TROUP COUNTY SCHOOL DISTRICT, GEORGIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

TROUP COUNTY SCHOOL DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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MAULDIN & JENKINS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Troup County Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Troup County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Troup County Board of Education, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Troup County Board of Education's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, 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 Governmentas, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds and the schedule of expenditures of federal awards (collectively "the supplementary information") are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015 on our consideration of the Troup County Board of Education'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* in considering the Troup County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 12, 2015

TROUP COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. 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 the fiscal year 2014 by $153.3 million. Of this amount, $15.4 million of unrestricted net position may be used to meet the School District's ongoing obligations to its taxpayers and creditors.
- The School District's total net position increased by $12.7 million (9.1%) during the current fiscal year. The Governmental Activities' increase was $12.8 million (9.3%) and the Business-type Activities' decrease was (5.8%) or $119 thousand. Total net position of Governmental Activities increased as the District was able to continue the practice of having no debt service on SPLOST bonds and expend general funds at a rate lesser than the approved budget. The net position for Business-type activity decreased as a result of decreased grant revenues of approximately $100 thousand.
- Governmental activities general revenues accounted for $56.1 million or 45.5% 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 $67.1 million or 54.5% of total Governmental Activities' revenues of $123.2 million.
- The School District had $110.3 million of expenses related to Governmental Activities; only $67.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues totaling $56.1 million were able to more than cover the balance of expenses. General revenues were primarily derived from Property Taxes of $38.0 million, Special Local Option Sales Taxes of $10.7 million and State Aid/Formula Grants of $7.3 million.
- Among the major funds, the General Fund had $100.9 million in revenues and $95.6 million in expenditures. The General Fund's fund balance decreased by $5.1 million to $14.1 million which represents 14.8% of total General Fund expenditures.
- Total net position for Business-type activities of $2.1 million decreased by $119 thousand. Ending net position of business-type activities represent approximately 27.8% of operating expenses.
- The School District's total long-term liabilities increased by $200 thousand during the fiscal year 2014.

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 Position 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 Position 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 2014?" The Statement of Net Position 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 position and change in those assets. The change in net position 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 Position 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 17. 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 and the SPLOST IV Capital Projects 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 Position 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 22 through 24.

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 pages 25 and 26.

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 27 through 48.

THE SCHOOL DISTRICT AS A WHOLE

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

Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

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

	Governmental Activities		Business-type Activities		Total Net Position		Total % Change
	2013	**2014**	**2013**	**2014**	**2013**	**2014**	**2013-14**
Current and Other Assets	$ 34.8	$ 37.7	$ 2.0	$ 2.2	$ 36.8	$ 39.9	8.4%
Capital Assets	122.0	133.0	0.4	0.4	122.4	133.4	9.0%
Total Assets	**156.8**	**170.7**	**2.4**	**2.6**	**159.2**	**173.3**	**8.9%**
Other Liabilities	16.2	17.1	0.4	0.7	16.6	17.8	7.2%
Long Term Liabilities	2.1	2.3	-	-	2.1	2.3	9.5%
Total Liabilities	**18.3**	**19.4**	**0.4**	**0.7**	**18.7**	**20.1**	**7.5%**
Net Position:							
Net Investment in Capital Assets	120.1	133.0	0.4	0.4	120.5	133.4	10.7%
Restricted	7.7	3.0	1.5	1.4	9.2	4.4	-52.2%
Unrestricted	10.7	15.3	0.1	0.1	10.8	15.4	42.6%
Total Net Position	**$ 138.5**	**$ 151.3**	**$ 2.0**	**$ 1.9**	**$ 140.5**	**$ 153.2**	**9.0%**

Total net position increased $12.8 million. Cash, investments and accounts receivable increased $2.9 million due to cash management practices and collection rates for taxes. Capital Assets increased by $11 million due to annual depreciation being less than additional new assets. This was related to SPLOST III and SPLOST IV construction activities of which some are still in construction in progress. Long Term Debt increased $200 thousand as the accrual for QZAB debt was recorded.

Table 2 shows the changes in net position for fiscal year 2014 compared to fiscal year 2013:

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

	Governmental Activities		Business-type Activities		Total Net Position		Total % Change
	2013	2014	2013	2014	2013	2014	2013-14
Revenues							
Program Revenues							
Charges for Services	$ 1.0	$ 0.9	$ 1.6	$ 1.6	$ 2.6	$ 2.5	-3.8%
Federal Grants	7.3	7.8	5.4	5.3	12.7	13.1	3.1%
State Grants/Entitlements	50.4	58.2	-	-	50.4	58.2	15.5%
Other	0.2	0.2	-	-	0.2	0.2	0.0%
General Revenues							
Property Taxes	39.8	38.0	-	-	39.8	38.0	-4.5%
Sales Taxes	10.9	10.7	-	-	10.9	10.7	-1.8%
State Aid/Formula Grants	6.6	7.3	-	-	6.6	7.3	10.6%
Other	0.2	0.1	-	-	0.2	0.1	-50.0%
Total Revenues	**116.4**	**123.2**	**7.0**	**6.9**	**123.4**	**130.1**	**5.4%**
Expenses							
Instruction	71.7	70.4	-	-	71.7	70.4	-1.8%
Pupil Support Services	8.0	7.8	-	-	8.0	7.8	-2.5%
Improvement of Instructional Services	4.0	4.3	-	-	4.0	4.3	7.5%
Educational Media	2.4	2.3	-	-	2.4	2.3	-4.2%
General Administration	1.3	1.2	-	-	1.3	1.2	-7.7%
School Administration	6.5	6.3	-	-	6.5	6.3	-3.1%
Business Administration	1.0	1.0	-	-	1.0	1.0	0.0%
Maintenance/Operation of Facilities	8.5	9.0	-	-	8.5	9.0	5.9%
Student Transportation Services	6.5	6.7	-	-	6.5	6.7	3.1%
Central Support Services	0.6	0.7	-	-	0.6	0.7	16.7%
Other Support Services	0.4	0.4	-	-	0.4	0.4	0.0%
Business Type Activities	-	-	6.6	7.0	6.6	7.0	6.1%
Community Services	0.2	0.2	-	-	0.2	0.2	0.0%
Interest on Long-Term Debt	0.2	0.1	-	-	0.2	0.1	-50.0%
Total Expenses	**111.3**	**110.4**	**6.6**	**7.0**	**117.9**	**117.4**	**-0.4%**
Excess (Deficiency) before Transfers	5.1	12.8	0.4	(0.1)	5.5	12.7	130.9%
Transfers	0.2	-	(0.2)	-	-	-	0.0%
Change in Net Position	**5.3**	**12.8**	**0.2**	**(0.1)**	**5.5**	**12.7**	**130.9%**
Beginning Net Position	**133.2**	**138.5**	**1.8**	**2.0**	**123.7**	**140.5**	**13.6%**
Ending Net Position	**$ 138.5**	**$ 151.3**	**$ 2.0**	**$ 1.9**	**$ 129.2**	**$ 153.2**	**18.6%**

Revenues for governmental activities increased by 5.8%, while expenses decreased by .8%. Program revenues increased by 13.9%, mainly due to increases in the Federal Grants of $0.5 million and increases in State Grants/Entitlements of $7.8 million. Federal Grant increases were primarily related to additions in funding from the federal government. Increases in State Grants resulted from additions in QBE funding and Equalization and Pre-K lottery funds from continuing state budget funding. General Revenues decreased by 2.4% mainly due to decreases in Property Taxes of $1.8 million, partially offset by higher State Aid/Formula Grants revenues of $0.6 million. Property tax decreases resulted from a market of appraisal values that has not fully rebounded economically as of yet. Expenses decreased by $1.0 million as a result of further budget reductions and continued savings through consolidated campuses from previous years which annually saves overhead expenses.

