-	1,082,764
MAINTENANCE AND OPERATION OF FACILITIES	8,713,441	-	-	2,722	8,716,163
STUDENT TRANSPORTATION SERVICES	5,924,288	-	-	213,083	6,137,371
CENTRAL SUPPORT SERVICES	696,569	-	-	-	696,569
OTHER SUPPORT SERVICES	44,268	-	-	356,747	401,015
COMMUNITY SERVICES	121,488	-	-	291,133	412,621
DEBT SERVICE:					
PRINCIPAL	-	-	8,335,000	-	8,335,000
INTEREST	-	-	620,263	-	620,263
CAPITAL OUTLAY	468,849	-	-	21,901	490,750
TOTAL EXPENDITURES	101,723,225	2,076	8,955,263	12,138,509	122,819,073
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(4,220,010)	(1,691)	2,098,463	291,362	(1,831,876)
OTHER FINANCING SOURCES (USES)					
TRANSFERS OUT	(321,492)	-	(1,717,149)	(222,908)	(2,261,549)
TRANSFERS IN	271,394	1,717,149	-	494,924	2,483,467
PROCEEDS FROM SALE OF CAPITAL ASSETS	91,676	-	-	-	91,676
TOTAL OTHER FINANCING SOURCES(USES)	41,578	1,717,149	(1,717,149)	272,016	313,594
NET CHANGE IN FUND BALANCES	(4,178,432)	1,715,458	381,314	563,378	(1,518,282)
FUND BALANCES-JULY 1, 2011	15,725,180	-	8,533,209	2,939,610	27,197,999
FUND BALANCES-JUNE 30, 2012	$ 11,546,748	$ 1,715,458	$ 8,914,523	$ 3,502,988	$ 25,679,717

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

TOTAL NET CHANGE IN FUND BALANCES--GOVERNMENTAL FUNDS		$ (1,518,282)
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES. HOWEVER, IN THE STATEMENT OF ACTIVITIES, THE COST OF THOSE ASSETS IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS DEPRECIATION EXPENSE. IN THE CURRENT PERIOD, THESE AMOUNTS ARE:		
CAPITAL OUTLAY	490,750	
DEPRECIATION EXPENSE	(4,164,116)	(3,673,366)
NET EFFECT OF SALE OF CAPITAL ASSETS WAS TO DECREASE NET ASSETS.		(20,626)
REVENUES IN THE STATEMENT OF ACTIVITIES THAT DO NOT PROVIDE CURRENT FINANCIAL RESOURCES ARE NOT REPORTED AS REVENUE IN THE FUNDS.		220,482
THE ISSUANCE OF LONG-TERM DEBT PROVIDES CURRENT FINANCIAL RESOURCES TO GOVERNMENTAL FUNDS, WHILE THE REPAYMENT OF THE PRINCIPAL OF LONG-TERM DEBT CONSUMES THE CURRENT FINANICAL RESOURCES OF GOVERNMENTAL FUNDS. NEITHER TRANSACTION, HOWEVER, HAS ANY EFFECT ON THE NET ASSETS. THIS AMOUNT IS THE EFFECT OF THESE DIFFERENCES IN THE TREATMENT OF LONG-TERM DEBT AND RELATED ITEMS.		
PRINCIPAL PAYMENTS OF BONDS	8,335,000	
AMORTIZATION ON ISSUANCE COSTS	(80,614)	
AMORTIZATION OF BOND PREMIUMS	207,002	8,461,388
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.		
ACCRETION OF QZAB BONDS	(117,709)	
CHANGE IN ACCRUED INTEREST	98,506	(19,203)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		$ 3,450,393

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES				
STATE FUNDS	$ 58,078,016	$ 58,206,843	$ 58,807,831	$ 600,988
FEDERAL FUNDS	475,000	475,000	438,228	(36,772)
LOCAL AND OTHER FUNDS	39,598,542	39,598,542	38,500,719	(1,097,823)
TOTAL REVENUES	98,151,558	98,280,385	97,746,778	(533,607)
EXPENDITURES				
CURRENT				
INSTRUCTION	65,061,975	65,121,880	65,981,907	(860,027)
PUPIL SUPPORT SERVICES	6,323,717	6,319,460	6,563,327	(243,867)
IMPROVEMENT OF INSTRUCTIONAL SERVICES	2,234,939	2,249,791	2,223,135	26,656
EDUCATIONAL MEDIA	2,264,854	2,262,796	2,334,033	(71,237)
GENERAL ADMINISTRATION	1,618,352	1,628,702	1,622,759	5,943
SCHOOL ADMINISTRATION	6,210,575	6,192,722	6,189,960	2,762
BUSINESS ADMINISTRATION	1,106,200	1,106,200	1,082,764	23,436
MAINTENANCE AND OPERATION OF FACILITIES	8,826,957	8,830,557	8,713,441	117,116
STUDENT TRANSPORTATION SERVICES	6,284,519	6,285,019	5,924,288	360,731
CENTRAL SUPPORT SERVICES	724,604	724,604	696,569	28,035
OTHER SUPPORT SERVICES	44,268	44,268	44,268	-
COMMUNITY SERVICES	119,607	119,607	121,488	(1,881)
CAPITAL OUTLAY	-	-	468,849	(468,849)
TOTAL EXPENDITURES	100,820,567	100,885,606	101,966,788	(1,081,182)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,669,009)	(2,605,221)	(4,220,010)	(1,614,789)
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	(329,108)	(329,078)	(321,492)	7,586
TRANSFERS IN	-	-	271,394	271,394
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	-	91,676	91,676
TOTAL OTHER FINANCING SOURCES (USES)	(329,108)	(329,078)	41,578	370,656
NET CHANGE IN FUND BALANCE	(2,998,117)	(2,934,299)	(4,178,432)	(1,244,133)
FUND BALANCE, BEGINNING OF YEAR	15,725,180	15,725,180	15,725,180	-
FUND BALANCE, END OF YEAR	$ 12,727,063	$ 12,790,881	$ 11,546,748	$ (1,244,133)

