

**TROUP COUNTY SCHOOL
DISTRICT, GEORGIA**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2017**

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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I. FINANCIAL SECTION



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, the discretely presented component unit, 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, 2017, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Troup County Board of Education, as of June 30, 2017, 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, the Schedule of Proportionate Share of Net Pension Liability – Teachers Retirement System of Georgia, the Schedule of Contributions – Teachers Retirement System of Georgia, and the Schedule of Proportionate Share of Net Pension Liability – Public School Employee Retirement System of Georgia, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 approved special purpose local option sales tax projects, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, 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 approved special purpose local option sales tax projects 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 February 5, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Troup County Board of Education's 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
February 5, 2018

TROUP COUNTY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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 and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2017 by \$89.4 million.
- The School District's total net position increased by \$8.4 million (10.3%) during the current fiscal year. The Governmental Activities' increase was \$9.2 million (11.4%) and the Business-type Activities' decrease was (98.2%) or \$0.8 million. 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 activities decreased as a result of decreased grant revenues and increasing operating costs.
- Governmental activities general revenues accounted for \$54.6 million or 41.8% 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 \$76.1 million or 68.2% of total Governmental Activities' revenues of \$121.4 million.
- The School District had \$121.4 million of expenses related to Governmental Activities; only \$76.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues totaling \$54.6 million were able to more than cover the balance of expenses. General revenues were primarily derived from Property Taxes of \$42.8 million and Special Local Option Sales Taxes of \$10.9 million.
- Among the major funds, the General Fund had \$105.4 million in revenues and \$103.2 million in expenditures. The General Fund's fund balance increased by \$1.3 million to \$25.0 million which represents 24.2% of total General Fund expenditures.
- Total net position for Business-type activities of \$14,796 decreased by \$790,131. Ending net position of business-type activities represent approximately 0.18% of operating expenses.
- The School District's total long-term liabilities and obligations increased by \$26.0 million during the fiscal year 2017.

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 2017?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows and inflows of resources, 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 the net position. 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 15. 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 fiscal 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 15 through 19.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the School District’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. These funds generally include school clubs and organizations within the principal’s accounts. Fiduciary fund statements may be viewed on pages 23 and 24.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements may be viewed on pages 25 through 55.

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 2017 compared to 2016:

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

	Governmental Activities		Business-type Activities		Total Net Position		Total % Change 2016-17
	2016	2017	2016	2017	2016	2017	
Current and Other Assets	\$ 48.4	\$ 48.0	\$ 1.8	\$ 0.6	\$ 50.2	\$ 48.6	-3.2%
Capital Assets	142.4	151.8	0.6	1.2	143.0	153.0	7.0%
Total Assets	<u>190.8</u>	<u>199.8</u>	<u>2.4</u>	<u>1.8</u>	<u>193.2</u>	<u>201.6</u>	<u>4.3%</u>
Deferred Outflow of Resources	<u>8.4</u>	<u>27.1</u>	<u>0.1</u>	<u>0.3</u>	<u>8.5</u>	<u>27.4</u>	<u>222.4%</u>
Other Liabilities	19.0	18.4	0.5	0.6	19.5	19.0	-2.6%
Long Term Liabilities	84.6	110.3	1.1	1.4	85.7	111.7	30.3%
Total Liabilities	<u>103.6</u>	<u>128.7</u>	<u>1.6</u>	<u>2.0</u>	<u>105.2</u>	<u>130.7</u>	<u>24.2%</u>
Deferred Inflow of Resources	<u>15.4</u>	<u>8.9</u>	<u>0.1</u>	<u>0.1</u>	<u>15.5</u>	<u>9.0</u>	<u>-41.9%</u>
Net Position:							
Net Investment in Capital Assets	142.2	148.5	0.6	0.9	142.8	149.4	4.6%
Restricted	0.1	6.8	0.1	-	0.2	6.8	3300.0%
Unrestricted (deficit)	<u>(62.1)</u>	<u>(66.0)</u>	<u>0.1</u>	<u>(0.9)</u>	<u>(62.0)</u>	<u>(66.9)</u>	<u>7.9%</u>
Total Net Position	<u>\$ 80.2</u>	<u>\$ 89.3</u>	<u>\$ 0.8</u>	<u>\$ -</u>	<u>\$ 81.0</u>	<u>\$ 89.3</u>	<u>10.2%</u>

Total net position increased \$8.3 million. Cash, investments and accounts receivable decreased \$1.6 million due to cash management practices and collection rates for taxes. Capital Assets increased by \$10.0 million due to several new large construction projects beginning in fiscal year 2017, less the annual depreciation. The increases were related to SPLOST IV construction activities of which some are still in construction in progress. The overall long-term liabilities increased based on increases to the School District’s share of the Teachers Retirement System Net Pension Liability.

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Change in Net Position</u>		<u>Total % Change</u>
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016-17</u>
Revenues							
Program Revenues							
Charges for Services	\$ 3.9	\$ 3.8	\$ 1.6	\$ 0.7	\$ 5.5	\$ 4.5	-18.2%
Federal Grants	8.0	7.2	5.7	5.8	13.7	13.0	-5.1%
State Grants/Entitlements	61.0	65.0	-	-	61.0	65.0	6.6%
General Revenues							
Property Taxes	42.3	42.8	-	-	42.3	42.8	1.2%
Sales Taxes	10.7	10.9	-	-	10.7	10.9	1.9%
State Aid/Formula Grants	0.4	0.4	-	-	0.4	0.4	0.0%
Other	0.2	1.3	-	-	0.2	1.3	550.0%
Total Revenues	126.5	131.4	7.3	6.5	133.8	137.9	3.1%
Expenses							
Instruction	71.9	74.2	-	-	71.9	74.2	3.2%
Pupil Support Services	7.7	8.5	-	-	7.7	8.5	10.4%
Improvement of Instructional Services	4.6	4.8	-	-	4.6	4.8	4.3%
Educational Media	2.3	2.5	-	-	2.3	2.5	8.7%
General Administration	1.5	2.1	-	-	1.5	2.1	40.0%
School Administration	6.7	8.0	-	-	6.7	8.0	19.4%
Business Administration	1.1	1.0	-	-	1.1	1.0	-9.1%
Maintenance/Operation of Facilities	9.8	10.3	-	-	9.8	10.3	5.1%
Student Transportation Services	7.1	8.6	-	-	7.1	8.6	21.1%
Central Support Services	0.7	0.8	-	-	0.7	0.8	14.3%
Other Support Services	0.4	0.5	-	-	0.4	0.5	25.0%
Business-type Activities	-	-	7.7	8.1	7.7	8.1	5.2%
Community Services	0.1	0.1	-	-	0.1	0.1	0.0%
Interest on Long-term Debt	0.5	-	-	-	0.5	-	-100.0%
Total Expenses	114.4	121.4	7.7	8.1	122.1	129.5	6.1%
Transfers	-	(0.8)	-	0.8	-	-	0.0%
Change in Net Position	12.1	9.2	(0.4)	(0.8)	11.7	8.4	-28.2%
Beginning Net Position	68.1	80.2	1.2	0.8	69.3	81.0	16.9%
Ending Net Position	\$ 80.2	\$ 89.4	\$ 0.8	\$ -	\$ 81.0	\$ 89.4	10.4%

Governmental Activities

Revenues for governmental activities increased by 3.8%, while expenses increased by 6.1%. Program revenues increased by 4.3%, mainly due to increases in State Grants/Entitlements of \$4.0 million. Federal Grant decreases were primarily related to decreases in funding from the federal government. Increases in State Grants resulted from increases in QBE funding and Equalization and Pre-K lottery funds from continuing state budget funding. General Revenues increased by 3.4% mainly due to increases in Property Taxes of \$0.5 million and an increase in collections of sales taxes. Property tax increases resulted from a market of appraisal values that has remained economical. Expenses increased by \$7.0 million as a result of budget enhancements and continued savings through consolidated campuses from previous years which annually saves overhead expenses.