Governmental Activities

The State of Georgia continued austerity reductions related to the QBE formula for the 2014 fiscal year in the amount of $8.2 million. Austerity reductions have totaled over $61.7 million since their inception in fiscal year 2003 versus the normal QBE funding level. The original fiscal year 2014 budget contained mandated step increases of $1.0 million and reduced leave without pay days of $1.2 million. The reductions in revenues and mandated personnel expense increases were offset by consolidation of an elementary school of $1.1 million and budget reductions of $1.9 million. Management continued to use its system-wide committee approach to develop recommendations for the 2014 budget to offset any funding deficits and to determine expenditure priorities. Some of the recommended budget actions for fiscal year 2014 operations were as follows:

- Consolidation of Unity Elementary School $1.1 million
- Reduce Elementary School Instruction $.8 million
- Reduce High School Instruction $.3 million
- Reduce Middle School Instruction $.2 million
- Reduce Maintenance Services $.2 million
- Reduce Custodial Services $.1 million
- Reduce School Administration $.1 million

The District's millage rate for fiscal year 2014 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. Additionally, a decrease in residential appraisal value negatively impacted the fiscal year 2014 property tax collections.

SPLOST IV sales tax collections of $10.9 million were $.8 million (7.5%) lower than the projections for fiscal year 2014.

The dependence upon State Aid/Formula grants and local property taxes remains very apparent. State funding represents 47.3% of total governmental activities revenue and local property and sales taxes represent 42.7% of the total revenues of $123.2 million. The continuation of State austerity cuts and lack of future increases to fund all State mandated activities will continue to increase the importance of local funding sources and other required expenditure reductions to the School District. This is indicated by the reduction in State funded revenue in fiscal year 2004 of 57.8% to the current level of 47.3% in fiscal year 2014.

Instruction comprises 63.8% of governmental activities program expenses. Interest expense was 0.1%. Interest expense was attributable to the outstanding QZAB bond associated with capital projects.

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
	2013	2014	2013-14	2013	2014	2013-14
Expense Function						
Expenses						
Instruction	$ 71.7	70.4	-1.8%	$ 31.5	$ 21.9	-30.5%
Pupil Support Services	8.0	7.8	-2.5%	6.8	7.4	8.8%
Improvement of Instructional Services	4.0	4.3	7.5%	1.5	1.7	13.3%
Educational Media	2.4	2.3	-4.2%	0.6	0.7	16.7%
General Administration	1.3	1.2	-7.7%	(0.8)	(0.7)	-12.5%
School Administration	6.5	6.3	-3.1%	2.5	2.9	16.0%
Business Administration	1.0	1.0	0.0%	0.6	0.4	-33.3%
Maintenance/Operation of Facilities	8.5	9.0	5.9%	4.5	4.5	0.0%
Student Transportation Services	6.5	6.7	3.1%	4.2	3.5	-16.7%
Central Support Services	0.6	0.7	16.7%	0.5	0.6	20.0%
Other Support Services	0.4	0.4	0.0%	0.1	-	-100.0%
Community Services	0.2	0.2	0.0%	0.2	0.2	0.0%
Interest on Long-Term Debt	0.2	0.1	-50.0%	0.2	0.1	-50.0%
Total Expenses	**$ 111.3**	**$ 110.4**	**-0.8%**	**$ 52.4**	**$ 43.2**	**-17.6%**

The total cost of services for governmental activities decreased by $0.9 million in fiscal year 2014. Expenses decreased due to the reasons discussed previously under Table 2. The net cost of services decreased by $9.2 million mainly due to decreased expenses.

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 $6.8 million and expenses of $7.0 million. Net Position decreased $200 thousand, ending at $1.9 million or 27.8% of expenses. Management has established a target Net Position 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 17. All governmental funds had total revenues of $123.8 million and expenditures of $121.2 million. The overall increase in the fund balance, after transfers, was $2.5 million. This was a result of the General Fund's Fund Balance increasing by $5.1 million, SPLOST IV Capital Projects Fund's Fund Balance decreasing $2.5 million, and Other Governmental Funds' Fund Balance having no significant change. General Fund changes resulted from higher Federal and State revenues and enhanced by other expenditure reductions. SPLOST IV Capital Outlay decreased as this was the second year of collections of the SPLOST IV taxes.

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 2014, 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 expenditures increased $500 thousand. Expenditure increases reflect changes associated with the state funding changes.

Actual revenue for the General Fund on a budget basis was $100.6 million or $3.6 million over the final amended budget due to greater than anticipated State revenues.

Actual expenditures for the General Fund on a budget basis were $95.5 million or $1.0 million lower than the amended budget. All expenditure categories except pupil support services and school administration were at or below budget due to expenditure control plans developed by management to offset state funding shortfalls.

The School District had an increase in the ending General Fund's Fund Balance of $5.1 million from fiscal year 2013. This resulted in an ending fund balance of $14.1 million or 14.8% of total expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District had $133.0 million (net of accumulated depreciation) invested in land, land improvements, buildings, machinery/equipment, and vehicles at the end of fiscal year 2014 for Governmental Activities.

Table 4 shows fiscal 2014 balances compared to 2013:

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
	2013	2014	2013	2014	2013	2014	2013-14
Land	$ 2.9	$ 2.9	$ -	$ -	$ 2.9	$ 2.9	0.0%
Construction in Progress	7.8	8.4	-	-	7.8	8.4	7.7%
Land Improvements	1.8	1.7	-	-	1.8	1.7	-5.6%
Buildings	104.9	109.6	-	-	104.9	109.6	4.5%
Machinery & Equipment	2.5	7.8	0.4	0.4	2.9	8.2	182.8%
Vehicles	2.1	2.6	-	-	2.1	2.6	23.8%
Total	**$ 122.0**	**$ 133.0**	**$ 0.4**	**$ 0.4**	**$ 122.4**	**$ 133.4**	**9.0%**

The increase in capital assets occurred due to construction in progress items and capital asset purchases. SPLOST III construction projects have been completed based upon current estimated collections.

Debt Administration

The School District had $2.1 million in bonds outstanding at June 30, 2014.

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
	2013	2014	2013	2014	2013	2014	2013-14
Qualified Zone Academy Bond	$ 1.9	$ 2.1	$ -	$ -	$ 1.9	$ 2.1	10.5%
Total	**$ 1.9**	**$ 2.1**	**$ -**	**$ -**	**$ 1.9**	**$ 2.1**	**10.5%**

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 fiscal year 2003 through fiscal year 2009 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.

For The Future

The Troup County School District increased its unrestricted net position in Governmental Activities from $10.7 million to $15.3 million. The overall increase in net position of $12.8 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 2014 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 housing market created a decrease in property values although it declined at a lesser rate 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 12,000 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.

State QBE funds and State formula grants increased by $7.8 million in the fiscal year 2014 due to continued analysis of the State budget including enrollment counts and Equalization funding. Total austerity reductions since their inception in the fiscal year 2003 now total $53.4 million with an additional $5.4 million planned for fiscal year 2015.

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 fiscal year 2014 budget plan is using no reserves of the General Fund to balance the budget. The remaining General Fund unassigned reserve of $15.3 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 fiscal year 2016. 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 POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	$ 9,015,412	$ 2,655,288	$ 11,670,700
Investments	17,560,599	-	17,560,599
Accounts Receivable	270,775	847	271,622
Taxes Receivable, Net Of Allowance	1,641,355	-	1,641,355
Due From Other Governments	8,705,301	-	8,705,301
Internal Balances	456,447	(456,447)	-
Inventory	5,895	-	5,895
Prepaids	47,821	-	47,821
Capital Assets (Nondepreciable)	11,286,654	-	11,286,654
Capital Assets (Net Of Accumulated Depreciation)	121,749,058	418,431	122,167,489
Total Assets	170,739,317	2,618,119	173,357,436
LIABILITIES			
Accounts Payable	4,315,364	237,760	4,553,124
Salaries And Benefits Payable	12,379,577	410,683	12,790,260
Retainage Payable	359,042	-	359,042
Unearned Revenue	-	31,077	31,077
Claims Payable	300,302	-	300,302
Noncurrent Liabilities:			
Due In More Than One Year:			
Bonds	2,071,379	-	2,071,379
Total Liabilities	19,425,664	679,520	20,105,184
NET POSITION			
Net Investment In Capital Assets	133,035,712	418,431	133,454,143
Restricted For :			
Continuation Of Federal Programs	-	1,380,647	1,380,647
Debt Service	516,053	-	516,053
Capital Projects	2,412,704	-	2,412,704
Other Activities	69,710	-	69,710
Unrestricted	15,279,474	139,521	15,418,995
Total Net Position	$ 151,313,653	$ 1,938,599	$ 153,252,252