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND FOOD SERVICE	ENTERPRISE FUND ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS AND OTHER DEBITS				
CURRENT ASSETS				
CASH	$ 1,772,703	$ 150,735	$ 1,923,438	$ 541,467
ACCOUNTS RECEIVABLE	-	-	-	638
DUE FROM OTHER FUNDS	-	-	-	502
TOTAL CURRENT ASSETS	1,772,703	150,735	1,923,438	542,607
NONCURRENT ASSETS				
MACHINERY/EQUIPMENT	1,663,755	-	1,663,755	-
LESS ACCUMULATED DEPRECIATION	(1,298,598)	-	(1,298,598)	-
TOTAL NONCURRENT ASSETS	365,157	-	365,157	-
TOTAL ASSETS	2,137,860	150,735	2,288,595	542,607
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	90,409	-	90,409	-
CLAIMS PAYABLE	-	-	-	315,018
SALARIES AND BENEFITS PAYABLE	358,387	-	358,387	-
DUE TO OTHER FUNDS	-	-	-	227,589
TOTAL CURRENT LIABILITIES	448,796	-	448,796	542,607
TOTAL LIABILITIES	448,796	-	448,796	542,607
NET ASSETS				
INVESTED IN CAPITAL ASSETS	365,157	-	365,157	-
RESTRICTED FOR CONTINUATION OF FEDERAL PROGRAMS	1,323,907	-	1,323,907	-
UNRESTRICTED	-	150,735	150,735	-
TOTAL NET ASSETS	$ 1,689,064	$ 150,735	$ 1,839,799	$ -

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND FOOD SERVICE	ENTERPRISE FUND ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES				
FOOD SERVICE CHARGES	$ 1,016,137	$ -	$ 1,016,137	$ -
AFTER SCHOOL PROGRAMS CHARGES	-	670,283	670,283	-
CHARGES TO OTHER FUNDS	-	-	-	319,892
TOTAL OPERATING REVENUES	1,016,137	670,283	1,686,420	319,892
OPERATING EXPENSES				
CURRENT:				
PAYROLL COST	2,647,114	341,613	2,988,727	-
PROFESSIONAL AND CONTRACT SERVICES	1,043,059	5,536	1,048,595	-
SUPPLIES AND MATERIALS	2,369,426	106,115	2,475,541	-
DEPRECIATION	44,709	-	44,709	-
OTHER OPERATING COSTS	25,585	-	25,585	320,054
TOTAL OPERATING COSTS	6,129,893	453,264	6,583,157	320,054
OPERATING INCOME (LOSS)	(5,113,756)	217,019	(4,896,737)	(162)
NONOPERATING REVENUES				
INTEREST INCOME	975	-	975	162
STATE MATCHING AND OTHER	187,335	-	187,335	-
GRANTS-CHILD NUTRITION PROGRAM	4,814,545	-	4,814,545	-
TOTAL NONOPERATING REVENUE	5,002,855	-	5,002,855	162
INCOME (LOSS) BEFORE TRANSFERS	(110,901)	217,019	106,118	-
TRANSFERS OUT	-	(816,615)	(816,615)	-
TRANSFERS IN	-	594,697	594,697	-
CHANGE IN NET ASSETS	(110,901)	(4,899)	(115,800)	-
TOTAL NET ASSETS - JULY 1, 2011	1,799,965	155,634	1,955,599	-
TOTAL NET ASSETS - JUNE 30, 2012	$ 1,689,064	$ 150,735	$ 1,839,799	$ -

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	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	$ 1,068,685	$ 670,283	$ 1,738,968	$ -
RECEIVED FROM ASSESSMENTS TO OTHER FUNDS	-	-	-	319,892
PAYMENTS TO EMPLOYEES FOR SERVICES	(2,642,422)	(341,613)	(2,984,035)	-
PAYMENTS FOR WORKERS COMPENSATION AND OTHER EXPENSES	-	-	-	(144,926)
PAYMENTS TO SUPPLIERS FOR GOODS/SERVICES	(3,390,078)	(111,651)	(3,501,729)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(4,963,815)	217,019	(4,746,796)	174,966
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
NONOPERATING GRANTS RECEIVED	5,001,880	-	5,001,880	-
TRANSFERS FROM OTHER FUNDS	-	594,697	594,697	-
TRANSFERS TO OTHER FUNDS	-	(816,615)	(816,615)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING	5,001,880	(221,918)	4,779,962	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
ACQUISITION OF CAPITAL ASSETS	(136,501)	-	(136,501)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST ON INVESTMENTS	975	-	975	162
NET INCREASE (DECREASE) IN CASH/CASH EQUIVALENTS	(97,461)	(4,899)	(102,360)	175,128
CASH/CASH EQUIVALENTS JULY 1, 2011	1,870,164	155,634	2,025,798	366,339
CASH/CASH EQUIVALENTS JUNE 30, 2012	1,772,703	150,735	1,923,438	541,467
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	(5,113,756)	217,019	(4,896,737)	(162)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
DEPRECIATION	44,709	-	44,709	-
CHANGES IN ASSETS AND LIABILITIES:				
(INCREASE)/DECREASE IN ACCOUNTS RECEIVABLE	52,548	-	52,548	728
(INCREASE)/DECREASE IN DUE FROM OTHER FUNDS	-	-	-	(502)
(INCREASE)/DECREASE IN ACCOUNTS PAYABLE	47,992	-	47,992	-
(INCREASE)/DECREASE IN SALARIES AND BENEFITS PAYABLE	4,692	-	4,692	-
(INCREASE)/DECREASE IN CLAIMS PAYABLE	-	-	-	22,418
(INCREASE)/DECREASE IN DUE TO OTHER FUNDS	-	-	-	152,484
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (4,963,815)	$ 217,019	$ (4,746,796)	$ 174,966

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2012

	PRIVATE-PURPOSE TRUSTS	AGENCY FUNDS
ASSETS		
CASH	$ -	$ 105,240
INVESTMENTS	13,055	-
TOTAL ASSETS	13,055	105,240
LIABILITIES		
DUE TO STUDENT GROUPS	-	105,240
TOTAL LIABILITIES	-	105,240
NET ASSETS		
RESTRICTED FOR SCHOLARSHIPS	13,055	
TOTAL NET ASSETS	$ 13,055	$ -

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

ADDITIONS	
INTEREST ON INVESTMENTS	$ 172
TOTAL ADDITIONS	172
DEDUCTIONS	
SCHOLARSHIPS AWARDED	172
TOTAL DEDUCTIONS	172
EXCESS OF ADDITIONS OVER DEDUCTIONS	-
CHANGE IN NET ASSETS	-
NET ASSETS-JULY 1, 2011	13,055
NET ASSETS-JUNE 30, 2012	$ 13,055

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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 School District 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 School District.