The State of Georgia continued austerity reductions related to the QBE formula for the 2017 fiscal year in the amount of \$1.1 million. Austerity reductions have totaled over \$70.4 million since their inception in fiscal year 2003 versus the normal QBE funding level. The original fiscal year 2017 budget contained mandated step increases of \$1.0 million and salary increases of \$500 thousand. The reductions in revenues and mandated personnel expense increases were offset by continued savings from previous campus consolidations. Management continued to use its system-wide committee approach to develop recommendations for the 2017 budget to offset any funding deficits and to determine expense priorities. Some of the recommended budget actions for fiscal year 2017 operations were as follows:

- Increase Staff Development \$.4 million
- Increase Elementary School Instruction \$.4 million
- Increase Middle School Instruction \$.4 million
- Increase High School Instruction \$.6 million
- Increase Special Education Instruction \$.3 million
- Increase Maintenance Services \$.1 million

The District's millage rate for fiscal year 2017 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, an increase in residential appraisal value positively impacted the fiscal year 2017 property tax collections.

SPLOST IV sales tax collections of \$10.9 million were \$1.3 million (11.1%) lower than the projections for fiscal year 2017.

The dependence upon State Aid/Formula grants and local property taxes remains very apparent. State funding represents 49.5% of total governmental activities revenue and local property and sales taxes represent 40.9% of the total revenues of \$131.4 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 expense 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 49.5% in fiscal year 2017.

Instruction comprises 61.1% of governmental activities program expenses. Interest expense was 0.0%. Interest expense was eliminated by completing 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

<u>Expense Function</u>	<u>Governmental Activities</u>		<u>Percentage Change</u>	<u>Net Cost of Service</u>		<u>Total % Change</u>
	<u>2016</u>	<u>2017</u>	<u>2016-17</u>	<u>2016</u>	<u>2017</u>	<u>2016-17</u>
Expenses						
Instruction	\$ 71.9	\$ 74.2	3.2%	\$ 23.8	\$ 22.3	-6.3%
Pupil Support Services	7.7	8.5	10.4%	5.1	5.5	7.8%
Improvement of Instructional Services	4.6	4.8	4.3%	2.0	2.6	30.0%
Educational Media	2.3	2.5	8.7%	0.8	0.9	12.5%
General Administration	1.5	2.1	40.0%	(3.8)	0.1	-102.6%
School Administration	6.8	8.0	17.6%	6.2	4.7	-24.2%
Business Administration	1.0	1.0	0.0%	(2.9)	0.8	-127.6%
Maintenance/Operation of Facilities	9.8	10.3	5.1%	8.0	6.8	-15.0%
Student Transportation Services	7.1	8.6	21.1%	6.7	6.5	-3.0%
Central Support Services	0.7	0.8	14.3%	0.3	0.4	33.3%
Other Support Services	0.4	0.5	25.0%	(5.3)	(5.3)	0.0%
Community Services	0.1	0.1	0.0%	0.1	0.1	0.0%
Interest on Long-term Debt	0.5	-	-100.0%	0.5	-	-100.0%
Total Expenses	<u>\$ 114.4</u>	<u>\$ 121.4</u>	<u>6.1%</u>	<u>\$ 41.5</u>	<u>\$ 45.4</u>	<u>9.4%</u>

The total cost of services for governmental activities increased by \$7.0 million in fiscal year 2017. Expenses increased due to the reasons discussed previously under Table 2. The net cost of services increased by \$3.9 million mainly due to increased state funding.

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 \$6.5 million and expenses of \$8.1 million. Net Position decreased \$0.8 million, ending at \$14,796 or 0.18% 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 15. All governmental funds had total revenues of \$128.9 million and expenditures of \$130.4 million. The overall decrease in the fund balance, after transfers, was \$2.4 million. This was a result of the General Fund's fund balance increasing by \$1.3 million, SPLOST IV Capital Projects Fund's fund balance decreasing by \$3.6 million, and Other Governmental Funds' fund balance decreasing by \$166 thousand. General Fund changes resulted from higher federal and state revenues and enhanced by other expenditure reductions. SPLOST IV Capital Outlay Fund decreased as this was the fifth 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 2017, 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 \$422 thousand. Expenditure increases reflect changes associated with the state funding changes.

Actual revenue for the General Fund was \$105.4 million or \$3.2 million over the final amended budget due to greater than anticipated local revenues.

Actual expenditures for the General Fund were \$103.2 million or \$360 thousand lower than the amended budget. All expenditure categories except instruction and transportation 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 \$1.3 million from fiscal year 2016. This resulted in an ending fund balance of \$25.0 million or 24.2% of total expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District had \$152.0 million (net of accumulated depreciation) invested in land, land improvements, buildings, machinery/equipment, and vehicles at the end of fiscal year 2017 for Governmental Activities.

Table 4 shows fiscal 2017 balances compared to 2016:

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

	Governmental Activities		Business-Type Activities		Total Capital Assets		Total % Change
	2016	2017	2016	2017	2016	2017	2016-17
Land	\$ 2.9	\$ 4.5	\$ -	\$ -	\$ 2.9	\$ 4.5	55.2%
Construction in Progress	0.3	10.8	-	-	0.3	10.8	3500.0%
Land Improvements	2.5	2.9	-	-	2.5	2.9	16.0%
Buildings	126.7	124.2	-	-	126.7	124.2	-2.0%
Machinery & Equipment	6.7	6.2	0.6	1.2	7.3	7.4	1.4%
Vehicles	3.2	3.3	-	-	3.2	3.3	3.1%
Total	\$ 142.3	\$ 151.9	\$ 0.6	\$ 1.2	\$ 142.9	\$ 153.1	7.1%

The increase in capital assets occurred due to ongoing construction of items and the continued depreciation of existing assets. SPLOST IV construction projects have been completed based upon current estimated collections.

Debt Administration

The School District had \$0 in bonds outstanding at June 30, 2016 and 2017.

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 net position in Governmental Activities from \$80.2 million to \$90.2 million. The overall increase in net position of \$8.3 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 outlook for increased state funding for K-12 education and the continued escalation of mandated employee benefit expenses 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 2017 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 an increase in property values and it increased at a higher 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.

State QBE funds and state formula grants increased by \$4.0 million in the fiscal year 2017 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 \$71.5 million with an additional \$1.1 million planned for fiscal year 2018.

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 2018 budget plan is using \$3,300,000 in reserves of the General Fund to balance the budget. The remaining General Fund unassigned reserve of \$21.8 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 2019. 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 various regulatory agencies 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 K. Jones, Chief Financial Officer, at Troup County School District, 100 North Davis Road, LaGrange, Georgia 30241.