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES	NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION: BUSINESS-TYPE ACTIVITIES	NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION: TOTAL
Governmental Activities:							
Instruction	$ 70,390,497	$ 886,089	$ 46,632,969	$ 940,326	$ (21,931,113)	$ -	$ (21,931,113)
Pupil Support Services	7,820,093	-	384,530	-	(7,435,563)	-	(7,435,563)
Improvement Of Instructional Services	4,274,193	-	2,537,782	-	(1,736,411)	-	(1,736,411)
Educational Media	2,297,367	-	1,632,550	-	(664,817)	-	(664,817)
Federal Grant Administration	78,900	-	78,900	-	-	-	-
General Administration	1,102,237	-	1,830,137	-	727,900	-	727,900
School Administration	6,321,882	-	3,420,569	-	(2,901,313)	-	(2,901,313)
Business Administration	938,699	-	554,889	-	(383,810)	-	(383,810)
Maintenance And Operation Of Facilities	8,956,087	-	4,504,751	-	(4,451,336)	-	(4,451,336)
Student Transportation Services	6,722,508	-	2,566,584	690,978	(3,464,946)	-	(3,464,946)
Central Support Services	675,629	-	70,193	-	(605,436)	-	(605,436)
Other Support Services	411,001	-	364,300	-	(46,701)	-	(46,701)
Community Services	153,073	-	-	-	(153,073)	-	(153,073)
School Nutrition	73,840	-	-	-	(73,840)	-	(73,840)
Interest On Long-Term Debt	134,645	-	-	-	(134,645)	-	(134,645)
Total Governmental Activities	110,350,651	886,089	64,578,154	1,631,304	(43,255,104)	-	(43,255,104)
Business-Type Activities:							
Food Service	6,314,318	939,958	5,249,764	-	-	(124,596)	(124,596)
After School Programs	651,855	633,916	-	-	-	(17,939)	(17,939)
Total Business-Type Activities	6,966,173	1,573,874	5,249,764	-	-	(142,535)	(142,535)
Total Primary Government	$ 117,316,824	$ 2,459,963	$ 69,827,918	$ 1,631,304	(43,255,104)	(142,535)	(43,397,639)
General Revenues:							
Taxes:							
Property Taxes, Levied For General Purposes					38,022,110	-	38,022,110
Sales Taxes					10,715,457	-	10,715,457
State Aid-Formula Grants					7,282,011	-	7,282,011
Unrestricted Investment Earnings					83,368	-	83,368
Gain On Disposal Of Capital Assets					12,125	-	12,125
Transfers					(23,744)	23,744	-
Total General Revenues And Transfers					56,091,327	23,744	56,115,071
Change In Net Position					12,836,223	(118,791)	12,717,432
Net Position- Beginning					138,477,430	2,057,390	140,534,820
Net Position- Ending					$ 151,313,653	$ 1,938,599	$ 153,252,252

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	GENERAL FUND	SPLOST IV CAPITAL PROJECTS FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash & Cash Equivalents	$ 3,150,428	$ 4,326,693	$ 1,438,979	$ 8,916,100
Investments	14,462,794	-	3,097,805	17,560,599
Accounts Receivable	242,755	-	27,664	270,419
Taxes Receivable, Net Of Allowance	725,819	915,536	-	1,641,355
Due From Other Governments	8,038,044	92,269	574,988	8,705,301
Due From Other Funds	1,217,424	465,106	16,918	1,699,448
Inventory	5,895	-	-	5,895
Prepaids	47,821	-	-	47,821
Total Assets	$ 27,890,980	$ 5,799,604	$ 5,156,354	$ 38,846,938
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 1,592,508	$ 2,484,825	$ 238,031	$ 4,315,364
Accrued Liabilities	-	359,042	-	359,042
Salaries And Benefits Payable	11,365,686	-	1,013,891	12,379,577
Due To Other Funds	682,657	543,033	217,945	1,443,635
Total Liabilities	13,640,851	3,386,900	1,469,867	18,497,618
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenue - Property Taxes	101,103	-	-	101,103
Total Deferred Inflow Of Resources	101,103	-	-	101,103
FUND BALANCES:				
Nonspendable:				
Prepaids	47,821	-	-	47,821
Inventory	5,895	-	-	5,895
Restricted For:				
Debt Service	-	-	2,587,432	2,587,432
Capital Outlay	-	2,412,704	-	2,412,704
Grant Activities	-	-	69,710	69,710
Committed For Principal Discretion	-	-	1,029,345	1,029,345
Unassigned	14,095,310	-	-	14,095,310
Total Fund Balances	14,149,026	2,412,704	3,686,487	20,248,217
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	$ 27,890,980	$ 5,799,604	$ 5,156,354	$ 38,846,938

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 POSITION
JUNE 30, 2014

TOTAL FUND BALANCES--GOVERNMENTAL FUNDS			$ 20,248,217
Amounts Reported For Governmental Activities In The Statement Of Net Position Are Different Because:			
Capital Assets Used In Governmental Activities Are Not Financial Resources And, Therefore, Are Not Reported As Assets In Governmental Funds.			
	Cost	207,813,002	
	Less Accumulated Depreciation	(74,777,290)	
			133,035,712
Revenues In The Statement Of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenue In The Funds.			101,103
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	(2,071,379)	
			(2,071,379)
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES			$ 151,313,653

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, 2014

	GENERAL FUND	SPLOST IV CAPITAL PROJECTS FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	$ 38,286,862	$ -	$ -	$ 38,286,862
Sales Taxes	-	10,715,457	-	10,715,457
Fees And Charges	656,513	-	1,926,650	2,583,163
State Aid	60,726,894	940,326	1,901,442	63,568,662
Federal Aid	811,104	-	6,962,880	7,773,984
Earnings On Investments	1,122	4,605	77,641	83,368
Miscellaneous	452,980	-	298,153	751,133
Total Revenues	100,935,475	11,660,388	11,166,766	123,762,629
EXPENDITURES				
Current:				
Instruction	61,002,892	-	5,980,393	66,983,285
Pupil Support Services	6,138,580	-	1,681,513	7,820,093
Improvement Of Instructional Services	2,212,383	-	2,061,810	4,274,193
Educational Media	2,086,013	-	165,657	2,251,670
Federal Grant Administration	-	-	78,900	78,900
General Administration	1,047,827	-	54,410	1,102,237
School Administration	6,012,491	-	309,391	6,321,882
Business Administration	938,699	-	-	938,699
Maintenance And Operation Of Facilities	8,852,318	-	2,451	8,854,769
Student Transportation Services	6,780,283	-	202,515	6,982,798
Central Support Services	675,629	-	-	675,629
Other Support Services	44,482	-	366,519	411,001
Community Services	-	-	153,073	153,073
School Nutrition	73,840	-	-	73,840
Capital Outlay	-	14,188,072	132,184	14,320,256
Total Expenditures	95,865,437	14,188,072	11,188,816	121,242,325
Excess (Deficiency) Of Revenues Over(Under) Expenditures	5,070,038	(2,527,684)	(22,050)	2,520,304
OTHER FINANCING SOURCES (USES)				
Transfers In	148,264	-	32,259	180,523
Transfers Out	(177,486)	-	(26,781)	(204,267)
Proceeds From Sale Of Capital Assets	12,125	-	-	12,125
Total Other Financing Sources(Uses)	(17,097)	-	5,478	(11,619)
Net Change In Fund Balances	5,052,941	(2,527,684)	(16,572)	2,508,685
Fund Balances, Beginning Of Year	9,096,085	4,940,388	3,703,059	17,739,532
Fund Balances, End Of Year	$ 14,149,026	$ 2,412,704	$ 3,686,487	$ 20,248,217

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, 2014

TOTAL NET CHANGE IN FUND BALANCES--GOVERNMENTAL FUNDS		$ 2,508,685
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:		
	15,167,466	
	(4,127,679)	11,039,787
Internal Service Funds Are Used By Management To Charge The Costs Of Certain Activities Such As Workers' Compensation And Unemployment To Individual Funds. The Effect Of Current Year Internal Service Fund Income (Loss) For Governmental Activities Has Been Included.		(13,468)
Revenues In The Statement Of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenue In The Funds.		(564,136)
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.		(134,645)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 12,836,223

