

**TROUP COUNTY SCHOOL
DISTRICT, GEORGIA**

ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2019**

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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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, 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, 2019, and the related notes to the financial statements, which collectively comprise the Troup County Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Troup County Board of Education, as of June 30, 2019, 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, the Schedule of Proportionate Share of Net Pension Liability – Public School Employee Retirement System of Georgia, the Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, the Schedule of Contributions – School OPEB Fund, 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 March 13, 2020 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
March 13, 2020

**TROUP COUNTY SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at the close of the fiscal year 2019, causing a deficit net position of \$8.4 million.
- The School District’s total net position increased by \$6.4 million (43.3%) during the current fiscal year. The Governmental Activities’ increase was \$6.3 million (43.8%) and the Business-type Activities’ increase was (27.7%) or \$.1 million. Total net position of Governmental Activities increased as the District received increased State funding due to elimination of QBE austerity reductions, reduced expenditures from the prior year and continued the practice of having no debt service on SPLOST projects. The net position for Business-type activities increased as a result of increased grant revenues and decreasing operating costs.
- Governmental activities general revenues accounted for \$58.8 million or 43.5% of all revenues. Governmental activities program specific revenues in the form of charges for services, operating grants contributions and capital grants/contributions accounted for \$76.3 million or 56.5% of total Governmental Activities’ revenues of \$135.1 million.
- The School District had \$128.3 million of expenses related to Governmental Activities; only \$76.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues totaling \$58.8 million were able to more than cover the balance of expenses. General revenues were primarily derived from Property Taxes of \$46.0 million and Special Local Option Sales Taxes of \$12.5 million.
- Among the major funds, the General Fund had \$110.0 million in revenues and \$113.8 million in expenditures. The General Fund’s fund balance decreased by \$4.3 million to \$18.7 million which represents 16.4% of total General Fund expenditures.
- Total net position for Business-type activities of a deficit (\$319,774) increased by \$.1 million.

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 2019?” 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 14. 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 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 12 through 18.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Proprietary financial statements may be viewed on pages 19 through 21.

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 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statements may be viewed on pages 24 through 57.

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 2019 compared to 2018:

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

	Governmental Activities		Business-type Activities		Total Net Position		Total % Change 2018-19
	2018	2019	2018	2019	2018	2019	
Current and Other Assets	\$ 31.6	\$ 16.6	\$ 0.1	\$ 0.2	\$ 31.7	\$ 16.8	-47.0%
Capital Assets	173.8	189.7	1.3	1.2	175.1	190.9	9.0%
Total Assets	205.4	206.3	1.4	1.4	206.8	207.7	0.4%
Deferred Outflow of Resources	23.6	33.0	0.2	0.2	23.8	33.2	39.5%
Other Liabilities	20.0	20.6	0.7	0.6	20.7	21.2	2.4%
Long Term Liabilities	207.8	195.7	1.2	1.2	209.0	196.9	-5.8%
Total Liabilities	227.8	216.3	1.9	1.8	229.7	218.1	-5.1%
Deferred Inflow of Resources	15.5	31.0	0.1	0.1	15.6	31.1	99.4%
Net Position:							
Net Investment in Capital Assets	171.2	187.7	1.1	1.1	172.3	188.8	9.6%
Restricted	0.3	0.2	-	-	0.3	0.2	-33.3%
Unrestricted (deficit)	(185.8)	(195.9)	(1.5)	(1.4)	(187.3)	(197.3)	5.3%
Total Net Position	\$ (14.3)	\$ (8.0)	\$ (0.4)	\$ (0.3)	\$ (14.7)	\$ (8.3)	-43.5%

Total net position increased \$6.4 million. Current and Other Assets decreased \$15.0 million due to payments for SPLOST projects. Capital Assets increased by \$15.8 million due to several new large construction projects beginning in fiscal year 2019, less the annual depreciation. The increases were related to SPLOST V construction activities of which some are still in construction in progress. The overall long-term liabilities decreased based upon the School District’s share of the Teachers Retirement System Net Pension Liability.