BASIC FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	TROUP COUNTY COLLEGE & CAREER ACADEMY, INC.
ASSETS				
Cash & Cash Equivalents	\$ 32,358,702	\$ -	\$ 32,358,702	\$ 1,909,458
Investments	500,000	-	500,000	-
Accounts Receivable	656,930	-	656,930	-
Taxes Receivable, Net Of Allowance	1,951,951	-	1,951,951	-
Due From Other Governments	12,969,240	52,499	13,021,739	-
Internal Balances	(522,319)	522,319	-	-
Inventory	9,610	-	9,610	-
Prepaid items	35,927	-	35,927	-
Capital Assets (Nondepreciable)	15,324,577	-	15,324,577	-
Capital Assets (Net Of Accumulated Depreciation)	136,556,771	1,235,865	137,792,636	-
Total Assets	<u>199,841,389</u>	<u>1,810,683</u>	<u>201,652,072</u>	<u>1,909,458</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension Related Items	<u>27,152,223</u>	<u>264,082</u>	<u>27,416,305</u>	<u>-</u>
Total Deferred Outflows Of Resources	<u>27,152,223</u>	<u>264,082</u>	<u>27,416,305</u>	<u>-</u>
LIABILITIES				
Accounts Payable	2,076,681	107,932	2,184,613	36,647
Salaries And Benefits Payable	12,972,247	461,871	13,434,118	-
Construction Contracts Payable	2,706,228	-	2,706,228	-
Retainage Payable	632,418	-	632,418	-
Unearned Revenue	-	31,511	31,511	-
Claims Payable	311,912	-	311,912	-
Net Pension Liability	110,001,653	1,069,875	111,071,528	-
Note Payable, Due Within One Year	-	102,104	102,104	-
Note Payable, Due In More Than One Year	-	200,000	200,000	-
Total Liabilities	<u>128,701,139</u>	<u>1,973,293</u>	<u>130,674,432</u>	<u>36,647</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension Related Items	<u>8,911,787</u>	<u>86,676</u>	<u>8,998,463</u>	<u>-</u>
Total Deferred Inflows Of Resources	<u>8,911,787</u>	<u>86,676</u>	<u>8,998,463</u>	<u>-</u>
NET POSITION				
Net Investment In Capital Assets	148,542,702	933,761	149,476,463	-
Restricted For :				
Operations of the College & Career Academy	-	-	-	108,998
Capital Projects	6,787,449	-	6,787,449	-
Grant Activities	42,205	-	42,205	-
Unrestricted (deficit)	<u>(65,991,670)</u>	<u>(918,965)</u>	<u>(66,910,635)</u>	<u>1,763,863</u>
Total Net Position	<u>\$ 89,380,686</u>	<u>\$ 14,796</u>	<u>\$ 89,395,482</u>	<u>\$ 1,872,861</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES					NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION			COMPONENT UNIT
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT		TROUP COUNTY COLLEGE & CAREER ACADEMY, INC.	
						GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES		
Governmental Activities:									
Instruction	\$ 74,177,529	\$ 1,247,030	\$ 50,737,191	\$ -	\$ (22,193,308)	\$ -	\$ (22,193,308)	\$ -	
Pupil Support Services	8,505,704	2,531,556	462,322	-	(5,511,826)	-	(5,511,826)	-	
Improvement Of Instructional Services	4,849,636	-	2,242,819	-	(2,606,817)	-	(2,606,817)	-	
Educational Media	2,502,790	-	1,584,272	-	(918,518)	-	(918,518)	-	
Federal Grant Administration	181,624	-	181,624	-	-	-	-	-	
General Administration	1,905,302	-	1,779,043	-	(126,259)	-	(126,259)	-	
School Administration	7,939,534	-	3,255,405	-	(4,684,129)	-	(4,684,129)	-	
Business Administration	1,043,839	-	250,777	-	(793,062)	-	(793,062)	-	
Maintenance And Operation Of Facilities	10,378,194	17,500	3,561,400	-	(6,799,294)	-	(6,799,294)	-	
Student Transportation Services	8,600,710	11,775	1,654,320	386,100	(6,548,515)	-	(6,548,515)	-	
Central Support Services	799,351	-	391,087	-	(408,264)	-	(408,264)	-	
Other Support Services	463,596	-	5,758,369	-	5,294,773	-	5,294,773	-	
Community Services	25,000	-	-	-	(25,000)	-	(25,000)	-	
School Nutrition	76,868	-	-	-	(76,868)	-	(76,868)	-	
Total Governmental Activities	121,449,677	3,807,861	71,858,629	386,100	(45,397,087)	-	(45,397,087)	-	
Business-Type Activities:									
Food Service	7,729,742	645,014	5,758,370	-	-	(1,326,358)	(1,326,358)	-	
After School Programs	383,900	83,623	-	-	-	(300,277)	(300,277)	-	
Total Business-Type Activities	8,113,642	728,637	5,758,370	-	-	(1,626,635)	(1,626,635)	-	
Total Primary Government	\$ 129,563,319	\$ 4,536,498	\$ 77,616,999	\$ 386,100	(45,397,087)	(1,626,635)	(47,023,722)	-	
Component Unit:									
Troup County College & Career Academy, Inc.	\$ 1,889,363	\$ -	\$ 933,288	\$ -	\$ -	\$ -	\$ -	(956,075)	
Total Component Unit	\$ 1,889,363	\$ -	\$ 933,288	\$ -	\$ -	\$ -	\$ -	(956,075)	
General Revenues:									
Taxes:									
Property Taxes, Levied For General Purposes					42,830,604		42,830,604		
Sales Taxes					10,918,192		10,918,192		
State Aid-Formula Grants					385,434		385,434		
Unrestricted Investment Earnings					198,332		198,332	240	
Miscellaneous					1,055,782		1,055,782		
Transfers					(836,504)	836,504	-		
Total General Revenues And Transfers					54,551,840	836,504	55,388,344	240	
Change In Net Position					9,154,753	(790,131)	8,364,622	(955,835)	
Net Position- Beginning					80,225,933	804,927	81,030,860	2,828,646	
Net Position- Ending					\$ 89,380,686	\$ 14,796	\$ 89,395,482	\$ 1,872,811	

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>GENERAL FUND</u>	<u>SPLOST IV CAPITAL PROJECTS FUND</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 28,376,170	\$ 2,770,665	\$ 1,094,812	\$ 32,241,647
Investments	-	-	500,000	500,000
Accounts Receivable	644,930	-	12,000	656,930
Taxes Receivable, Net Of Allowance	977,902	974,049	-	1,951,951
Due From Other Governments	8,201,526	3,357,929	1,409,785	12,969,240
Due From Other Funds	1,164,287	-	526,296	1,690,583
Inventory	9,610	-	-	9,610
Prepaid Items	35,927	-	-	35,927
	<u>\$ 39,410,352</u>	<u>\$ 7,102,643</u>	<u>\$ 3,542,893</u>	<u>\$ 50,055,888</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,081,818	\$ 284,627	\$ 710,236	\$ 2,076,681
Construction Contracts Payable	-	2,706,228	-	2,706,228
Retainage Payable	-	632,418	-	632,418
Salaries And Benefits Payable	11,899,305	-	1,072,942	12,972,247
Due To Other Funds	1,402,729	30,567	974,463	2,407,759
	<u>14,383,852</u>	<u>3,653,840</u>	<u>2,757,641</u>	<u>20,795,333</u>
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenue - Property Taxes	59,379	-	-	59,379
Unavailable Revenue - Intergovernmental Revenue	-	2,414,088	-	2,414,088
	<u>59,379</u>	<u>2,414,088</u>	<u>-</u>	<u>2,473,467</u>
FUND BALANCES:				
Nonspendable:				
Prepaid items	35,927	-	-	35,927
Inventory	9,610	-	-	9,610
Restricted For:				
Grant Activities	-	-	42,205	42,205
Capital Projects	-	1,034,715	-	1,034,715
Committed For Principal Discretion	-	-	743,047	743,047
Assigned For Appropriation Of Next Year's Budget	3,300,000	-	-	3,300,000
Unassigned	21,621,584	-	-	21,621,584
	<u>24,967,121</u>	<u>1,034,715</u>	<u>785,252</u>	<u>26,787,088</u>
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	<u>\$ 39,410,352</u>	<u>\$ 7,102,643</u>	<u>\$ 3,542,893</u>	<u>\$ 50,055,888</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