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 (BUDGETARY BASIS) - GENERAL FUND
FOR YEAR ENDED JUNE 30, 2014

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES				
State Funds	$ 56,404,235	$ 56,894,116	$ 60,369,125	$ 3,475,009
Federal Funds	587,976	450,000	811,104	361,104
Local And Other Funds	39,482,056	39,620,032	39,397,477	(222,555)
Total Revenues	96,474,267	96,964,148	100,577,706	3,613,558
EXPENDITURES				
Current				
Instruction	61,377,910	61,304,982	61,002,892	302,090
Pupil Support Services	6,070,345	6,071,755	6,138,580	(66,825)
Improvement Of Instructional Services	2,218,600	2,417,545	2,212,383	205,162
Educational Media	2,103,281	2,103,280	2,086,013	17,267
General Administration	1,458,978	1,359,608	1,040,075	319,533
School Administration	5,827,573	5,892,430	6,012,491	(120,061)
Business Administration	1,023,535	1,023,535	925,001	98,534
Maintenance And Operation Of Facilities	8,751,226	8,751,225	8,732,736	18,489
Student Transportation Services	6,481,855	6,867,955	6,646,783	221,172
Central Support Services	670,790	681,659	666,232	15,427
Other Support Services	44,482	44,482	44,482	-
Total Expenditures	96,028,575	96,518,456	95,507,668	1,010,788
Excess Of Revenues Over Expenditures	445,692	445,692	5,070,038	4,624,346
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	148,264	148,264
Transfers Out	(445,692)	(445,692)	(177,486)	268,206
Proceeds From Sale Of Capital Assets	-	-	12,125	12,125
Total Other Financing Sources (Uses)	(445,692)	(445,692)	(17,097)	428,595
NET CHANGE IN FUND BALANCE	-	-	5,052,941	5,052,941
FUND BALANCE, BEGINNING OF YEAR	9,096,085	9,096,085	9,096,085	-
FUND BALANCE, END OF YEAR	$ 9,096,085	$ 9,096,085	$ 14,149,026	$ 5,052,941

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND			
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS AND OTHER DEBITS				
Current Assets				
Cash	$ 2,515,767	$ 139,521	$ 2,655,288	$ 99,312
Accounts Receivable	847	-	847	356
Due From Other Funds	-	-	-	200,634
Total Current Assets	2,516,614	139,521	2,656,135	300,302
Noncurrent Assets				
Machinery/Equipment	1,821,473	-	1,821,473	-
Less Accumulated Depreciation	(1,403,042)	-	(1,403,042)	-
Total Noncurrent Assets	418,431	-	418,431	-
Total Assets	$ 2,935,045	$ 139,521	$ 3,074,566	$ 300,302
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 237,760	$ -	$ 237,760	$ -
Claims Payable	-	-	-	300,302
Salaries And Benefits Payable	410,683	-	410,683	-
Due To Other Funds	456,447	-	456,447	-
Unearned Revenue	31,077	-	31,077	-
Total Current Liabilities	1,135,967	-	1,135,967	300,302
Total Liabilities	1,135,967	-	1,135,967	300,302
NET POSITION				
Invested In Capital Assets	418,431	-	418,431	-
Restricted For Continuation Of Federal Programs	1,380,647	-	1,380,647	-
Unrestricted	-	139,521	139,521	-
Total Net Position	1,799,078	139,521	1,938,599	-
Total Liabilities and Net Position	$ 2,935,045	$ 139,521	$ 3,074,566	$ 300,302

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND			
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES				
Food Service Charges	$ 939,958	$ -	$ 939,958	$ -
After School Programs Charges	-	633,916	633,916	-
Charges To Other Funds	-	-	-	666,253
Total Operating Revenues	939,958	633,916	1,573,874	666,253
OPERATING EXPENSES				
Current:				
Payroll Cost	2,777,246	316,479	3,093,725	-
Professional And Contract Services	1,099,489	4,126	1,103,615	-
Supplies And Materials	2,385,923	331,250	2,717,173	-
Depreciation	51,660	-	51,660	-
Claims Expenses	-	-	-	679,721
Total Operating Costs	6,314,318	651,855	6,966,173	679,721
Operating Loss	(5,374,360)	(17,939)	(5,392,299)	(13,468)
Nonoperating Revenues:				
State Matching And Other	164,596	-	164,596	-
Grants-Child Nutrition Program	5,085,168	-	5,085,168	-
Total Nonoperating Revenue	5,249,764	-	5,249,764	-
Loss Before Transfers	(124,596)	(17,939)	(142,535)	(13,468)
Transfers In	-	23,744	23,744	-
Change In Net Position	(124,596)	5,805	(118,791)	(13,468)
Total Net Position, Beginning Of Year	1,923,674	133,716	2,057,390	13,468
Total Net Position, End Of Year	$ 1,799,078	$ 139,521	$ 1,938,599	$ -

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, 2014

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES
	ENTERPRISE FUND			
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Received From User Charges	$ 970,188	$ 633,916	$ 1,604,104	$ -
Received From Charges To Other Funds	-	-	-	486,935
Payments To Employees For Services	(2,754,902)	(316,479)	(3,071,381)	-
Payments For Self-Insured Claims	-	-	-	(726,522)
Payments To Suppliers For Goods/Services	(3,271,517)	(335,470)	(3,606,987)	-
Net Cash Used By Operating Activities	(5,056,231)	(18,033)	(5,074,264)	(239,587)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating Grants Received	5,249,764	-	5,249,764	-
Transfers From Other Funds	-	23,744	23,744	-
Net Cash Provided By Noncapital Financing	5,249,764	23,744	5,273,508	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition Of Capital Assets	(28,440)	-	(28,440)	-
Net Increase (Decrease) In Cash/Cash Equivalents	165,093	5,711	170,804	(239,587)
Cash/Cash Equivalents July 1, 2013	2,350,674	133,810	2,484,484	338,899
Cash/Cash Equivalents June 30, 2014	$ 2,515,767	$ 139,521	$ 2,655,288	$ 99,312
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:				
Operating Loss	$ (5,374,360)	$ (17,939)	$ (5,392,299)	$ (13,468)
Adjustments To Reconcile Operating Loss To Net Cash Used By Operating Activities:				
Depreciation	51,660	-	51,660	-
Changes In Assets And Liabilities:				
Increase In Accounts Receivable	(847)	-	(847)	(356)
Increase In Due From Other Funds	-	-	-	(184,356)
Increase/(Decrease) In Accounts Payable	197,247	(94)	197,153	-
Increase In Salaries And Benefits Payable	22,344	-	22,344	-
Increase In Unearned Revenue	31,077	-	31,077	
Increase In Claims Payable	-	-	-	149,590
Increase/(Decrease) In Due To Other Funds	16,648	-	16,648	(190,997)
Net Cash Used By Operating Activities	$ (5,056,231)	$ (18,033)	$ (5,074,264)	$ (239,587)

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

	PRIVATE-PURPOSE TRUST	AGENCY FUNDS
ASSETS		
Cash	$ -	$ 861,754
Investments	13,055	-
Total Assets	$ 13,055	$ 861,754
LIABILITIES		
Due To Student Groups	$ -	$ 139,646
Due To Others	-	722,108
Total Liabilities	-	$ 861,754
NET POSITION		
Restricted For Scholarships	13,055	
Total Liabilities and Net Position	$ 13,055	

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	PRIVATE-PURPOSE TRUST
ADDITIONS	
Interest On Investments	$ -
Total Additions	-
DEDUCTIONS	
Scholarships Awarded	-
Total Deductions	-
Change In Net Position	-
Net Position, Beginning Of Year	13,055
Net Position, End Of Year	$ 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 Position 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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; however, intergovernmental revenues reported in the governmental funds are considered available if they are collected within 180 days after year-end. 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

SPLOST IV Capital Projects Funds - This fund is used to account for resources from the 2012 Special Purpose Local Option Sales Tax (SPLOST) 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, SPLOST revenue, and amounts received from the State of Georgia Capital Outlay program.

The School District reports the following major proprietary fund:

School Nutrition Program 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.

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.

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.

Internal Service Funds - These funds account for Workers' Compensation and Unemployment Benefits, 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:

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

D. 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. 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, 2014, 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.