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. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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. 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. Agency funds, however, have no measurement focus. 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, intergovernmental revenue, 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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 reports the following major governmental funds:

General Fund - This fund is the School District'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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

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 the SPLOST III Capital Projects Fund.

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 the SPLOST III Debt Service Fund.

The School District reports the following major proprietary funds:

Food Service Enterprise Fund - This fund is used to account for the revenues and expenses 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 expenses 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-wide and Fund Financial Statements (Continued)

- 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.

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.

C. Deposits and Investments

The School District's cash and cash equivalents includes interest bearing checking accounts, savings accounts and certificates of deposits with original 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Deposits and Investments (Continued)

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 Office of the State Treasurer, repurchase agreements, and obligations of political subdivisions of the State of Georgia.

D. Inventories and Prepaid Items

Inventories of the General Fund are stated at cost using the first-in, first-out method. Donated food commodities are recorded at fair value. The School District utilizes the consumption method to recognize inventory usage. Under the consumption method, inventories are recorded as expenses/expenditures when used rather than when purchased.

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

E. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Interfund Transactions (Continued)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

F. 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, and vehicles 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.

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
Machinery/Equipment	5 - 20
Vehicles	8

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Compensated Absences

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.

H. Long-Term Debt

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity/Net Assets

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

Net Assets

The School District's net assets 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 or enabling legislation.

Unrestricted net assets – Unrestricted net assets represent resources derived from property 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.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance

Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Fund Equity/Net Assets (Continued)

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board members through the adoption of a resolution. Only the Board Members, also through adopting a resolution, may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board Members have authorized the Board's Superintendent, or Chief Financial Officer, to assign amounts to be used for specific purposes.

Unassigned - Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The Board reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

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.

J. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

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.

The following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2012.

GENERAL FUND:		
INSTRUCTION	$	860,027
PUPIL SUPPORT SERVICES		243,867
EDUCATIONAL MEDIA		71,237
COMMUNITY SERVICES		1,881
CAPITAL OUTLAY		468,849

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 net change in fund balance from the GAAP basis to the budget basis are as follows:

GAAP basis	$	(4,178,432)
Adjustments for:		
Employee Benefits		243,563
On behalf of payments		(243,563)
Budget basis	$	(4,178,432)

NOTE C – DEPOSITS AND INVESTMENTS

Custodial credit risk – Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. 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 the State Treasurer. As of June 30, 2012, the School District's cash accounts and investments were properly collateralized as required by State statutes.

At year end, the School District's investment balances included certificate of deposits of $750,000 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 $5,160,881 in the Georgia Fund 1 and $5,080,124 in the Georgia Extended Asset Pool. The Georgia Fund 1 and Georgia Extended Asset Pool are administered by the Georgia Office of the State Treasurer 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 Georgia Office of the State Treasurer 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

At June 30, 2012, the School District had the following investments that are included in the custodial credit risk discussion above related to deposits.

Investment	Maturities	Rating	Fair Value
Certificate of deposit	November 8, 2012	N/A	$ 250,000
Certificate of deposit	September 16, 2012	N/A	250,000
Certificate of deposit	December 20, 2012	N/A	250,000

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

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 Office of the State Treasurer has the regulatory oversight of the Georgia Fund 1. Georgia Fund 1 has an AAAm credit quality rating from Standard and Poor's with a weight average maturity (WAM) of 48 days on June 30, 2012 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, 2012 was $2.00 per share. GEAP had an AAAf credit quality rating as of June 30, 2012, with an effective duration of .33 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 5, 2011 following the United States Sovereign downgrade.

Additionally, $9,506,075 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.

Investment	Maturity Date or Weighted Average Maturity	Moody's Rating	Fair Value
Treasury Obligations	52 Days	Aaa	$ 7,030,162
Repurchase Agreements - Open End	February 15, 2015	Aaa	27,000
US Treasury Money Market Funds	44 Days	Aaa	107
Repurchase Agreements - Open End	December 20, 2028	Aaa	400,000
Municipal Bonds	January 1, 2015	Aaa	2,048,806
Total			$ 9,506,075

Interest rate risk - This 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.

NOTE C – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit quality risk - This 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 Georgia Office of the State Treasurer s 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 D – DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds due from Georgia DOE as of June 30, 2012, for QBE salary accruals totaling $7,325,965, Troup County Parks/Recreations scoreboard loan $21,411, State CTAE Vocational Grants $7,949, Title IA $2,581, Residential Treatment Grant $6,198, Medicaid ACE reimbursements $93,151, Federal Perkins Grants $13,541, ROTC grant $12,762 and Bullying Grants $2,338.

NOTE E - TAXES RECEIVABLE

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.

The property tax levy was fixed on July 21, 2011, based on property values assessed as of January 1, 2011. Taxes were payable on or before November 15, 2011. 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 2011 tax digest are reported as revenue in the governmental funds for fiscal year 2012. 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, 2012, for school operations were $37,433,856. Property taxes became an enforceable lien on January 20, 2012. All property tax receivables are shown net of an 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 2011 for FY2012 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 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 November, 2011 for the sales tax collection period covering July 1, 2012 through June 30, 2017. SPLOST III collections for FY2012 at the fund reporting level were $11,053,726.

NOTE E - TAXES RECEIVABLE (CONTINUED)

On June 30, 2012, the School District reported property tax receivables of $311,000, net of allowance for uncollectibles. An allowance of $205,497 has been established in the General Fund for taxes in dispute and estimated amounts that will not be collected. Sales tax receivables totaled $1,884,361 from SPLOST III May and June, 2012 collections to be received in July, 2012.