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018:

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

	Governmental		Business-type		Total Change in		Total %
	Activities		Activities		Net Position		
	2018	2019	2018	2019	2018	2019	2018-19
Revenues							
Program Revenues							
Charges for Services	\$ 3.4	\$ 3.9	\$ 1.1	\$ 1.7	\$ 4.5	\$ 5.6	24.4%
Operating Grants & Contributions	68.2	71.9	5.8	5.9	74.0	77.8	5.1%
Capital Grants & Contributions	3.1	0.5	-	-	3.1	0.5	-83.9%
General Revenues							
Property Taxes	45.0	46.0	-	-	45.0	46.0	2.2%
Sales Taxes	11.6	12.5	-	-	11.6	12.5	7.8%
State Aid/Formula Grants	-	-	-	-	-	-	0.0%
Other	1.5	0.3	-	-	1.5	0.3	-80.0%
Total Revenues	132.8	135.1	6.9	7.6	139.7	142.7	2.1%
Expenses							
Instruction	79.1	78.3	-	-	79.1	78.3	-1.0%
Pupil Support Services	9.5	9.6	-	-	9.5	9.6	1.1%
Improvement of Instructional Services	5.4	4.9	-	-	5.4	4.9	-9.3%
Educational Media	1.9	2.3	-	-	1.9	2.3	21.1%
Federal Grant Administration	-	0.2	-	-	-	0.2	0.0%
General Administration	1.4	1.6	-	-	1.4	1.6	14.3%
School Administration	9.1	8.2	-	-	9.1	8.2	-9.9%
Business Administration	1.1	1.1	-	-	1.1	1.1	0.0%
Maintenance/Operation of Facilities	11.0	10.7	-	-	11.0	10.7	-2.7%
Student Transportation Services	9.4	10.3	-	-	9.4	10.3	9.6%
Central Support Services	0.9	0.9	-	-	0.9	0.9	0.0%
Other Support Services	0.3	0.1	-	-	0.3	0.1	-66.7%
Business-type Activities	-	-	8.3	8.0	8.3	8.0	-3.6%
Community Services	0.1	-	-	-	0.1	-	-100.0%
School Nutrition	-	0.1	-	-	-	0.1	0.0%
Total Expenses	129.2	128.3	8.3	8.0	137.5	136.3	-0.9%
Transfers	(1.0)	(0.5)	1.0	0.5	-	-	0.0%
Change in Net Position	2.6	6.3	(0.4)	0.1	2.2	6.4	190.9%
Beginning Net Position	(16.9)	(14.3)	-	(0.4)	(16.9)	(14.7)	-13.0%
Ending Net Postion	\$ (14.3)	\$ (8.0)	\$ (0.4)	\$ (0.3)	\$ (14.7)	\$ (8.3)	-43.5%

Governmental Activities

Revenues for governmental activities increased by 1.7%, while expenses decreased by .7%. Program revenues increased by 2.1 %, mainly due to increases in Operating Grants & Contributions of \$3.2 million, partially offset by a \$2.6 million decrease in Capital Grants & Contributions. Increases in Operating Grants resulted from increases in QBE funding due to lower austerity reductions and Equalization funds from continuing state budget funding. Lower Capital grants resulted from completing fewer state authorized projects.

General Revenues increased by 1.2%, mainly due to increases in collections of Sales Taxes of \$.9 million and Property taxes of \$1.0 million. Sales Tax increases resulted from new business like Great Wolf Lodge opening during the FY18-19 fiscal year. Property Tax increases were due to higher market appraisal values from reviews conducted by the County Assessor's Office. Expenses decreased by \$.9 million or .5% as a result of continued savings through consolidated campuses from previous years which annually saves overhead expenses.

The State of Georgia completely eliminated austerity reductions related to the QBE formula for the 2019 fiscal year. Austerity reductions have totaled over \$72.9 million since their inception in fiscal year 2003 versus the normal QBE funding level. The original fiscal year 2019 budget contained mandated step increases of \$1.0 million. The 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 2019 budget to offset any funding deficits and to determine expense priorities.