TOTAL FUND BALANCES--GOVERNMENTAL FUNDS	\$	26,787,088
Amounts Reported For Governmental Activities In The Statement Of Net Position Are Different Because:		
Capital Assets Used In Governmental Activities Are Not Current Financial Resources And, Therefore, Are Not Reported As Assets In Governmental Funds.		
Cost	\$	241,935,300
Less Accumulated Depreciation		<u>(90,053,952)</u>
		151,881,348
Revenues In The Statement Of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenue In The Funds.		
Property Taxes	\$	59,379
Intergovernmental Revenue		<u>2,414,088</u>
		2,473,467
The Net Pension Liability Is Not A Financial Liability In Governmental Fund Activities And Is Therefore Not Reported In Governmental Funds		
Net Pension Liability	\$	(110,001,653)
Pension Related Deferred Outflows Of Resources		27,152,223
Pension Related Deferred Inflows Of Resources		<u>(8,911,787)</u>
		<u>(91,761,217)</u>
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES	\$	<u>89,380,686</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	GENERAL FUND	SPLOST IV CAPITAL PROJECTS FUND	NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Property Taxes	\$ 42,813,214	\$ -	\$ -	\$ 42,813,214
Sales Taxes	-	10,918,192	-	10,918,192
Fees And Charges	655,451	-	2,531,556	3,187,007
State Aid	59,860,621	943,841	2,110,684	62,915,146
Federal Aid	593,075	-	6,785,557	7,378,632
Earnings On Investments	166,991	23,115	8,226	198,332
Miscellaneous	1,285,571	-	155,645	1,441,216
Total Revenues	<u>105,374,923</u>	<u>11,885,148</u>	<u>11,591,668</u>	<u>128,851,739</u>
EXPENDITURES				
Current:				
Instruction	63,314,072	-	6,141,110	69,455,182
Pupil Support Services	6,594,856	-	1,886,456	8,481,312
Improvement Of Instructional Services	3,094,488	-	1,743,830	4,838,318
Educational Media	1,929,078	-	10,579	1,939,657
Federal Grant Administration	-	-	181,624	181,624
General Administration	1,168,660	-	733,204	1,901,864
School Administration	7,491,225	-	423,594	7,914,819
Business Administration	1,041,540	-	-	1,041,540
Maintenance And Operation Of Facilities	9,859,771	-	512	9,860,283
Student Transportation Services	7,777,063	-	212,278	7,989,341
Central Support Services	795,541	-	-	795,541
Other Support Services	44,638	-	418,958	463,596
Community Services	25,000	-	-	25,000
School Nutrition	76,868	-	-	76,868
Capital Outlay	-	15,479,740	-	15,479,740
Total Expenditures	<u>103,212,800</u>	<u>15,479,740</u>	<u>11,752,145</u>	<u>130,444,685</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>2,162,123</u>	<u>(3,594,592)</u>	<u>(160,477)</u>	<u>(1,592,946)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	5,311	-	-	5,311
Transfers Out	(836,504)	-	(5,311)	(841,815)
Total Other Financing Sources (Uses)	<u>(831,193)</u>	<u>-</u>	<u>(5,311)</u>	<u>(836,504)</u>
Net Change In Fund Balances	1,330,930	(3,594,592)	(165,788)	(2,429,450)
Fund Balances, Beginning Of Year	23,636,191	4,629,307	951,040	29,216,538
Fund Balances, End Of Year	<u>\$ 24,967,121</u>	<u>\$ 1,034,715</u>	<u>\$ 785,252</u>	<u>\$ 26,787,088</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TOTAL NET CHANGE IN FUND BALANCES--GOVERNMENTAL FUNDS \$ (2,429,450)

Amounts Reported For Governmental Activities In The Statement Of Activities
Are Different Because:

Governmental Funds Report Capital Outlays As Expenditures. However,
In The Statement Of Activities, The Cost Of Those Assets Is Allocated Over Their
Estimated Useful Lives And Reported As Depreciation Expense. In The Current
Period, These Amounts Are:

Capital Outlays	\$ 15,615,902	
Depreciation Expense	<u>(6,132,267)</u>	9,483,635

Revenues In The Statement Of Activities That Do Not Provide Current Financial
Resources Are Not Reported As Revenue In The Funds.

Property Taxes	\$ 17,390	
Intergovernmental Revenue	<u>2,414,088</u>	2,431,478

In The Governmental Funds, Current Year Expenditures Related To Pensions Are
Comprised Solely Of Amounts Contributed To The Plan For The Current Year.
However, In The Statement Of Activities, Expenses Related To Pensions Include
Amounts That Do Not Require The Use Of Current Financial Resources. This
Amount Represents The Difference In The Required Accounting Treatment Of
Pensions And Related Items.

(330,910)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 9,154,753

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS) - GENERAL FUND
FOR FISCAL YEAR ENDED JUNE 30, 2017

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
State Funds	\$ 58,552,761	\$ 59,423,266	\$ 59,860,621	\$ 437,355
Federal Funds	470,000	-	593,075	593,075
Local And Other Funds	42,745,494	42,767,351	44,921,227	2,153,876
Total Revenues	101,768,255	102,190,617	105,374,923	3,184,306
EXPENDITURES				
Current				
Instruction	63,117,985	63,156,748	63,314,072	(157,324)
Pupil Support Services	6,665,574	6,670,574	6,594,856	75,718
Improvement Of Instructional Services	3,117,956	3,315,703	3,094,488	221,215
Educational Media	1,935,516	1,935,516	1,929,078	6,438
General Administration	1,483,046	1,294,900	1,168,660	126,240
School Administration	7,516,199	7,523,399	7,491,225	32,174
Business Administration	1,202,811	1,210,880	1,041,540	169,340
Maintenance And Operation Of Facilities	9,808,766	9,926,077	9,859,771	66,306
Student Transportation Services	7,358,893	7,507,827	7,777,063	(269,236)
Central Support Services	875,371	884,987	795,541	89,446
Community Service	25,000	25,000	25,000	-
School Nutrition	-	76,868	76,868	-
Other Support Services	43,638	44,638	44,638	-
Total Expenditures	103,150,755	103,573,117	103,212,800	360,317
Excess (Deficiency) Of Revenues Over Expenditures	(1,382,500)	(1,382,500)	2,162,123	3,544,623
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	5,311	5,311
Transfers Out	(367,500)	(367,500)	(836,504)	(469,004)
Total Other Financing Sources (Uses)	(367,500)	(367,500)	(831,193)	(463,693)
NET CHANGE IN FUND BALANCE	(1,750,000)	(1,750,000)	1,330,930	3,080,930
FUND BALANCE, BEGINNING OF YEAR	23,636,191	23,636,191	23,636,191	-
FUND BALANCE, END OF YEAR	\$ 21,886,191	\$ 21,886,191	\$ 24,967,121	\$ 3,080,930