F. 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.

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."

G. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets (Continued)

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

H. 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.

I. 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method 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 Position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity/Net Position

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

Net Position

The School District's net position is classified as follows:

Net investment in capital assets - 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 net investment in capital assets.

Restricted net position - 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 position - Unrestricted net position 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 position is 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.

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity/Net Position (Continued)

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.

K. 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.

L. Deferred Outflows/Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

NOTE B - BUDGETARY INFORMATION

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

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

The General Fund's Pupil Support and School Administration functions had an excess of actual expenditures over appropriations of approximatly $66,825 and $120,061, respectively for the fiscal year ended June 30, 2014.

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	$ 5,052,941
Adjustments for:	
Employee Benefits	357,769
On behalf of payments	(357,769)
Budget basis	$ 5,052,941

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, 2014, 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 certificates of deposit of $513,055 which were insured or registered, or held by the School District or its agent in the School District's name. The cash and cash equivalents balance also included $4,241,318 in the Georgia Fund 1 and $14,473,167 of deposits with 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

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 AAAf 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 AAAf credit quality rating from Standard and Poor's with a weight average maturity (WAM) of 62 days on June 30, 2014 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 AA+f 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, 2014 was $2.00 per share. GEAP had an AA+f credit quality rating as of June 30, 2014, with an effective duration of .22 for interest rate risk evaluation. The higher the duration, the greater the interest rate risks.

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2014, 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	14 month	N/A	$ 250,000
Certificate of deposit	12 month	N/A	250,000
Certificate of deposit	14 month	N/A	13,055
Georgia Extended Asset Pool	.22 effective duration	AA+f	14,473,167
Georgia Fund 1	62 WAM	AAAf	4,241,318

Additionally, $2,587,432 is invested with U S Bank in United States Treasury Securities for the QZAB loan escrow accounts. These funds are shown at current market value.

Investment	Maturity Date or Weighted Average Maturity	Moody's Rating	Fair Value
GNMA 11 Pass Thru Cert	May 20, 2029	Aaa	$ 12,630
Repurchase Agreements - Open End	February 15, 2015	Aaa	27,000
US Treasury Money Market Funds	40 Days	Aaa	4,317
Federal Farm Credit BKS MTN	September 8, 2015	Aaa	28,062
Federal Holme Loan BKS	August 25, 2014	Aaa	85,054
Repurchase Agreements - Open End	December 20, 2028	Aaa	400,000
Municipal Bonds	January 1, 2015	Aaa	2,030,369
Total			$ 2,587,432

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.

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 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, 2014, for QBE salary accruals totaling $7,537,959, Troup County Parks/Recreations scoreboard loan $21,411, Title I-A $384,370, Federal Perkins Grants $63,886, Pre-school Handicapped Grant $9,885, Title VI-B $25,177, Title II-A $66,274, Education for Homeless Children and Youth Grant $19,217, Title III-A $16,064, and other miscellaneous grants for $561,058.

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 August 6, 2013 based on property values assessed as of January 1, 2013. Taxes were payable on or before November 15, 2013. 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 2013 tax digest are reported as revenue in the governmental funds for fiscal year 2014. 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, 2014, for school operations were $38,286,862. Property taxes became an enforceable lien on January 20, 2014. 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 2013 for the 2014 fiscal year 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 IV collections for the fiscal year ended June 30, 2014 at the fund reporting level were $10,715,457.

On June 30, 2014, the School District reported property tax receivables of $725,819, net of allowance for uncollectibles. An allowance of $44,716 has been established in the General Fund for taxes in dispute and estimated amounts that will not be collected. Sales tax receivables totaled $915,536 from SPLOST IV June, 2014 collections to be received in July, 2014.

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.

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

Interfund receivable and payable balances at June 30, 2014 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 1,217,424	$ 682,657
SPLOST IV Capital Projects Fund	465,106	543,033
School Nutrition Program Fund	-	456,447
Non Major Governmental Funds	16,918	217,945
Internal Service Funds	200,634	-
Total	$ 1,900,082	$ 1,900,082

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, 2014 were as follows:

	Transfers In	Transfers Out
General Fund	$ 148,264	$ 177,486
Non Major Governmental Funds	32,259	26,781
Total Governmental Funds	180,523	204,267
Non Major Enterprise Funds	23,744	-
Total	$ 204,267	$ 204,267

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 Georgia Department of Community Health for Health Insurance of Non-Certified Personnel	$ 5,374,536
Paid to the State System of Teacher's Retirement System for School Employees' Retirement (TRS)	81,664
Paid to the Public School Employees' Retirement System for Public School Employees' Retirement (PSERS)	276,105
Total Payments	$ 5,732,305

NOTE H - NON-MONETARY TRANSACTIONS

The School District received from the United States Department of Agriculture through the Georgia Department of Education $158,954 in donated food commodities for its lunchroom programs. The federally assigned value of these commodities is reflected as revenues and expenditures in the Food Nutrition Program Fund.

NOTE I - CAPITAL ASSETS

The following tables provide the Capital Asset Activity for Governmental and Business-Type Activity, respectively, as of June 30, 2014:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 2,863,353	$ -	$ -	$ 2,863,353
Constructin in Progress	7,811,658	14,091,233	(13,479,590)	8,423,301
Total Capital Assets, Not Being Depreciated	10,675,011	14,091,233	(13,479,590)	11,286,654
Capital Assets, Being Depreciatated				
Land Improvements	5,659,208	16,220	-	5,675,428
Buildings	155,308,134	7,770,632	-	163,078,766
Machinery & Equipment	6,625,767	5,623,960	-	12,249,727
Vehicles	14,596,646	1,145,011	(219,230)	15,522,427
Total Capital Assets, Being Depreciated	182,189,755	14,555,823	(219,230)	196,526,348
Less Accumulated Depreciation For:				
Land Improvements	(3,852,589)	(167,421)	-	(4,020,010)
Buildings	(50,427,373)	(3,014,823)	-	(53,442,196)
Machinery & Equipment	(4,078,978)	(323,319)	-	(4,402,297)
Vehicles	(12,509,901)	(622,116)	219,230	(12,912,787)
Total Accumulated Depreciation	(70,868,841)	(4,127,679)	219,230	(74,777,290)
Total Capital Assets, Being Depreciated, Net	111,320,914	10,428,144	-	121,749,058
Governmental Activities Capital Assets, Net	$ 121,995,925	$ 24,519,377	$ (13,479,590)	$ 133,035,712

Depreciation expense was charged to functions as follows:

Instruction	$ 3,393,744
Educational media	45,697
Maintenance of operation of facilities	101,318
Student transportation services	586,920
Total Governmental Activities depreciation expense	$ 4,127,679

NOTE I - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets, Being Depreciatated				
Machinery & Equipment	$ 1,793,033	$ 28,440	$ -	$ 1,821,473
Total Capital Assets, Being Depreciated	1,793,033	28,440	-	1,821,473
Less Accumulated Depreciation For:				
Machinery & Equipment	(1,351,382)	(51,660)	-	(1,403,042)
Total Accumulated Depreciation	(1,351,382)	(51,660)	-	(1,403,042)
Total Capital Assets, Being Depreciated, Net	$ 441,651	$ (23,220)	$ -	$ 418,431

Depreciation expense was charged to functions as follows:

School Nutrition Program	$ 51,660
Total Business-Type Activities Depreciation Expense	$ 51,660

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.

The following tables provide the detail as of June 30, 2014 for the School District's outstanding debt:

	Balance 7/1/2013	Additions	Payments	Balance 6/30/2014	Amounts Due Within One Year
Qualified Zone Academy Bond (QZAB)					
Maturing 2015 with no interest	$ 1,936,734	$ 134,645	$ -	$ 2,071,379	$ -
Total Long-Term Debt	$ 1,936,734	$ 134,645	$ -	$ 2,071,379	$ -

Payment Schedules

Year Ending June 30,	Principal	Interest	Total
2015	$ -	$ 185,621	$ 185,621
2016	2,257,000	-	2,257,000
Total	$ 2,257,000	$ 185,621	$ 2,442,621

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.