NOTE F - 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, 2012 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 426,461	$ 8,962
Non Major Governmental Funds:		
Title I	3,123	-
IDEA VIB	-	143
Federal Vocational Education	-	13,494
Title IIA	4,137	-
ROTC	-	9,773
Pre-K Lottery	1,200	-
Caring Communities	-	173,124
Bullying	-	2,338
Internal Service Funds:		
Unemployment	502	502
Workers' Compensation	-	227,087
Total	$ 435,423	$ 435,423

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

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, 2012 were as follows:

	Transfers In	Transfers Out
General Fund	$ 271,394	$ 321,492
SPLOST III Capital Projects	1,717,149	-
SPLOST III Debt Service	-	1,717,149
Non Major Governmental Funds	494,924	222,908
Total Governmental Funds	2,483,467	2,261,549
ACE Enterprise Fund	594,697	816,615
Total	$ 3,078,164	$ 3,078,164

NOTE G - 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:

Office of the State Treasurer	
Paid to the State System of Teacher's Retirement System for Schools Employees' Retirement (TRS)	$ 80,734
Paid to the Public School Employees' Retirement System for Public School Employees' Retirement (PSERS)	162,829
Total Payments	$ 243,563

NOTE H - NON-MONETARY TRANSACTIONS

The School District received from the United States Department of Agriculture through the Georgia Department of Education approximately $150,881 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 I – CAPITAL ASSETS

The following tables provide the Capital Asset Activity for Governmental and Business-Type Activity, respectively, as of June 30, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,863,353	$ -	$ -	$ 2,863,353
Total Capital Assets, Not Being Depreciated	2,863,353	-	-	2,863,353
Capital Assets, Being Depreciated				
Land Improvements	5,659,208	-	-	5,659,208
Buildings	155,308,134	-	-	155,308,134
Machinery & Equipment	6,477,077	74,803	-	6,551,880
Vehicles	15,237,864	415,947	(957,948)	14,695,863
Total Capital Assets, Being Depreciated	182,682,283	490,750	(957,948)	182,215,085
Less Accumulated Depreciation For:				
Land Improvements	(3,517,747)	(167,421)	-	(3,685,168)
Buildings	(44,397,807)	(3,014,483)	-	(47,412,290)
Machinery & Equipment	(3,372,363)	(367,932)	-	(3,740,295)
Vehicles	(12,695,171)	(614,280)	937,322	(12,372,129)
Total Accumulated Depreciation	(63,983,088)	(4,164,116)	937,322	(67,209,882)
Total Capital Assets, Being Depreciated, Net	118,699,195	(3,673,366)	(20,626)	115,005,203
Governmental Activities Capital Assets, Net	$ 121,562,548	$ (3,673,366)	$ (20,626)	$117,868,556

Depreciation expense was charged to functions as follows:	
Instruction	$ 1,874,416
Pupil support services	230,726
Improvement of instructional services	111,974
Educational media	60,974
General administration	46,816
School administration	170,143
Business administration	28,064
Maintenance of operation of facilities	130,321
Student transportation services	1,471,402
Central support services	18,118
Other support services	10,430
Community services	10,732
Total Governmental Activities depreciation expense	$ 4,164,116

NOTE I – CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciated				
Machinery & Equipment	$ 1,527,254	$ 136,501	$ -	$ 1,663,755
Total Capital Assets, Being Depreciated	1,527,254	136,501	-	1,663,755
Less Accumulated Depreciation For:				
Machinery & Equipment	(1,253,889)	(44,709)	-	(1,298,598)
Total Accumulated Depreciation	(1,253,889)	(44,709)	-	(1,298,598)
Total Capital Assets, Being Depreciated, Net	273,365	91,792	-	365,157
Business-Type Activities Capital Assets, Net	$ 273,365	$ 91,792	$ -	$ 365,157

Depreciation expense was charged to functions as follows:

Food Service	$ 44,709
Total Business-Type Activities Depreciation Expense	$ 44,709

NOTE J – GENERAL LONG TERM DEBT

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.

NOTE J – GENERAL LONG TERM DEBT (CONTINUED)

The following tables provide the detail as of June 30, 2012 for the School District's outstanding debt:

	Balance 7/1/2011	Additions	Payments	Balance 6/30/2012	Amounts Due Within One Year
Qualified Zone Academy Bond (QZAB) Maturing 2015 with no interest	$ 1,693,133	$ 117,709	$ -	$ 1,810,842	$ -
2006 General Obligation Bonds Maturing serially through 10/1/2012, Interest 4% - 5%	10,805,000	-	5,305,000	5,500,000	5,500,000
2007 General Obligation Bonds Maturing serially through 10/1/2012, Interest 4% - 4.684%	6,195,000	-	3,030,000	3,165,000	3,165,000
Premiums of 2006 and 2007 General Obligation Bonds	258,755	-	207,002	51,753	51,753
Total Long-Term Debt	$ 18,951,888	$ 117,709	$ 8,542,002	$ 10,527,595	$ 8,716,753

Payment Schedules Year Ending June 30,	Principal	Interest	Total
2013	$ 8,665,000	$ 337,518	$ 9,002,518
2014	-	134,644	134,644
2015	1,810,842	185,621	1,996,463
Total	$10,475,842	$ 657,783	$11,133,625

NOTE K - 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, which is accounted for in internal service funds. 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.

NOTE K - RISK MANAGEMENT (CONTINUED)

Workers' Compensation Claims

The School District is self-insured for workers' compensation claims from 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. 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:

Fiscal Year	Beginning of Year Liability	Current Year Claims Accrual	Claims Paid	End of Year Liability
2012	$ 291,234	$ 129,742	$ 235,142	$ 185,834
2011	315,284	367,930	391,980	291,234

Unemployment Claims

The School District is self-insured with regard to unemployment compensation insurance. 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 claims liability during the last two fiscal years are as follows:

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims	Claims Paid	End of Year Claims Liability
2012	$ -	$ 91,526	$ 91,526	$ -
2011	-	39,727	39,727	-

NOTE L - RETIREMENT PLANS

Teachers Retirement System of Georgia ("TRS")

Plan Description

The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

On October 25, 1996, the Board created the Supplemental Retirement Benefits Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable 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.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

NOTE L - RETIREMENT PLANS (CONTINUED)

Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2012, were 5.53% of annual salary. The member contribution rate will increase to 6.00% effective July 1, 2012. Employer contributions required for fiscal year 2012 were 10.28% of annual salary as required by the June 30, 2009, actuarial valuation. The employer contribution rate will increase to 11.41% effective July 1, 2012.

The School District's contributions to TRS for the years ending June 30, 2012, 2011, and 2010 were $6,770,560, $6,916,314, and $6,493,780, respectively, which equated to the required contributions.

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.

NOTE L - RETIREMENT PLANS (CONTINUED)

Members become fully vested after ten years of service. If a member terminates with less than ten years of service, non-vesting 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, 2012, 2011, and 2010 were $162,829, $78,981, and $58,155, 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, as a defined contribution 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.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and 3 years of service to the Troup County Board of Education. If an employee terminates employment prior to achieving 3 years of service, funds paid on behalf of the non-vested employee are credited back to the Board.

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.