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	ENTERPRISE FUND			ACTIVITIES
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUND - WORKERS' COMPENSATION GOVERNMENTAL
ASSETS AND OTHER DEBITS				
Current Assets				
Cash	\$ -	\$ -	\$ -	\$ 117,055
Due From Other Funds	681,576	231,978	913,554	194,857
Due From Other Governments	52,499	-	52,499	-
Total Current Assets	<u>734,075</u>	<u>231,978</u>	<u>966,053</u>	<u>311,912</u>
Noncurrent Assets				
Machinery/Equipment	2,755,287	-	2,755,287	-
Less Accumulated Depreciation	(1,519,422)	-	(1,519,422)	-
Total Noncurrent Assets	<u>1,235,865</u>	<u>-</u>	<u>1,235,865</u>	<u>-</u>
Total Assets	<u>1,969,940</u>	<u>231,978</u>	<u>2,201,918</u>	<u>311,912</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension Related Items	<u>264,082</u>	<u>-</u>	<u>264,082</u>	<u>-</u>
Total deferred outflows of resources	<u>264,082</u>	<u>-</u>	<u>264,082</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	107,932	-	107,932	-
Claims Payable	-	-	-	311,912
Salaries And Benefits Payable	461,871	-	461,871	-
Due To Other Funds	159,257	231,978	391,235	-
Unearned Revenue	31,511	-	31,511	-
Note payable	102,104	-	102,104	-
Total Current Liabilities	<u>862,675</u>	<u>231,978</u>	<u>1,094,653</u>	<u>311,912</u>
Long-Term Liabilities				
Note Payable	200,000	-	200,000	-
Net Pension Liability	1,069,875	-	1,069,875	-
Total Long-Term Liabilities	<u>1,269,875</u>	<u>-</u>	<u>1,269,875</u>	<u>-</u>
Total Liabilities	<u>2,132,550</u>	<u>231,978</u>	<u>2,364,528</u>	<u>311,912</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension Related Items	<u>86,676</u>	<u>-</u>	<u>86,676</u>	<u>-</u>
Total Deferred Outflows Of Resources	<u>86,676</u>	<u>-</u>	<u>86,676</u>	<u>-</u>
NET POSITION				
Net Investment In Capital Assets	933,761	-	933,761	-
Unrestricted (Deficit)	(918,965)	-	(918,965)	-
Total Net Position	<u>\$ 14,796</u>	<u>\$ -</u>	<u>\$ 14,796</u>	<u>\$ -</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	ENTERPRISE FUND			ACTIVITIES
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUND - WORKERS' COMPENSATION GOVERNMENTAL
OPERATING REVENUES				
Food Service Charges	\$ 645,014	\$ -	\$ 645,014	\$ -
After School Programs Charges	-	83,623	83,623	-
Charges To Other Funds	-	-	-	377,273
Total Operating Revenues	<u>645,014</u>	<u>83,623</u>	<u>728,637</u>	<u>377,273</u>
OPERATING EXPENSES				
Current:				
Payroll Cost	4,020,970	36,497	4,057,467	-
Professional And Contract Services	697,115	290,116	987,231	-
Supplies And Materials	2,925,713	57,287	2,983,000	-
Depreciation	85,944	-	85,944	-
Claims Expenses	-	-	-	377,273
Total Operating Costs	<u>7,729,742</u>	<u>383,900</u>	<u>8,113,642</u>	<u>377,273</u>
Operating Loss	<u>(7,084,728)</u>	<u>(300,277)</u>	<u>(7,385,005)</u>	<u>-</u>
Nonoperating Revenues:				
State Matching And Other	152,137	-	152,137	-
Grants-Child Nutrition Program	5,606,233	-	5,606,233	-
Total Nonoperating Revenue	<u>5,758,370</u>	<u>-</u>	<u>5,758,370</u>	<u>-</u>
Income Before Transfers	(1,326,358)	(300,277)	(1,626,635)	-
Transfers in	<u>681,576</u>	<u>154,928</u>	<u>836,504</u>	<u>-</u>
Change In Net Position	(644,782)	(145,349)	(790,131)	-
Total Net Position, Beginning Of Year	<u>659,578</u>	<u>145,349</u>	<u>804,927</u>	<u>-</u>
Total Net Position, End Of Year	<u>\$ 14,796</u>	<u>\$ -</u>	<u>\$ 14,796</u>	<u>\$ -</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	ENTERPRISE FUND			INTERNAL
	SCHOOL NUTRITION PROGRAM	NON-MAJOR ACE PROGRAM	TOTAL ENTERPRISE FUNDS	SERVICE FUND - WORKERS' COMPENSATION GOVERNMENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Received From User Charges	\$ 592,594	\$ 83,623	\$ 676,217	\$ -
Received From Charges To Other Funds	-	-	-	266,005
Payments To Employees For Services	(3,856,511)	(36,497)	(3,893,008)	-
Payments For Self-Insured Claims	-	-	-	(224,424)
Payments To Suppliers For Goods/Services	(3,848,539)	(348,289)	(4,196,828)	-
Net Cash Provided By (Used In) Operating Activities	(7,112,456)	(301,163)	(7,413,619)	41,581
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Nonoperating Grants Received	5,758,370	-	5,758,370	-
Purchase of Capital Assets	(711,453)	-	(711,453)	-
Principal Payments	(97,424)	-	(97,424)	-
Net Cash Provided By Noncapital Financing	4,949,493	-	4,949,493	-
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	-	154,928	154,928	-
Net Increase (Decrease) In Cash/Cash Equivalents	(2,162,963)	(146,235)	(2,309,198)	41,581
Cash/Cash Equivalents July 1, 2016	2,162,963	146,235	2,309,198	75,474
Cash/Cash Equivalents June 30, 2017	\$ -	\$ -	\$ -	\$ 117,055
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating Loss	\$ (7,084,728)	\$ (300,277)	\$ (7,385,005)	\$ -
Adjustments To Reconcile Operating Loss To Net Cash Used In Operating Activities:				
Depreciation	85,944	-	85,944	-
Changes In Assets And Liabilities:				
Increase In Due From Other Funds	-	(231,978)	(231,978)	(111,268)
Increase In Due From Other Governments	(52,499)	-	(52,499)	-
Increase In Pension Related Deferred Outflows Of Resources	(192,322)	-	(192,322)	-
Increase (Decrease) In Accounts Payable	97,169	(886)	96,283	-
Increase In Salaries And Benefits Payable	48,842	-	48,842	-
Increase In Unearned Revenue	79	-	79	-
Increase In Claims Payable	-	-	-	152,849
Increase (Decrease) In Due To Other Funds	(322,880)	231,978	(90,902)	-
Decrease In Pension Related Deferred Inflows Of Resources	(44,322)	-	(44,322)	-
Increase In Net Pension Liability	352,261	-	352,261	-
Net Cash Provided By (Used In) Operating Activities	\$ (7,112,456)	\$ (301,163)	\$ (7,413,619)	\$ 41,581

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	PRIVATE-PURPOSE TRUST	AGENCY FUNDS
ASSETS		
Cash	\$ 5,436	\$ 4,855,354
Investments	13,054	-
	<u>\$ 18,490</u>	<u>\$ 4,855,354</u>
Total Assets	<u>\$ 18,490</u>	<u>\$ 4,855,354</u>
LIABILITIES		
Due To Student Groups	\$ -	\$ 292,842
Due To Others	-	4,562,512
	<u>-</u>	<u>\$ 4,855,354</u>
Total Liabilities	<u>-</u>	<u>\$ 4,855,354</u>
NET POSITION		
Restricted For Scholarships	18,490	
	<u>18,490</u>	
Total Liabilities and Net Position	<u>\$ 18,490</u>	

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	PRIVATE-PURPOSE TRUST
ADDITIONS	
Contributions	\$ 5,000
Total Additions	5,000
DEDUCTIONS	
Scholarships Awarded	-
Total Deductions	-
Change In Net Position	5,000
Net Position, Beginning Of Year	13,490
Net Position, End Of Year	\$ 18,490

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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.

The **Troup County College & Career Academy, Inc.** ("TCCCA") is a local non-profit entity which was created in order to work with the local businesses and colleges to obtain donations, scholarships, and other contributions to help provide additional funding for the District's College & Career Academy. The TCCCA is included as a component unit as it was created as a local non-profit, tax exempt entity, whereby the resources of the TCCCA are entirely for the benefit of the School District. The financial statements for the Troup County College & Career Academy, Inc. can be obtained from 1302 Orchard Hill Road, LaGrange, Georgia 30240.

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 charged 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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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 - This fund account for Workers’ Compensation account services provided to other governmental funds on a cost reimbursement basis. This fund is 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:

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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, 2017, 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, and 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 acquisition value. 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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land Improvements	20
Machinery/Equipment	3 - 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 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 expensed in the year of issuance.

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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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, deferred inflows of resources, 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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Fund Equity/Net Position (Continued)

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

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

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

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

- Committed
- Assigned
- Unassigned

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

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Pensions (Continued)

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. 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, deferred outflows of resources, deferred inflows of resources, 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.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District reports four (4) deferred outflows of resources related to the reporting of the net pension liability. The Governmental Activities report a deferred outflow of resources for the School District's actual contributions to the pension plan during the fiscal year ended June 30, 2017 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2018. The Governmental Activities reports a deferred outflow of resources for experience gains or losses related to the pension plan; and a deferred outflow of resources for the changes in actuarial assumptions which will be amortized over the remaining service period. The Governmental Activities reports a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension assets, which will be amortized over a five year period.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Deferred Outflows/Inflows of Resources (Continued)

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 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 intergovernmental revenues and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District also has two items that qualify for reporting in this category which occurs only in the governmental activities. The Governmental Activities reports a deferred inflow of resources for experience gains or losses related to the pension plan and a deferred inflow of resources for the difference between the School District's actual contributions towards the pension plan and the School District's proportionate share of contributions, as well as the change in the School District's proportionate share, which will be amortized over the remaining service period.

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 fiscal year-end.

The General Fund's Instruction function and Maintenance and Operation of Facilities function had an excess of actual expenditures over appropriations of approximately \$157,324 and \$269,236, respectively, for the fiscal year ended June 30, 2017.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS

CATEGORIZATION OF INVESTMENTS

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. 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 per share). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

The Georgia Extended Asset Pool (GEAP) is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price. Pool investors are required to maintain a minimum account balance of \$1,000,000 and a one (1) day notice is required for all transactions. Investments consist generally of securities issued or guaranteed as to principal and interest by the U.S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. Holdings in GEAP are reported as investments on the financial statements.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificate of Deposit	12 months	\$ 250,000
Certificate of Deposit	18 months	250,000
Certificate of Deposit	14 months	13,054
Georgia Extended Asset Pool	Effective duration - 0.09 years	23,780,054
Georgia Fund 1	WAM - 26 days	3,571,563
		<u>27,864,671</u>

INTEREST RATE RISK

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (Continued)

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

The Georgia Extended Asset Pool measured at the net asset value invests in U.S. Treasury bills, U.S. Treasury notes, securities issued by federal agencies and instrumentalities, bankers' acceptances, repurchase agreements with highly rated counterparties, and collateralized bank deposits.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the School District will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2017, the School District is insured or collateralized as defined by GASB pronouncements.