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 Accural	Claims Paid	End of Year Liability
2014	$ 134,434	$ 641,786	$ 480,161	$ 296,059
2013	185,834	421,465	472,865	134,434

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
2014	$ 16,278	$ 31,063	$ 43,098	$ 4,243
2013	-	90,424	74,146	16,278

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, and less than age 60, at a reduced benefit.

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.

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, 2014, were 6.00% of annual salary. Employer contributions required for fiscal year 2014 were 12.28% of annual salary.

NOTE L - RETIREMENT PLANS (CONTINUED)

Funding Policy (Continued)

The following table summarizes the School District's employer contributions for the TRS for the years ended June 30, 2014, 2013 and 2012.

Fiscal Year	Contributed	Percentage Contribution	Required
2014	$ 7,393,286	100%	$ 7,393,286
2013	7,129,879	100%	7,129,879
2012	6,770,560	100%	6,770,560

Covered employee's contributions for the three years ended June 30, 2014, 2013, and 2012 were $3,646,500, $3,788,902, and $3,669,269, respectively.

Public School Employees' Retirement System of Georgia ("PSERS")

Plan Description

Substantially all bus drivers, maintenance, custodial, and lunchroom personnel employed by the District are members of the Public School Employees Retirement System of Georgia (PSERS), which is also a cost-sharing multiple employer public employee retirement system. The Board of the Public School Employees Retirement System of Georgia issues a publicly available financial report that includes financial statements and supplementary information for PSERS. That report may be obtained by writing Public School Employee Retirement System, Two Northside 75, Atlanta, Georgia 30318-7778, or by calling 1-800-805-4609.

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 services and retirees between the ages of 60 and 65 receive a reduced benefit. Monthly retirement benefits paid to members are equal to $14.75 per month multiplied by the number of years of creditable service. Retirement provisions include death and disability benefits. Benefits are established by state statute. Effective July 1, 2012 new member contribution rates are $10 per month for nine months, which is paid by the School District.

Covered employees are required by state statute to contribute four dollars per month for the nine month school year. Unlike TRS, the School District makes no contribution to PSERS. Total contributions from employees of the School District were $16,086, for the fiscal year ended June 30, 2014.

The State of Georgia is required by statute to make an annual contribution to PSERS based upon an actuarial calculation. The state's contribution for District employees was $276,105, $251,633, and $162,829 for the fiscal years ended June 30, 2014, 2013, and 2012, respectively.

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 are refunded with interest. There were 372, employees (members) covered under PSERS for the fiscal year ended June 30, 2014.

NOTE L - RETIREMENT PLANS (CONTINUED)

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.

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, 2014, 2013, and 2012 were $114,223, $122,664, and $133,059, 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.

NOTE M - CONTINGENCIES (CONTINUED)

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 - CONSTRUCTION COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the District as of June 30, 2014:

Project		
Callaway High School Fieldhouse	$	442,675
Franklin Forest Elementary School Wing Additions		127,517
West Point Elementary Reroof		668,364
Ethel W. Kight Elementary		13,895,425
	$	15,133,981

NOTE O - 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 Department of Community Health at 2 Peachtree Street, Atlanta, Georgia 30303.

NOTE O - POST EMPLOYMENT BENEFITS (CONTINUED)

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, 2013, contributions also vary based on years of service. On average, members with five years or more of service as of January 1, 2013, 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, 2013, 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.

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, 2014:

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

July 1, 2013 – June 30, 2014	$945.00 per member per month

For non-certificated school personnel:

July 1, 2013 – June 30, 2014	$596.20 per member per month

No additional contribution was required by the Board for fiscal year 2014 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.

NOTE O - POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

The School District's combined active and retiree contributions to the health insurance plans, which equaled the required contribution, for the current fiscal year and the preceding two fiscal years were as follows:

Fiscal Year	Contributed	Percentage Contribution	Required
2014	$ 12,518,505	100%	$ 12,518,505
2013	11,370,529	100%	11,370,529
2012	12,603,165	100%	12,603,165

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS										
	TITLE I	IDEA VIB	FEDERAL VOCATIONAL EDUCATION	TITLE IIA	TITLE IIIA	EDUCATION OF HOMELESS YOUTH	6TH GRADE MENTORING	PRINCIPAL ACCOUNTS	DIV. POWER	HS ROBOTICS	AQUARIUM
ASSETS											
Cash & Cash Equivalents	$ 74,130	$ 294,126	$ -	$ 46,019	$ -	$ -	$ 3,198	$ 548,713	$ -	$ 16,290	$ -
Investments	-	-	-	-	-	-	-	500,000	-	-	-
Accounts Receivable	-	-	-	372	-	-	-	-	-	-	27,292
Due From Other Governments	384,370	25,177	63,886	66,274	16,064	19,217	-	-	-	-	-
Due From Other Funds	-	-	-	-	-	-	-	-	-	-	-
Total Assets	$ 458,500	$ 319,303	$ 63,886	$ 112,665	$ 16,064	$ 19,217	$ 3,198	$ 1,048,713	$ -	$ 16,290	$ 27,292
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	$ 91,603	$ 51,998	$ 2,928	$ 39,198	$ 4,236	$ -	$ -	$ 800	$ -	$ -	$ -
Salaries And Benefits Payable	366,897	267,305	-	73,467	924	-	-	-	-	-	-
Due To Other Funds	-	-	60,958	-	10,904	19,217	-	18,568	-	-	27,292
Total Liabilities	458,500	319,303	63,886	112,665	16,064	19,217	-	19,368	-	-	27,292
FUND BALANCES:											
Restricted											
Debt Service	-	-	-	-	-	-	-	-	-	-	-
Grant Activities	-	-	-	-	-	-	3,198	-	-	16,290	-
Committed for Principal Discretion	-	-	-	-	-	-	-	1,029,345	-	-	-
Total Fund Balances	-	-	-	-	-	-	3,198	1,029,345	-	16,290	-
Total Liabilities And Fund Balances	$ 458,500	$ 319,303	$ 63,886	$ 112,665	$ 16,064	$ 19,217	$ 3,198	$ 1,048,713	$ -	$ 16,290	$ 27,292

Continued

TROUP COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	SPECIAL REVENUE FUNDS								DEBT SERVICE	CAPITAL PROJECT FUND	
	EXXON	SEWON AMERICA SCHOLARSHIP	PREK	CARING COMMUNITY	P&G	BULLYING	CITY OF WEST POINT YOUTH	CIS	DEBT SERVICE QZAB	SPLOST III CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS											
Cash & Cash Equivalents	$ -	$ -	$ 341,992	$ -	$ 8,160	$ 4,947	$ 1,962	$ 37,354	$ -	$ 62,088	$ 1,438,979
Investments	-	10,373	-	-	-	-	-	-	2,587,432	-	3,097,805
Accounts Receivable	-	-	-	-	-	-	-	-	-	-	27,664
Due From Other Governments	-	-	-	-	-	-	-	-	-	-	574,988
Due From Other Funds	-	-	-	-	-	-	-	-	-	16,918	16,918
Total Assets	$ -	$ 10,373	$ 341,992	$ -	$ 8,160	$ 4,947	$ 1,962	$ 37,354	$ 2,587,432	$ 79,006	$ 5,156,354
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	$ -	$ -	$ 38,991	$ -	$ 1,880	$ -	$ -	$ 6,397	$ -	$ -	$ 238,031
Salaries And Benefits Payable	-	-	303,001	-	-	-	-	2,297	-	-	1,013,891
Due To Other Funds	-	2,000	-	-	-	-	-	-	-	79,006	217,945
Total Liabilities	-	2,000	341,992	-	1,880	-	-	8,694	-	79,006	1,469,867
FUND BALANCES:											
Restricted											
Debt Service	-	-	-	-	-	-	-	-	2,587,432	-	2,587,432
Grant Activities	-	8,373	-	-	6,280	4,947	1,962	28,660	-	-	69,710
Committed for Principal Discretion	-	-	-	-	-	-	-	-	-	-	1,029,345
Total Fund Balances	-	8,373	-	-	6,280	4,947	1,962	28,660	2,587,432	-	3,686,487
Total Liabilities And Fund Balances	$ -	$ 10,373	$ 341,992	$ -	$ 8,160	$ 4,947	$ 1,962	$ 37,354	$ 2,587,432	$ 79,006	$ 5,156,354