NOTE L - RETIREMENT PLANS (CONTINUED)

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, 2012, 2011, and 2010 were $133,059, $132,200, and $149,642, respectively.

NOTE M - 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 N – POST EMPLOYMENT BENEFITS

Georgia School Personnel Employees Post-employment Health Benefit Fund

Plan Description

The Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund) is 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 eligible former employees and their qualified beneficiaries through the State Employees Health Benefit Plan administered by the Department of Community Health. The Official Code of Georgia Annotated (O.C.G.A.) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board). The Department of Community Health, which includes the School OPEB Fund, issues a separate stand alone financial audit report and a copy can be obtained from the Georgia Department of Audits and Accounts.

Funding Policy

The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. For members with fewer than five years of service as of January 1, 2012, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2012, pay approximately 25 percent of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board of Community Health sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

NOTE N – POST EMPLOYMENT BENEFITS (CONTINUED)

Participating employers are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees 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 combined active and retiree contribution rates established by the Board for employers participating in the School OPEB Fund were as follows for the fiscal year ended June 30, 2012:

For certificated teachers, librarians and regional educational service agencies and certain other eligible participants:

June 2011	1.429%	of covered payroll for July coverage
July 2011	18.534%	of covered payroll for Aug coverage
August 2011 – March 2012	24.000%	of covered payroll for Sep – Apr coverage
April 2012 – June 2012	3.958%	of covered payroll for May – Jul coverage

For non-certificated school personnel:

July 2011 – August 2011	$246.20 per member per month
September 2011 – June 2012	$296.20 per member per month

No additional contribution was required by the Board for fiscal year 2012 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, 2012, was $12,603,165, which equaled the required contribution. School District's contributions for 2011 and 2010 were $10,512,130 and $9,764,324, respectively, which also equaled the required contributions.

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	TITLE I	**IDEA VIB**	**FED VOC ED**
ASSETS			
CASH	$ 411,293	$ 415,487	$ -
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	2,581	-	13,541
DUE FROM OTHER FUNDS	3,123	-	-
TOTAL ASSETS	416,997	415,487	13,541
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	49,266	35,001	47
SALARIES AND BENEFITS PAYABLE	359,916	352,924	-
EXPIRED GRANTS PAYABLE	7,815	27,419	-
DUE TO OTHER FUNDS	-	143	13,494
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	416,997	415,487	13,541
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	-	-	-
COMMITTED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 416,997	$ 415,487	$ 13,541

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	TITLE IIA	**TITLE IIIA**	**ROTC**
ASSETS			
CASH	$ 84,971	$ 1,889	$ -
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	12,762
DUE FROM OTHER FUNDS	4,137	-	-
TOTAL ASSETS	89,108	1,889	12,762
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	4,295	196	2,989
SALARIES AND BENEFITS PAYABLE	83,475	1,693	-
EXPIRED GRANTS PAYABLE	1,338	-	-
DUE TO OTHER FUNDS	-	-	9,773
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	89,108	1,889	12,762
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	-	-	-
COMMITTED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 89,108	$ 1,889	$ 12,762

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	MENTOR	**PRIN ACCT**	**DIV. POWER**
ASSETS			
CASH	$ 4,243	$ 210,010	$ 545
INVESTMENTS	-	750,000	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-
DUE FROM OTHER FUNDS	-	-	-
TOTAL ASSETS	4,243	960,010	545
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	-	130	545
SALARIES AND BENEFITS PAYABLE	-	-	-
EXPIRED GRANTS PAYABLE	-	-	-
DUE TO OTHER FUNDS	-	-	-
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	-	130	545
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	4,243	-	-
COMMITTED	-	959,880	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	4,243	959,880	-
TOTAL LIABILITIES AND FUND BALANCES	$ 4,243	$ 960,010	$ 545

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	HS ROBOTICS	**AQUARIUM**	**EXXON**
ASSETS			
CASH	$ 4,151	$ -	$ 6,827
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-
DUE FROM OTHER FUNDS	-	-	-
TOTAL ASSETS	4,151	-	6,827
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	-	-	-
SALARIES AND BENEFITS PAYABLE	-	-	-
EXPIRED GRANTS PAYABLE	-	-	-
DUE TO OTHER FUNDS	-	-	-
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	-	-	-
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	4,151	-	6,827
COMMITTED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	4,151	-	6,827
TOTAL LIABILITIES AND FUND BALANCES	$ 4,151	$ -	$ 6,827

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	SEWON	**PREK**	**YOUTH LEADERSHIP**
ASSETS			
CASH	$ -	$ 306,516	$ 152
INVESTMENTS	11,373	-	-
ACCOUNTS RECEIVABLE	-	-	-
DUE FROM OTHER GOVERNMENTS	-	-	-
DUE FROM OTHER FUNDS	-	1,200	-
TOTAL ASSETS	11,373	307,716	152
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	-	17,910	-
SALARIES AND BENEFITS PAYABLE	-	289,806	-
EXPIRED GRANTS PAYABLE	-	-	-
DUE TO OTHER FUNDS	-	-	-
UNEARNED REVENUE	-	-	-
TOTAL LIABILITIES	-	307,716	-
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	11,373	-	152
COMMITTED	-	-	-
UNASSIGNED	-	-	-
TOTAL FUND BALANCES	11,373	-	152
TOTAL LIABILITIES AND FUND BALANCES	$ 11,373	$ 307,716	$ 152

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	CARING COM	**P&G**	**BULLYING**
ASSETS			
CASH	$ -	26,485	$ -
INVESTMENTS	-	-	-
ACCOUNTS RECEIVABLE	173,644	-	-
DUE FROM OTHER GOVERNMENTS	-	-	2,338
DUE FROM OTHER FUNDS	-	-	-
TOTAL ASSETS	173,644	26,485	2,338
LIABILITIES AND FUND BALANCES			
LIABILITIES			
ACCOUNTS PAYABLE	-	-	-
SALARIES AND BENEFITS PAYABLE	-	-	-
EXPIRED GRANTS PAYABLE	-	-	-
DUE TO OTHER FUNDS	173,124	-	2,338
UNEARNED REVENUE	127,331	-	-
TOTAL LIABILITIES	300,455	-	2,338
FUND BALANCES:			
RESTRICTED			
DEBT SERVICE	-	-	-
OTHER	519	26,485	-
COMMITTED	-	-	-
UNASSIGNED	(127,330)	-	-
TOTAL FUND BALANCES	(126,811)	26,485	-
TOTAL LIABILITIES AND FUND BALANCES	$ 173,644	$ 26,485	$ 2,338