NOTE D - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds due from Georgia Department of Education as of June 30, 2017, for QBE salary accruals totaling \$8,047,109, Title I-A \$904,571, Federal Perkins Grants \$37,524, Pre-school Handicapped Grant \$43,608, Title VI-B \$284,712, Title II-A \$137,738, Education for Homeless Children and Youth Grant \$18,467, Title III-A \$26,773, GSFIC reimbursements \$3,357,929, and other miscellaneous grants for \$110,809.

NOTE E - TAXES RECEIVABLE

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met.

The property tax levy was fixed on July 19, 2016 based on property values assessed as of January 1, 2016. Taxes were payable on or before November 15, 2016. 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 fiscal year-end on the 2016 tax digest are reported as revenue in the governmental funds for fiscal year 2017. 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, 2017, for school operations were \$42,813,214. Property taxes became an enforceable lien on January 20, 2017. 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 2016 for the 2017 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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE E - TAXES RECEIVABLE (CONTINUED)

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, 2017 at the fund reporting level were \$10,918,192.

On June 30, 2017, the School District reported property tax receivables of \$977,902, net of allowance for uncollectibles. An allowance of \$60,817 has been established in the General Fund for taxes in dispute and estimated amounts that will not be collected. Sales tax receivables totaled \$974,049 from SPLOST IV June 2017 collections to be received in July 2017.

NOTE F - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Receivable</u>	<u>Amount</u>
General Fund	Non Major Enterprise Fund	\$ 231,978
	Non Major Governmental Funds	742,485
	SPLOST IV Capital Projects	30,567
	School Nutrition Program	159,257
		<u>\$ 1,164,287</u>
Non Major Governmental Funds	General Fund	<u>\$ 526,296</u>
School Nutrition Program	General Fund	<u>\$ 681,576</u>
Internal Service Funds	General Fund	<u>\$ 194,857</u>
Non Major Enterprise Fund	Non Major Governmental Funds	<u>\$ 231,978</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

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

Transfers were used to move unrestricted revenues from other funds to the general funds per budgetary authorization to cover that fund's portion of general expenses such as utilities, facilities usage, and insurance expenses.

Interfund transfers for the year ended June 30, 2017 were as follows:

Transfers In	Transfers Out	Amount
General Fund	Non Major Governmental Funds	\$ 5,311
School Nutrition Program	General Fund	\$ 681,576
Non Major Enterprise Fund	General Fund	154,928
		\$ 836,504

NOTE G - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

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

Office of the State Treasurer

Paid to the State System of Teacher's Retirement System for School Employees' Retirement (TRS)	\$ 74,628
Paid to the Public School Employees' Retirement System for Public School Employees' Retirement (PSERS)	270,079
Total Payments	\$ 344,707

NOTE H - NON-MONETARY TRANSACTIONS

The School District received from the United States Department of Agriculture through the Georgia Department of Education \$555,617 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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE I - CAPITAL ASSETS

The following tables provide the Capital Asset Activity for Governmental and Business-Type Activity, respectively, as of June 30, 2017:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,897,177	\$ 1,648,054	\$ -	\$ 4,545,231
Constructin in Progress	251,183	13,701,598	(3,173,435)	10,779,346
Total Capital Assets, Not Being Depreciated	<u>3,148,360</u>	<u>15,349,652</u>	<u>(3,173,435)</u>	<u>15,324,577</u>
Capital Assets, Being Depreciated				
Land Improvements	6,139,442	1,174,925	-	7,314,367
Buildings	185,476,003	444,037	-	185,920,040
Machinery & Equipment	15,299,719	1,127,740	-	16,427,459
Vehicles	16,394,613	692,983	(138,739)	16,948,857
Total Capital Assets, Being Depreciated	<u>223,309,777</u>	<u>3,439,685</u>	<u>(138,739)</u>	<u>226,610,723</u>
Less Accumulated Depreciation For:				
Land Improvements	(3,655,051)	(801,860)	-	(4,456,911)
Buildings	(58,692,839)	(2,957,530)	-	(61,650,369)
Machinery & Equipment	(8,560,400)	(1,742,204)	-	(10,302,604)
Vehicles	(13,152,134)	(630,673)	138,739	(13,644,068)
Total Accumulated Depreciation	<u>(84,060,424)</u>	<u>(6,132,267)</u>	<u>138,739</u>	<u>(90,053,952)</u>
Total Capital Assets, Being Depreciated, Net	<u>139,249,353</u>	<u>(2,692,582)</u>	<u>-</u>	<u>136,556,771</u>
Governmental Activities Capital Assets, Net	<u>\$ 142,397,713</u>	<u>\$ 12,657,070</u>	<u>\$ (3,173,435)</u>	<u>\$ 151,881,348</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 4,450,254
Educational media	555,147
Maintenance and operation of facilities	517,412
Student transportation services	609,454
Total Governmental Activities depreciation expense	<u>\$ 6,132,267</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE I - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Being Depreciated				
Machinery & Equipment	\$ 2,043,834	\$ 711,453	\$ -	\$ 2,755,287
Total Capital Assets, Being Depreciated	<u>2,043,834</u>	<u>711,453</u>	<u>-</u>	<u>2,755,287</u>
Less Accumulated Depreciation For:				
Machinery & Equipment	(1,433,478)	(85,944)	-	(1,519,422)
Total Accumulated Depreciation	<u>(1,433,478)</u>	<u>(85,944)</u>	<u>-</u>	<u>(1,519,422)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 610,356</u>	<u>\$ 625,509</u>	<u>\$ -</u>	<u>\$ 1,235,865</u>

Depreciation expense was charged to functions as follows:

School Nutrition Program	<u>\$ 85,944</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 85,944</u>

NOTE J - GENERAL LONG TERM DEBT

The following tables provide the detail as of June 30, 2017 for the School District's outstanding debt:

	Balance 6/30/2016	Additions	Payments	Balance 6/30/2017	Amounts Due Within One Year
Governmental Activities:					
Net Pension Liability	\$ 84,458,422	\$ 34,732,994	\$ 9,189,763	\$ 110,001,653	\$ -
Claims payable	170,427	500,534	359,049	311,912	-
Total Long-Term Debt	<u>\$ 84,628,849</u>	<u>\$ 35,233,528</u>	<u>\$ 9,548,812</u>	<u>\$ 110,313,565</u>	<u>\$ -</u>
Business-Type Activities:					
Note payable	\$ 399,528	-	\$ 97,424	\$ 302,104	\$ 102,104
Net Pension Liability	717,614	424,021	71,760	1,069,875	-
Total Long-Term Debt	<u>\$ 1,117,142</u>	<u>\$ 424,021</u>	<u>\$ 169,184</u>	<u>\$ 1,371,979</u>	<u>\$ 102,104</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE J - GENERAL LONG TERM DEBT (CONTINUED)

During the fiscal year ended June 30, 2016 the School District entered into a note payable arrangement for the financing of the acquisition of various lunchroom improvements throughout the District. The note provided \$500,000 of improvements to be made throughout the District. The note bears no interest and is payable in monthly installments which began July 1, 2015.

The School District's notes payable debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 102,104	\$ -	\$ 102,104
2019	100,000	-	100,000
2020	100,000	-	100,000
Total	<u>\$ 302,104</u>	<u>\$ -</u>	<u>\$ 302,104</u>

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:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims Accrual</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2017	\$ 159,063	\$ 511,898	\$ 359,049	\$ 311,912
2016	414,695	118,897	374,529	159,063

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE K - RISK MANAGEMENT (CONTINUED)

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:

<u>Fiscal Year</u>	<u>Beginning of Year Claims Liability</u>	<u>Current Year Claims</u>	<u>Claims Paid</u>	<u>End of Year Claims Liability</u>
2017	\$ 11,364	\$ -	\$ 11,364	\$ -
2016	3,656	26,621	18,913	11,364

NOTE L - RETIREMENT PLANS

General Information About The Teachers Retirement System of Georgia (“TRS”)

Plan Description

All teachers of the District as defined in §47-3-60 of the Official Code of Georgia Annotated (O.C.G.A.) and certain other support personnel as defined by §47-3-63 are provided a pension through the Teachers Retirement System of Georgia (TRS). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (TRS Board). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. TRS issues a publicly available financial report that can be obtained at www.trsga.com/publications.