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS										
	TITLE I	IDEA VIB	FEDERAL VOCATIONAL EDUCATION	TITLE IIA	TITLE IIIA	EDUCATION OF HOMELESS YOUTH	6TH GRADE MENTORING	PRINCIPAL ACCOUNTS	DIV. POWER	HS ROBOTICS	AQUARIUM
REVENUES											
Fees And Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,926,650	$ -	$ -	$ -
State Aid	-	-	-	-	-	-	-	-	-	-	-
Federal Aid	4,155,700	1,994,765	114,730	586,261	65,764	45,660	-	-	-	-	-
Earnings On Investments	-	-	-	-	-	-	-	11,717	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	49,391	24,400	49,974
Total Revenues	4,155,700	1,994,765	114,730	586,261	65,764	45,660	-	1,938,367	49,391	24,400	49,974
EXPENDITURES											
Current:											
Instruction	1,908,484	1,706,810	60,434	190,773	51,031	9,019	987	23,162	51,108	8,110	49,802
Pupil Support Services	-	134,120	-	-	-	1,531	-	1,544,862	-	-	-
Improvement Of Instructional Services	1,616,580	1,456	30,261	388,200	10,598	3,179	-	-	-	-	-
Educational Media	161,144	-	-	-	-	-	-	4,513	-	-	-
Federal Grant Administration	78,900	-	-	-	-	-	-	-	-	-	-
General Administration	6,000	9,584	-	5,000	939	1,376	-	31,511	-	-	-
School Administration	-	-	-	-	-	-	-	278,334	-	-	-
Maintenance And Operation Of Facilities	-	-	-	-	-	-	-	2,451	-	-	-
Student Transportation Services	23,557	142,795	-	-	-	30,555	-	-	-	-	172
Other Support Services	361,035	-	-	2,288	3,196	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	24,671	-	-	-	-	-	-	-	-
Total Expenditures	4,155,700	1,994,765	115,366	586,261	65,764	45,660	987	1,884,833	51,108	8,110	49,974
Excess (Deficiency) Of Revenues Over(Under) Expenditures	-	-	(636)	-	-	-	(987)	53,534	(1,717)	16,290	-
OTHER FINANCING SOURCES (USES)											
Transfers In	-	-	636	-	-	-	-	-	1,717	-	-
Transfers Out	-	-	-	-	-	-	-	(23,743)	-	-	-
Total Other Financing Sources (Uses)	-	-	636	-	-	-	-	(23,743)	1,717	-	-
Net Change In Fund Balances	-	-	-	-	-	-	(987)	29,791	-	16,290	-
Fund Balances (Deficit), Beginning Of Year	-	-	-	-	-	-	4,185	999,554	-	-	-
Fund Balances, End Of Year	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,198	$ 1,029,345	$ -	$ 16,290	$ -

Continued

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	SPECIAL REVENUE FUNDS								DEBT SERVICE FUND	CAPITAL PROJECT	
	EXXON	SEWON AMERICA SCHOLARSHIP	PREK	CARING COMMUNITY	P&G	BULLYING	CITY OF WEST POINT YOUTH	CIS	DEBT SERVICE QZAB	SPLOST III CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES											
Fees And Charges	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,926,650
State Aid	-	-	1,895,573	-	-	-	-	5,869	-	-	1,901,442
Federal Aid	-	-	-	-	-	-	-	-	-	-	6,962,880
Earnings On Investments	-	-	-	-	-	-	-	-	65,924	-	77,641
Miscellaneous	-	-	-	52,300	-	14,000	20,000	88,088	-	-	298,153
Total Revenues	-	-	1,895,573	52,300	-	14,000	20,000	93,957	65,924	-	11,166,766
EXPENDITURES											
Current:											
Instruction	3,757	-	1,879,453	-	1,645	15,053	20,765	-	-	-	5,980,393
Pupil Support Services	-	1,000	-	-	-	-	-	-	-	-	1,681,513
Improvement Of Instructional Services	-	-	11,536	-	-	-	-	-	-	-	2,061,810
Educational Media	-	-	-	-	-	-	-	-	-	-	165,657
Federal Grant Administration	-	-	-	-	-	-	-	-	-	-	78,900
General Administration	-	-	-	-	-	-	-	-	-	-	54,410
School Administration	-	-	31,057	-	-	-	-	-	-		309,391
Maintenance And Operation Of Facilities	-	-	-	-	-	-	-	-	-	-	2,451
Student Transportation Services	-	-	3,433	-	2,003	-	-	-	-	-	202,515
Other Support Services	-	-	-	-	-	-	-	-	-	-	366,519
Community Services	-	-	-	-	-	-	-	153,073	-	-	153,073
Capital Outlay	-	-	-	-	-	-	-	-	-	107,513	132,184
Total Expenditures	3,757	1,000	1,925,479	-	3,648	15,053	20,765	153,073	-	107,513	11,188,816
Excess (Deficiency) Of Revenues Over(Under) Expenditures	(3,757)	(1,000)	(29,906)	52,300	(3,648)	(1,053)	(765)	(59,116)	65,924	(107,513)	(22,050)
OTHER FINANCING SOURCES (USES)											
Transfers In	-	-	29,906	-	-	-	-	-	-	-	32,259
Transfers Out	(2,783)	-	-	-	-	-	-	-	(255)	-	(26,781)
Total Other Financing Sources (Uses)	(2,783)	-	29,906	-	-	-	-	-	(255)	-	5,478
Net Change In Fund Balances	(6,540)	(1,000)	-	52,300	(3,648)	(1,053)	(765)	(59,116)	65,669	(107,513)	(16,572)
Fund Balances (Deficit), Beginning Of Year	6,540	9,373	-	(52,300)	9,928	6,000	2,727	87,776	2,521,763	107,513	3,703,059
Fund Balances, End Of Year	$ -	$ 8,373	$ -	$ -	$ 6,280	$ 4,947	$ 1,962	$ 28,660	$ 2,587,432	$ -	$ 3,686,487

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	WORKERS' COMPENSATION	UNEMPLOYMENT	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
ASSETS			
Current Assets			
Cash	$ 99,312	$ -	$ 99,312
Accounts Receivable	356	-	356
Due From Other Funds	196,391	4,243	200,634
Total Current Assets	296,059	4,243	300,302
Total Assets	296,059	4,243	300,302
LIABILITIES AND NET POSITION			
LIABILITIES			
Current Liabilities			
Claims Payable	296,059	4,243	300,302
Total Current Liabilities	296,059	4,243	300,302
Total Liabilities	296,059	4,243	300,302
NET POSITION			
Unrestricted	-	-	-
Total Liabilities And Net Position	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	WORKERS' COMPENSATION	UNEMPLOYMENT	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
OPERATING REVENUES			
Charges To Other Funds	$ 611,471	$ 54,782	$ 666,253
Total Revenues	611,471	54,782	666,253
OPERATING EXPENSES			
Current:			
Claim Expenses	624,939	54,782	679,721
Total Operating Expenses	624,939	54,782	679,721
Change In Net Position	(13,468)	-	(13,468)
Total Net Position, Beginning Of Year	13,468	-	13,468
Total Net Position, End Of Year	$ -	$ -	$ -

TROUP COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	WORKERS' COMPENSATION	UNEMPLOYMENT	TOTAL INTERNAL SERVICE FUNDS GOVERNMENTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Received From Charges To Other Funds	$ 420,118	$ 66,817	$ 486,935
Payments For Self-Insured Claims	(659,705)	(66,817)	(726,522)
Net Cash Used In Operating Activities	(239,587)	-	(239,587)
Net Decrease In Cash	(239,587)	-	(239,587)
Cash July 1, 2013	338,899	-	338,899
Cash June 30, 2014	$ 99,312	$ -	$ 99,312
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:			
Operating Loss	$ (13,468)	$ -	$ (13,468)
Adjustments To Reconcile Operating Loss To Net Cash Used In Operating Activities:			
Changes In Assets And Liabilities:			
(Increase)/Decrease In Due From Other Funds	(196,391)	12,035	(184,356)
Increase In Accounts Receivable	(356)	-	(356)
Increase/(Decrease) In Claims Payable	161,625	(12,035)	149,590
Decrease In Due To Other Funds	(190,997)	-	(190,997)
Net Cash Used In Operating Activities	$ (239,587)	$ -	$ (239,587)