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	SPECIAL REVENUE FUNDS		DEBT SERVICE	TOTAL NONMAJOR GOVERNMENTAL FUNDS
	WEST PT YOUTH	CIS	QZAB	
ASSETS				
CASH	$ 8,710	$ 137,002	$ 255	$ 1,618,536
INVESTMENTS	-	-	2,475,912	3,237,285
ACCOUNTS RECEIVABLE	-	-	-	173,644
DUE FROM OTHER GOVERNMENTS	-	-	-	31,222
DUE FROM OTHER FUNDS	-	-	-	8,460
TOTAL ASSETS	8,710	137,002	2,476,167	5,069,147
LIABILITIES AND FUND BALANCES				
LIABILITIES				
ACCOUNTS PAYABLE	-	5,191	-	115,570
SALARIES AND BENEFITS PAYABLE	-	-	-	1,087,814
EXPIRED GRANTS PAYABLE	-	-	-	36,572
DUE TO OTHER FUNDS	-	-	-	198,872
UNEARNED REVENUE	-	-	-	127,331
TOTAL LIABILITIES	-	5,191	-	1,566,159
FUND BALANCES:				
RESTRICTED				
DEBT SERVICE	-	-	2,476,167	2,476,167
OTHER	8,710	131,811	-	194,271
COMMITTED	-	-	-	959,880
UNASSIGNED	-	-	-	(127,330)
TOTAL FUND BALANCES	8,710	131,811	2,476,167	3,502,988
TOTAL LIABILITIES AND FUND BALANCES	$ 8,710	$ 137,002	$ 2,476,167	$ 5,069,147

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	TITLE I	**IDEA VIB**	**FED VOC ED**
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	-	-	-
FEDERAL AID	3,951,976	2,806,349	120,972
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	-	-
TOTAL REVENUES	3,951,976	2,806,349	120,972
EXPENDITURES			
CURRENT:			
INSTRUCTION	1,736,310	1,988,337	79,975
PUPIL SUPPORT SERVICES	-	650,199	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	1,711,040	2,062	41,442
EDUCATIONAL MEDIA	2,051	-	-
GENERAL ADMINISTRATION	127,650	10,143	-
SCHOOL ADMINISTRATION	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	21,301	168,125	-
OTHER SUPPORT SERVICES	356,747	-	-
COMMUNITY SERVICES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	3,955,099	2,818,866	121,417
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(3,123)	(12,517)	(445)
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	3,123	12,517	445
TOTAL OTHER FINANCING SOURCES (USES)	3,123	12,517	445
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES-JULY 1, 2011	-	-	-
FUND BALANCES-JUNE 30, 2012	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	TITLE IIA	**TITLE IIIA**	**ROTC**
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	-	-	-
FEDERAL AID	523,739	25,417	131,190
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	-	-
TOTAL REVENUES	523,739	25,417	131,190
EXPENDITURES			
CURRENT:			
INSTRUCTION	190,624	24,346	373,584
PUPIL SUPPORT SERVICES	-	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	320,427	-	-
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	16,825	1,071	-
SCHOOL ADMINISTRATION	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	-	-	-
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	527,876	25,417	373,584
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(4,137)	-	(242,394)
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	4,137	-	242,394
TOTAL OTHER FINANCING SOURCES (USES)	4,137	-	242,394
NET CHANGE IN FUND BALANCES	-	-	-
FUND BALANCES-JULY 1, 2011	-	-	-
FUND BALANCES-JUNE 30, 2012	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	MENTOR	**PRIN ACCT**	**DIV. POWER**
REVENUES			
FEES AND CHARGES	$ -	2,158,315	$ -
STATE AID	-	-	-
FEDERAL AID	-	-	-
EARNINGS ON INVESTMENTS	-	8,337	-
MISCELLANEOUS	-	-	64,622
TOTAL REVENUES	-	2,166,652	64,622
EXPENDITURES			
CURRENT:			
INSTRUCTION	808	51,146	65,434
PUPIL SUPPORT SERVICES	-	1,655,659	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-
EDUCATIONAL MEDIA	-	8,181	-
GENERAL ADMINISTRATION	-	21,474	-
SCHOOL ADMINISTRATION	-	316,766	-
MAINTENANCE AND OPERATION OF FACILITIES	-	2,722	-
STUDENT TRANSPORTATION SERVICES	-	-	-
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	-	-	-
CAPITAL OUTLAY	-	21,901	-
TOTAL EXPENDITURES	808	2,077,849	65,434
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(808)	88,803	(812)
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	(222,908)	-
TRANSFERS IN	-	217,572	812
TOTAL OTHER FINANCING SOURCES (USES)	-	(5,336)	812
NET CHANGE IN FUND BALANCES	(808)	83,467	-
FUND BALANCES-JULY 1, 2011	5,051	876,413	-
FUND BALANCES-JUNE 30, 2012	$ 4,243	$ 959,880	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	HS ROBOTICS	**AQUARIUM**	**EXXON**
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	-	-	-
FEDERAL AID	-	-	-
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	23,265	11,579
TOTAL REVENUES	-	23,265	11,579
EXPENDITURES			
CURRENT:			
INSTRUCTION	17,033	11,931	3,252
PUPIL SUPPORT SERVICES	-	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	-	-	-
SCHOOL ADMINISTRATION	-	-	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	-	11,334	-
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	-	-	1,500
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	17,033	23,265	4,752
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(17,033)	-	6,827
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(17,033)	-	6,827
FUND BALANCES-JULY 1, 2011	21,184	-	-
FUND BALANCES-JUNE 30, 2012	$ 4,151	$ -	$ 6,827

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		
	SEWON	**PREK**	**YOUTH LEADERSHIP**
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	-	1,766,040	-
FEDERAL AID	-	-	-
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	-	-	-
TOTAL REVENUES	-	1,766,040	-
EXPENDITURES			
CURRENT:			
INSTRUCTION	-	1,742,245	-
PUPIL SUPPORT SERVICES	3,000	-	-
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	6,963	-
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	-	-	-
SCHOOL ADMINISTRATION	-	27,212	-
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	-	3,544	-
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	-	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	3,000	1,779,964	-
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(3,000)	(13,924)	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	-	13,924	-
TOTAL OTHER FINANCING SOURCES (USES)	-	13,924	-
NET CHANGE IN FUND BALANCES	(3,000)	-	-
FUND BALANCES-JULY 1, 2011	14,373	-	152
FUND BALANCES-JUNE 30, 2012	$ 11,373	$ -	$ 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, 2012