Benefits Provided

TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee’s two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee 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. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee’s creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee’s beneficiary had the employee retired on the date of death. Death benefits are based on the employee’s creditable service and compensation up to the date of death.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Contributions

Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2017. The School District's contractually required contribution rate for the year ended June 30, 2017 was 14.27% of annual School District payroll. District contributions to TRS were \$8,831,812 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the District by the State of Georgia for certain public school support personnel. The amount recognized by the District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$	111,071,528
State of Georgia's proportionate share of the net pension liability associated with the District		1,175,767
Total	\$	112,247,295

The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2016. At June 30 2016, the District's proportion was 0.538369%, which was a decrease of 0.021116% from its proportion measured as of June 30, 2015.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75 – 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Postretirement mortality rates were based on the RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(0.50)%
Domestic large equities	39.80	9.00
Domestic mid equities	3.70	12.00
Domestic small equities	1.50	13.50
International developed market equities	19.40	8.00
International emerging market equities	5.60	12.00
Total	<u>100.00%</u>	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 172,884,203	\$ 111,071,528	\$ 60,178,978

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publically available at www.trsga.com/publications.

General Information About The Public School Employees' Retirement System of Georgia ("PSERS")

Plan Description

PSERS is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/formspubs/formspubs.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Benefits Provided

A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$14.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions

The general assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees.

Pension Liabilities and Pension Expense

At June 30, 2017, the District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the District is as follows:

State of Georgia's proportionate share of the Net Pension Liability associated with the District	\$ <u>2,027,587</u>
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The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2016.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Pension Liabilities and Pension Expense (Continued)

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$332,397 and revenue of \$332,397 for support provided by the State of Georgia.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

Postretirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE L - RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large stocks	37.20	9.00
Domestic mid stocks	3.40	12.00
Domestic small stocks	1.40	13.50
International developed market stocks	17.80	8.00
International emerging market stocks	5.20	12.00
Alternatives	5.00	11.00
Total	100.00%	

* Rates shown are net of the 2.75% assumed rate of inflation

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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 fiscal years ended June 30, 2017, 2016, and 2015 were \$136,961, \$116,860, and \$114,882, respectively.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE M - CONTINGENCIES

Grant Programs

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

Litigation

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

NOTE N - CONSTRUCTION COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the District as of June 30, 2017:

<u>Project</u>	
Long Cane Elementary HVAC Renovation	\$ 206,691
Callaway High HVAC Renovation	4,581,719
	<u>\$ 4,788,410</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2017

NOTE O - POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description

The Georgia School Personnel Postemployment Health Benefit Fund (School OPEB Fund) is a cost-sharing multiple-employer defined benefit postemployment 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). Additional information about the School OPEB Fund is disclosed in the *State of Georgia* Comprehensive Annual Financial Report. This report can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/CAFR.html.

Funding Policy

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

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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE O - POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (Continued)

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, 2017:

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

July 1, 2016 – June 30, 2017 \$945 per member per month

For non-certificated school personnel:

July 1, 2016 – December 31, 2016 \$746 per member per month

January 1, 2017 – June 30, 2017 \$846 per member per month

No additional contribution was required by the Board for fiscal year 2017 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 postemployment benefits and are subject to appropriation.

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:

<u>Fiscal Year</u>	<u>Percentage Contribution</u>	<u>Required</u>
2017	100%	\$ 14,541,393
2016	100%	12,937,226
2015	100%	12,154,405

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

NOTE P – CHANGE IN REPORTING ENTITY

The School District has elected to consolidate the accounting of six small local grant funds into one Local Grants Fund. The School District has combined the fund balance of the previously reported 6th Grade Mentoring Fund, the HS Robotics Fund, the Aquarium Fund, the Sewon America Scholarship Fund, the P&G Fund, the Bullying Fund, and the City of West Point Youth Fund into the new Local Grants Funds, effective for the fiscal year beginning July 1, 2016. The effect of this consolidation by the School District works as follows:

Nonmajor Governmental Funds:

Fund Balance, Local Grants Fund, previously reported	\$ -
Prior year fund balance of the 6th Grade Mentoring Fund	3,120
Prior year fund balance of the HS Robotics Fund	14,151
Prior year fund balance of the Sewon America Scholarship Fund	2,373
Prior year fund balance of the P&G Fund	7,226
Prior year fund balance of the Bullying Fund	7,313
Prior year fund balance of the City of West Point Youth Fund	23,591
Fund balance, Local Grants Fund, restated	\$ 57,774

II. REQUIRED SUPPLEMENTARY INFORMATION

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.538369%	0.559485%	0.590074%
District's proportionate share of the net pension liability	\$ 111,071,528	\$ 85,176,036	\$ 74,548,068
State of Georgia's proportionate share of the net pension liability associated with the District	<u>1,175,767</u>	<u>942,671</u>	<u>830,412</u>
Total	<u>\$ 112,247,295</u>	<u>\$ 86,118,707</u>	<u>\$ 75,378,480</u>
District's covered-employee payroll	\$ 59,053,630	\$ 59,717,080	\$ 60,199,226
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.09%	142.63%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	81.44%	84.03%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2017	2016	2015	2014
Contractually required contributions	\$ 8,831,812	\$ 8,426,953	\$ 7,852,796	\$ 7,392,465
Contributions in relation to the contractually required contributions	<u>8,831,812</u>	<u>8,426,953</u>	<u>7,852,796</u>	<u>7,392,465</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 61,890,764	\$ 59,053,630	\$ 59,717,080	\$ 60,199,226
Contributions as a percentage of covered-employee payroll	14.27%	14.27%	13.15%	12.28%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOLS EMPLOYEE RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the District	<u>2,027,587</u>	<u>1,303,841</u>	<u>1,114,262</u>
Total	<u>\$ 2,027,587</u>	<u>\$ 1,303,841</u>	<u>\$ 1,114,262</u>
District's covered-employee payroll	\$ 6,156,913	\$ 5,256,688	\$ 5,010,298
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.00%	87.00%	88.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Teachers Retirement System of Georgia:

Changes of assumptions : In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Method and assumptions used in calculations of actuarially determined contributions : The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2017 reported in that schedule:

Valuation date	June 30, 2014
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	3.75 – 7.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.5% semi-annually

Public Schools Employees Retirement System of Georgia:

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

III. OTHER SUPPLEMENTARY INFORMATION

**TROUP COUNTY SCHOOL DISTRICT, GEORGIA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	SPECIAL REVENUE FUNDS										TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TITLE I	IDEA V/B	FEDERAL VOCATIONAL EDUCATION	TITLE IIIA	TITLE IIIA	TITLE IIIA	EDUCATION OF HOMELESS YOUTH	PRINCIPAL ACCOUNTS	PREK	LOCAL GRANTS	
ASSETS											
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,090,439	\$ -	\$ 4,373	\$ 1,094,812
Investments	-	-	-	-	-	-	-	500,000	-	-	500,000
Accounts Receivable	-	284,712	-	-	-	-	-	-	-	12,000	12,000
Due From Other Governments	904,571	-	37,524	137,738	26,773	18,467	-	-	-	1,409,785	1,409,785
Due From Other Funds	-	127,970	-	-	-	-	-	-	-	42,192	42,192
Total Assets	\$ 904,571	\$ 412,682	\$ 37,524	\$ 137,738	\$ 26,773	\$ 18,467	\$ 1,590,439	\$ 356,134	\$ 58,565	\$ 3,542,893	
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ 54,358	\$ 25,443	\$ 8,983	\$ 4,212	\$ 5,095	\$ -	\$ 565,404	\$ 32,308	\$ 14,433	\$ 710,236	
Salaries And Benefits Payable	339,649	386,942	-	17,879	1,268	-	-	323,826	3,378	1,072,942	
Due To Other Funds	509,716	-	28,541	115,341	20,410	18,467	281,988	-	-	974,463	
Total Liabilities	\$ 903,723	\$ 412,385	\$ 37,524	\$ 137,432	\$ 26,773	\$ 18,467	\$ 847,392	\$ 356,134	\$ 17,811	\$ 2,757,641	
FUND BALANCES:											
Restricted for Grant Activities Committed for Principal Discretion	848	297	-	306	-	-	743,047	-	40,754	42,205	
Total Fund Balances	\$ 848	\$ 297	\$ -	\$ 306	\$ -	\$ -	\$ 743,047	\$ 40,754	\$ 40,754	\$ 785,252	
Total Liabilities And Fund Balances	\$ 904,571	\$ 412,682	\$ 37,524	\$ 137,738	\$ 26,773	\$ 18,467	\$ 1,590,439	\$ 356,134	\$ 58,565	\$ 3,542,893	