TROUP COUNTY SCHOOL DISTRICT
COMBINGIN STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

	SCHOOL ACTIVITIES FUND	FLEXIBLE SPENDING FUND	TOTAL AGENCY FUNDS
ASSETS			
Cash	$ 139,646	$ 722,108	$ 861,754
Total Assets	$ 139,646	$ 722,108	$ 861,754
LIABILITIES			
Due To Student Groups	$ 139,646	-	$ 139,646
Due To Others	-	722,108	722,108
Total Liabilities	$ 139,646	$ 722,108	$ 861,754

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED SPECIAL LOCAL OPTION SALES TAX PROJECTS
FOR THE YEAR ENDED JUNE 30, 2014

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	$ 50,096,350	$ 107,513	$ 49,988,837	Completed
Interest expense on bonds sold under SPLOST IV	5,479,500	6,919,314	-	6,919,314	Completed
Totals for SPLOST IV	$ 55,479,500	$ 57,015,664	$ 107,513	$ 56,908,151	
SPLOST IV					
Providing additional real property for future school expansions, elementary school, middle school and/or high school modifications; additions to, renovations of, repairs and improvements to and equipping of exisitng educational buildings, properties and facilities of the School District, including without limitation, classroom additions, physical education facilities and improvements, and resurfacing and parking facilities; technology/software upgrades and additions, infrastructure, textbooks and equipment; additional school buses; and paying expenses incident thereto.	$ 55,258,827	$ 55,258,827	$ 13,247,746	$ 6,005,216	Ongoing
Interest expense on bonds sold under SPLOST IV	3,800,000	3,800,000	-	-	Ongoing
Totals for SPLOST IV	$ 59,058,827	$ 59,058,827	13,247,746	$ 6,005,216	
Capital outlay projects funded with intergovernmental revenues			940,326		
			$ 14,188,072		

(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

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Troup County Board of Education**,** as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Troup County Board of Education's basic financial statements, and have issued our report thereon dated March 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Troup County Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Troup County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Troup County Board of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Troup County Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing and 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*.

The Troup County Board of Education's Responses to Findings

The Troup County Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Troup County Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Atlanta, Georgia
March 12, 2015

MAULDIN & JENKINS

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

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

Report on Compliance for Each Major Federal Program

We have audited the Troup County Board of Education'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 the Troup County Board of Education's major federal programs for the year ended June 30, 2014. The Troup County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Troup County Board of Education's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and 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 Board of Education'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Troup County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the Troup County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the Troup County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Troup County Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Troup County Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003, that we consider to be a significat deficiency.

Troup County Board of Education's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Troup County Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
March 12, 2015

TROUP COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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	$ 1,289,655
National School Lunch Program	10.555	3,636,559
National School Lunch Program (non-cash) (1)	10.555	158,954
Total Child Nutrition Cluster		5,085,168
Total U. S. Department of Agriculture		5,085,168
U. S. DEPARTMENT OF DEFENSE		
R.O.T.C. Program	12. Unknown	104,972
Payments to States in Lieu of Real Estate Taxes	12.112	18,292
Total U. S. Department of Defense		123,264
U. S. DEPARTMENT OF EDUCATION		
Passed through Georgia Department of Education:		
Title I, Part A Cluster		
Title I Programs - Improving the Academic Achievement of the Disadvantaged	84.010	4,026,467
Title I Programs - Neglected and Delinquent	84.010	129,233
Total Title I, Part A Cluster		4,155,700
Title II-A - Advanced Placement	84.367	2,100
Title II-A - Improving Teacher Quality	84.367	584,160
		586,260
Title III - Limited English Proficient	84.365	39,126
Title III - Immigrant	84.365	26,637
		65,763
Special Education Cluster:		
Title VI-B Flowthrough	84.027	1,874,144
Title VI-B High Cost Fund Pool	84.027	41,060
Title VI-B Preschool	84.173	79,652
Total Special Education Cluster		1,994,856
Education for Homeless Youth	84.196	45,660
Vocational Grants - Program Improvement	84.048	98,502
Vocational Grants - Professional Development	84.048	16,228
		114,730
Total U. S. Department of Education		6,962,969
Total Expenditures of Federal Awards		$ 12,171,401

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 School District 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, 2014

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weaknesses identified?	_____ yes __X__ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes ____ none reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	_____ yes __X__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.027 and 84.173	Title VIB - Special Education Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$365,142
Auditee qualified as low-risk auditee?	_____ yes __X__ no

SECTION II
FINANCIAL STATEMENT FINDINGS

2014-001 Expenditures/Expenses and Related Liabilities

Criteria: Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows.

Condition: Internal controls were not sufficient to detect material misstatements in the reporting of the School District's expenditures/expenses and related liabilities.

Context/Cause: During our testing of expenditures and related liabilities in the SPLOST IV Capital Projects Fund, audit adjustments were required to correct current year capital outlay expenditures as of June 30, 2014.

- An adjustment was required to reduce current year expenditures which were accrued as part of the audit adjustments during the fiscal year ended June 30, 2013. The adjustment of approximately $308,000 was made to reduce the current year expenditures and opening fund balance to correct the period in which the expenditure was recognized.
- An adjustment of approximately $262,000 was required to reduce the current year expenditures and related liabilities for a project's retainage payable balance which was incorrectly accrued twice. Along with this entry, an adjustment was made to the School District's capital assets, as the overstated expenditures caused the additions to construction in progress to be overstated.

Effects: Audit adjustments totaling approximately $570,000 were needed to reduce the overstated current year expenditures and the related balance sheet accounts.

Recommendation: We recommend the School District carefully review all expenditures and related balance sheet accounts to ensure all necessary transactions are properly reported.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures/expenses and the related liabilities are properly recorded.

SECTION II
FINANCIAL STATEMENT FINDINGS

2014-002 Capital Assets

Criteria: Internal controls should be in place to ensure the subsidiary ledgers for the School District's governmental activities include all expenditures which are incurred to construct or purchase the asset, including ancillary charges which are directly attributable to the asset.

Condition: Material misstatements were detected in the reporting of the current year additions to the School District's governmental activities capital asset balance.

Context/Cause: During our testing, we noted the School District's year-end close out procedures did not properly capitalize school buses which were received during the fiscal year ended June 30, 2014.

Effects: An audit adjustment to the governmental activities capital asset balances totaling approximately $846,000 was needed to correctly capitalize school buses received by the School District.

Recommendation: We recommend the School District carefully review expenditures which are reported during the year as well as throughout the year-end close process to ensure the governmental activities properly capture all costs incurred as well as evaluate when ownership of the assets occur, in order to determine in which fiscal year the capital asset should be capitalized.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that all purchased assets are captured and reported in the governmental activities subsidiary ledgers.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2014-003 US Department of Education
Child Nutrition Cluster - CFDA #10.553 and 10.555
Paid Lunch Equity

Criteria: Grant requirements state an SFA participating in the NSLP is required to ensure that sufficient funds are provided to its nonprofit school food service accounts from lunches served to students not eligible for free or reduced price meals. A SFA currently charging less for a paid lunch than the difference between the Federal reimbursement rate for such a lunch and that for a free lunch is required to comply.

Condition: During testing of the paid lunch equity calculations prepared by the School District, we noted the School District was using incorrect data to complete the calculation. Internal controls were not sufficient to detect this error.

Context/Cause: During our testing of the District's compliance with the paid lunch equity requirement, we noted the School District completed the paid lunch equity calculation and increased the prices appropriately. However, the District used incorrect data to complete the calculation. While the School District did come to the correct answer, the lack of understanding and familiarity with the calculation caused the School District to improperly calculate the Paid Lunch Equity calculations.

Effects: The lack of internal controls could result in the paid lunch equity calculation reflecting an incorrect result which could cause the School District to not meet the requirement. However, during our testing we noted that the School District raised the prices of the paid lunches to the maximum level required by the USDA.

Questioned Costs: None noted.

Recommendation: We recommend the School District ensure that all reports and calculations are reviewed in sufficient detail to detect and correct errors prior to submission.

Views of Responsible Officials: We concur with the recommendation. Corrective action has already been taken to meet the paid lunch equity requirements.

TROUP COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

SECTION IV
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None reported.