	SPECIAL REVENUE FUNDS		
	CARING COM	**P&G**	**BULLYING**
REVENUES			
FEES AND CHARGES	$ -	$ -	$ -
STATE AID	32,500	-	-
FEDERAL AID	-	-	-
EARNINGS ON INVESTMENTS	-	-	-
MISCELLANEOUS	6,884	22,000	16,976
TOTAL REVENUES	39,384	22,000	16,976
EXPENDITURES			
CURRENT:			
INSTRUCTION	-	16,538	10,004
PUPIL SUPPORT SERVICES	-	-	3,137
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-
EDUCATIONAL MEDIA	-	-	-
GENERAL ADMINISTRATION	-	-	-
SCHOOL ADMINISTRATION	-	-	1,670
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-
STUDENT TRANSPORTATION SERVICES	-	6,241	2,165
OTHER SUPPORT SERVICES	-	-	-
COMMUNITY SERVICES	166,195	-	-
CAPITAL OUTLAY	-	-	-
TOTAL EXPENDITURES	166,195	22,779	16,976
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(126,811)	(779)	-
OTHER FINANCING SOURCES (USES)			
TRANSFERS OUT	-	-	-
TRANSFERS IN	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	(126,811)	(779)	-
FUND BALANCES-JULY 1, 2011	-	27,264	-
FUND BALANCES-JUNE 30, 2012	$ (126,811)	$ 26,485	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	SPECIAL REVENUE FUNDS		DEBT SERVICE	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	WEST PT YOUTH	CIS	QZAB	
REVENUES				
FEES AND CHARGES	$ -	$ -	$ -	$ 2,158,315
STATE AID	-	51,378	-	1,849,918
FEDERAL AID	-	-	-	7,559,643
EARNINGS ON INVESTMENTS	-	-	606,773	615,110
MISCELLANEOUS	12,000	89,559	-	246,885
TOTAL REVENUES	12,000	140,937	606,773	12,429,871
EXPENDITURES				
CURRENT:				
INSTRUCTION	14,384	-	-	6,325,951
PUPIL SUPPORT SERVICES	-	-	-	2,311,995
IMPROVEMENT OF INSTRUCTIONAL SERVICES	-	-	-	2,081,934
EDUCATIONAL MEDIA	-	-	-	10,232
GENERAL ADMINISTRATION	-	-	-	177,163
SCHOOL ADMINISTRATION	-	-	-	345,648
MAINTENANCE AND OPERATION OF FACILITIES	-	-	-	2,722
STUDENT TRANSPORTATION SERVICES	373	-	-	213,083
OTHER SUPPORT SERVICES	-	-	-	356,747
COMMUNITY SERVICES	-	123,438	-	291,133
CAPITAL OUTLAY	-	-	-	21,901
TOTAL EXPENDITURES	14,757	123,438	-	12,138,509
EXCESS (DEFICIENCY) OF REVENUES OVER(UNDER) EXPENDITURES	(2,757)	17,499	606,773	291,362
OTHER FINANCING SOURCES (USES)				
TRANSFERS OUT	-	-	-	(222,908)
TRANSFERS IN	-	-	-	494,924
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	272,016
NET CHANGE IN FUND BALANCES	(2,757)	17,499	606,773	563,378
FUND BALANCES-JULY 1, 2011	11,467	114,312	1,869,394	2,939,610
FUND BALANCES-JUNE 30, 2012	$ 8,710	$ 131,811	$ 2,476,167	$ 3,502,988

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2012

	INTERNAL SERVICE FUND WORKERS' COMPENSATION	INTERNAL SERVICE FUND UNEMPLOYMENT	INTERNAL SERVICE FUND FLEX SPENDING	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS				
CURRENT ASSETS				
CASH	$ 412,921	$ -	$ 128,546	$ 541,467
ACCOUNTS RECEIVABLE	-	-	638	638
DUE FROM OTHER FUNDS	-	502	-	502
TOTAL CURRENT ASSETS	412,921	502	129,184	542,607
TOTAL ASSETS	412,921	502	129,184	542,607
LIABILITIES AND NET ASSETS				
LIABILITIES				
CURRENT LIABILITIES				
CLAIMS PAYABLE	185,834	-	129,184	315,018
DUE TO OTHER FUNDS	227,087	502	-	227,589
TOTAL CURRENT LIABILITIES	412,921	502	129,184	542,607
TOTAL LIABILITIES	412,921	502	129,184	542,607
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, 2012

	INTERNAL SERVICE FUND WORKERS' COMPENSATION	INTERNAL SERVICE FUND UNEMPLOYMENT	INTERNAL SERVICE FUND FLEX SPENDING	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES				
CHARGES TO OTHER FUNDS	$ 228,366	$ 91,526	$ -	$ 319,892
TOTAL REVENUES	228,366	91,526	-	319,892
OPERATING EXPENSES				
CURRENT:				
OTHER OPERATING COSTS	228,528	91,526	-	320,054
TOTAL OPERATING EXPENSES	228,528	91,526	-	320,054
OPERATING INCOME (LOSS)	(162)	-	-	(162)
NONOPERATING REVENUES				
INTEREST INCOME	162	-	-	162
TOTAL NONOPERATING REVENUE	162	-	-	162
CHANGE IN NET ASSETS	-	-	-	-
TOTAL NET ASSETS - JULY 1, 2011	-	-	-	-
TOTAL NET ASSETS - JUNE 30, 2012	$ -	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	INTERNAL SERVICE FUND WORKERS' COMPENSATION	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	$ 228,366	$ 91,526	$ -	$ 319,892
PAYMENTS FOR WORKERS COMPENSATION AND OTHER EXPENSES	(181,946)	(91,526)	128,546	(144,926)
NET CASH PROVIDED BY OPERATING ACTIVITIES	46,420	-	128,546	174,966
CASH FLOWS FROM INVESTING ACTIVITIES				
INTEREST ON INVESTMENTS	162	-	-	162
NET CASH PROVIDED BY INVESTING ACTIVITIES	162	-	-	162
NET INCREASE IN CASH/CASH EQUIVALENTS	46,582	-	128,546	175,128
CASH JULY 1, 2011	366,339	-	-	366,339
CASH JUNE 30, 2012	412,921	-	128,546	541,467
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
OPERATING INCOME (LOSS)	$ (162)	$ -	$ -	$ (162)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
CHANGES IN ASSETS AND LIABILITIES:				
(INCREASE)/DECREASE IN ACCOUNTS RECEIVABLE	-	-	728	728
(INCREASE)/DECREASE IN DUE FROM OTHER FUNDS	-	(502)	-	(502)
(INCREASE)/DECREASE IN CLAIMS PAYABLE	(105,400)	-	127,818	22,418
(INCREASE)/DECREASE IN DUE TO OTHER FUNDS	151,982	502	-	152,484
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 46,420	$ -	$ 128,546	$ 174,966