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SPECIAL REVENUE FUNDS									
TITLE I	IDEA VIB	FEDERAL VOCATIONAL EDUCATION	TITLE IIA	TITLE IIIA	EDUCATION OF HOMELESS YOUTH	PRINCIPAL ACCOUNTS	PREK	LOCAL GRANTS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES									
Fees And Charges	-	-	-	-	-	-	-	-	-
State Aid	-	-	-	-	-	-	-	-	-
Federal Aid	3,479,071	123,791	428,118	43,656	40,118	-	2,054,187	56,497	2,531,556
Interest On Investments	-	-	-	-	-	8,226	-	-	8,226
Miscellaneous	-	-	-	-	-	-	-	155,645	155,645
Total Revenues	3,479,071	123,791	428,118	43,656	40,118	2,539,782	2,054,187	212,142	11,591,668
EXPENDITURES									
Instruction	1,546,724	90,654	-	12,596	-	32,256	2,012,222	187,501	6,141,110
Instruction Services	87,723	-	-	-	-	1,664,485	-	3,100	1,884,456
Instruction Of Instructional Services	1,234,814	29,857	408,596	26,679	-	4,252	8,572	-	1,748,880
Educational Media Services	-	-	6,327	-	-	-	-	-	10,579
Federal Grant Administration	172,384	-	-	-	9,240	-	-	-	181,624
General Administration	78,646	3,280	12,195	-	-	588,597	-	-	733,304
School Administration	-	-	-	-	-	393,137	30,457	-	423,594
Maintenance And Operation Of Facilities	-	-	-	-	-	512	-	-	512
Student Transportation Services	410,751	-	-	4,291	30,878	-	2,956	38,356	212,278
Other Support Services	-	8,207	-	-	-	-	-	-	418,958
Total Expenditures	3,479,071	123,791	428,118	43,656	40,118	2,683,239	2,054,187	229,162	11,752,145
Deficiency Of Revenues Over Expenditures	-	-	-	-	-	(143,457)	-	(17,020)	(160,477)
OTHER FINANCING USES									
Transfers Out	-	-	-	-	-	(5,311)	-	-	(5,311)
Total Other Financing Uses	-	-	-	-	-	(5,311)	-	-	(5,311)
Net Change In Fund Balances	-	-	-	-	-	(148,768)	-	(17,020)	(165,788)
Fund Balances, Beginning Of Year, Restated	848	297	306	-	-	891,815	-	57,774	951,040
Fund Balances, End Of Year	848	297	306	-	-	743,047	-	40,754	785,252

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

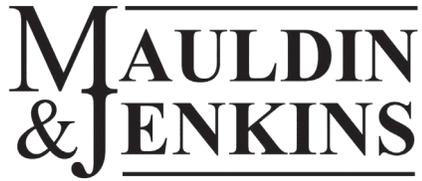
	<u>SCHOOL ACTIVITIES FUND</u>	<u>FLEXIBLE SPENDING FUND</u>	<u>TOTAL AGENCY FUNDS</u>
ASSETS			
Cash	\$ 292,842	\$ 4,562,512	\$ 4,855,354
Total Assets	<u>\$ 292,842</u>	<u>\$ 4,562,512</u>	<u>\$ 4,855,354</u>
LIABILITIES			
Due To Student Groups	292,842	-	\$ 292,842
Due To Others	<u>-</u>	<u>4,562,512</u>	<u>4,562,512</u>
Total Liabilities	<u>\$ 292,842</u>	<u>\$ 4,562,512</u>	<u>\$ 4,855,354</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF APPROVED SPECIAL PURPOSE LOCAL OPTION SALES TAX PROJECTS
FOR THE FICAL YEAR ENDED JUNE 30, 2017

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>AMOUNT EXPENDED IN CURRENT YEAR (3)</u>	<u>AMOUNT EXPENDED IN PRIOR YEARS (3)</u>	<u>PROJECT STATUS</u>
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 exisiting 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	\$ 12,121,811	\$ 38,851,613	Ongoing
Interest expense on bonds sold under SPLOST IV	3,800,000	3,800,000	-	-	Ongoing
Totals for SPLOST IV	<u>\$ 59,058,827</u>	<u>\$ 59,058,827</u>	<u>12,121,811</u>	<u>\$ 38,851,613</u>	
		Expenditures funded with State funds	<u>3,357,929</u>		
		Total SPLOST expenditures	<u>\$ 15,479,740</u>		

- (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).

IV. SINGLE AUDIT SECTION



**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, the discretely presented component unit, 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, 2017, 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 February 5, 2018.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 5, 2018



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

**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 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, 2017. 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 federal statutes, regulations, and terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, 2017.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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, material weaknesses may exist that have not been identified.

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

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 5, 2018

TROUP COUNTY SCHOOL DISTRICT, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Award Number</u>	<u>Total Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through Georgia Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	18GA324N1099	\$ 1,288,338
National School Lunch Program	10.555	1212SGA324N1099	3,757,170
National School Lunch Program (non-cash) (1)	10.555	1212SGA324N1099	<u>555,617</u>
Total Child Nutrition Cluster			<u>5,601,125</u>
Child and Adult Care Food Program	10.558	15155GA299N2020	<u>5,109</u>
Total U. S. Department of Agriculture			<u>5,606,234</u>
U. S. DEPARTMENT OF DEFENSE			
R.O.T.C. Program	12.112	n/a	<u>102,590</u>
Total U. S. Department of Defense			<u>102,590</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through Georgia Department of Education:			
Title I Programs - Improving the Academic Achievement of the Disadvantaged	84.010	S010A120010	3,363,426
Title I Programs - Neglected and Delinquent	84.010	S010A120010	<u>115,645</u>
Total Title I, Part A			<u>3,479,071</u>
Title II-A - Improving Teacher Quality	84.367	S367A160001	426,418
Title II-A - Advanced Placement	84.367	S367A160001	<u>1,700</u>
Total Title II-A			<u>428,118</u>
Title III - Limited English Proficient	84.365	S365A120010	40,096
Title III - Immigrant	84.365	S365A120010	<u>3,559</u>
Total Title III			<u>43,655</u>
Special Education Cluster:			
Title VI-B Flowthrough	84.027	H027A160073	2,520,023
Title VI-B High Cost Fund Pool	84.027	H027A160073	13,944
Title VI-B Preschool	84.173	H173A130081	76,836
IDEA Capacity Building	84.027	H027A160073	<u>60,000</u>
Total Special Education Cluster			<u>2,670,803</u>
Education for Homeless Youth	84.196	S196A120011	40,118
Vocational Grants - Program Improvement	84.048	V048A120010	98,063
Vocational Grants - Perkins Reserve	84.048	V048A120010	19,733
Vocational Grants - Perkins Carryover	84.048	V048A120010	5,995
Total Vocational Grants			<u>123,791</u>
Total U. S. Department of Education			<u>6,785,556</u>
Total Expenditures of Federal Awards			<u>\$ 12,494,380</u>

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 School District did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award*. 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, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal Control over major federal programs:

Material weaknesses identified? _____ yes X no

Significant deficiencies identified? _____ yes X none reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.