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED SPECIAL LOCAL OPTION SALES TAX PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012

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	$ 48,560,159	$ 2,076	$ 48,334,599	Ongoing
Interest expense on bonds sold under SPLOST III	5,479,500	6,919,341	620,263	6,087,454	Ongoing
	$ 55,479,500	$ 55,479,500	$ 622,339	$ 54,422,053	

(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).

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, 2012, which collectively comprise the Troup County School District's basic financial statements and have issued our report thereon dated May 17, 2013. 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 opinions 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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

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 May 17, 2013.

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
May 17, 2013

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, 2012. 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.

As described in item 2012-2 in the accompanying schedule of findings and questioned costs, the School District did not comply with the requirement regarding allowable costs that is applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for Troup County School District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2012.

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 therefore, there can be no assurance 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 2012-1 through 2012-4 to be material weaknesses.

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

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
May 17, 2013

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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	$ 1,260,895
National School Lunch Program	10.555	3,402,769
National School Lunch Program (non-cash) (1)	10.555	150,881
Total Child Nutrition Cluster		4,814,545
Total U. S. Department of Agriculture		4,814,545
U. S. DEPARTMENT OF DEFENSE		
R.O.T.C. Program	Unknown	131,190
Total U. S. Department of Defense		131,190
U. S. DEPARTMENT OF EDUCATION		
Passed through Georgia Department of Education:		
Education Job Fund	84.410	30,207
Title I, Part A Cluster		
Title I Programs - Improving the Academic Achievement of the Disadvantaged	84.010	3,826,485
Title I Programs - Distinguished School Award	84.010	21,080
Title I Programs - Delinquent Program	84.010	67,469
Title I Programs - ARRA	84.389	36,942
Total Title I, Part A Cluster		3,951,976
Title II-A - Improving Teacher Quality	84.367	523,739
		523,739
Title III - Limited English Proficient	84.365	25,417
		25,417
Special Education Cluster:		
Title VI-B Flowthrough	84.027	2,663,661
Title High Cost Fund Pool	84.027	29,949
Title VI-B Preschool	84.173	79,288
Title VI-B Flowthrough - ARRA	84.391	33,451
Total Special Education Cluster		2,806,349
Vocational Grants - Professional Development	84.048	13,541
Vocational Grants - Program Improvement	84.048	107,431
		120,972
Total U. S. Department of Education		7,458,660
Total Expenditures of Federal Awards		$ 12,404,395

Notes to the Schedule of Expenditures of Federal Awards

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The School District did not provide federal assistance to any subrecipient.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Troup County Board of Education and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___ yes __X__ 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	Qualified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	__X__ yes ____ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.010, 84.389	Title I, Part A Cluster
84.367	Title II, Part A Grant

Dollar threshold used to distinguish between Type A and Type B programs:	$372,132
Auditee qualified as low-risk auditee?	___ yes __X__ no

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2012-1 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: We tested all contracts which were procured under the Title I, Part A Cluster programs during the 2012 fiscal year and noted none of the contracts had documentation to confirm the contractor was not suspended or debarred from working with federally funded projects. The expenditures paid to these contractors accounted for approximately 11% of the total program expenditures under the Title I, Part A Cluster.

Context/Cause: During our testing of the District's compliance with the procurement requirements, we noted that while the District was familiar with the requirement and how to use the EPLS, they did not have the appropriate documentation to support or validate their testing of the selected vendors. The District was not requiring the contractor to sign certification forms, nor did the District maintain results of their performing a search of the EPLS.

Effects: A contract could have been awarded to an ineligible party; however during our testing we noted that the five vendors selected by the School District were 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.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2012-2 Child Nutrition Cluster - CFDA #10.553 and 10.555; Semi – Annual Certification of Time and Effort

Criteria: In accordance with the terms of the Child Nutrition 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, 2012, we reviewed thirty-seven (37) of employees paid out of Child Nutrition Cluster funds to determine if the School District was properly maintaining semi-annual certification of time and effort sheets. We found all teachers paid out of Child Nutrition Cluster funds were not properly maintaining semi-annual certification of time and effort sheets. The School District does not maintain the time and effort documentation for this program as required by OMB Circular A-87.

Effects or Possible Effects*:* Personnel salaries unrelated to Child Nutrition Cluster could be funded with Child Nutrition Cluster funds. Therefore, unallowable costs could be charged to the grant.

Known and Likely Questioned Costs: $2,647,114.

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 Child Nutrition Cluster 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)

2012-3 Child Nutrition Cluster - CFDA #10.553 and 10.555; 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: We tested all contracts which were procured under both programs during the 2011 fiscal year and noted none of the contracts had documentation to confirm the contractor was not suspended or debarred from working with federally funded projects.

Context/Cause: During our testing of the District's compliance with the procurement requirements, we noted that while the District was familiar with the requirement and how to use the *EPLS*, they did not have the appropriate documentation to support or validate their testing of the selected vendors. The District was not requiring the contractor to sign certification forms, nor did the District maintain results of their performing a search of the *EPLS.*

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.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

2012-4 Child Nutrition Cluster - CFDA #10.553 and 10.555; Allowable Costs and Activities

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. The review and approval internal control related to the disbursement process should be documented to show proper segregation of duties.

Condition: Internal controls in place for this program, at the District, 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 Child Nutrition Cluster, we noted that nine (9) out of the forty (40) disbursements tested did not have proper documentation of the review and approval control related 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. However, during our review of the sample of disbursements we noted no unallowable costs.

Questioned Costs: None noted.

Recommendation: We recommend the Food Services operations 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.

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

SECTION IV
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

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

Status: This finding has been corrected for fiscal year 2012.

2011-2 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 and Context: 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)*. 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.

Status: This was a repeat finding for fiscal year 2012. See finding 2012-1.