The District's millage rate for fiscal year 2019 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 2019 property tax collections.

SPLOST V sales tax collections of \$12.5 million were \$.8 million (6.1%) lower than the projections for fiscal year 2019.

The dependence upon State Aid/Formula grants and local property taxes remains very apparent. State funding represents 53.2% of total governmental activities revenue and local property and sales taxes represent 43.3% of the total revenues of \$135.1 million. The potential of state budget 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 53.2% in fiscal year 2019.

Instruction comprises 61.0% of governmental activities program expenses. Interest expense was 0.0%. Interest expense was eliminated by retiring 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>2018</u>	<u>2019</u>	<u>2018-19</u>	<u>2018</u>	<u>2019</u>	<u>2018-19</u>
Expenses						
Instruction	\$ 79.1	\$ 78.3	-1.0%	\$ 23.6	\$ 21.2	-10.2%
Pupil Support Services	9.5	9.6	1.1%	6.4	6.6	3.1%
Improvement of Instructional Services	5.4	4.9	-9.3%	3.3	2.6	-21.2%
Educational Media	1.9	2.3	21.1%	0.3	0.7	133.3%
General Administration	1.4	1.6	14.3%	(0.8)	(0.5)	-37.5%
Federal Grant Administration	-	0.2	0.0%	-	0.2	0.0%
School Administration	9.1	8.2	-9.9%	5.7	4.8	-15.8%
Business Administration	1.1	1.1	0.0%	0.3	1.0	233.3%
Maintenance/Operation of Facilities	11.0	10.7	-2.7%	7.3	7.0	-4.1%
Student Transportation Services	9.4	10.3	9.6%	7.3	7.8	6.8%
Central Support Services	0.9	0.9	0.0%	0.9	0.9	0.0%
Other Support Services	0.3	0.1	-66.7%	0.1	(0.4)	-500.0%
Community Services	0.1	-	-100.0%	0.1	-	-100.0%
School Nutrition	-	0.1	0.0%	-	0.1	0.0%
Total Expenses	<u>\$ 129.2</u>	<u>\$ 128.3</u>	<u>-0.7%</u>	<u>\$ 54.5</u>	<u>\$ 52.0</u>	<u>-4.6%</u>

The total cost of services for governmental activities decreased by \$0.9 million in fiscal year 2019. Expenses decreased due to the reasons discussed previously under Table 2. The net cost of services decreased by \$2.5 million mainly due to increased state funding and reduced expenditures.

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 \$7.6 million and expenses of \$8.0 million. Net Position increased \$0.1 million, ending at a deficit of (\$319,774). 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 14. All governmental funds had total revenues of \$134.8 million and expenditures of \$149.3 million. The overall decrease in the fund balance, after transfers, was \$15.1 million. This was a result of the General Fund's fund balance decreasing by \$4.3 million, Capital Projects Fund's fund balance decreasing by \$10.4 million, and Other Governmental Funds' fund balance decreasing by \$362 thousand. General Fund changes resulted from increased expenditures of \$5.1 million partially offset by increased revenues. Capital Projects Fund decreased as several major SPLOST V projects were completed or in progress during 2019.

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 2019, 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 \$.1 million. Expenditure increases reflect changes associated with the state funding changes.

Actual revenue for the General Fund was \$110.1 million or \$.3 million under the final amended budget due to lower than anticipated federal and state revenues, partially offset by higher local revenues.

Actual expenditures for the General Fund were \$113.8 million or \$.1 million lower than the amended budget. All expenditure categories except Instruction, Improvement of Instruction, Educational Media, Maintenance and Operation of facilities, Student Transportation, School Nutrition and Other Support Services were at or below budget due to expenditure control plans developed by management to offset state funding shortfalls.

The School District had a decrease in the ending General Fund's Fund Balance of \$4.3 million from fiscal year 2019. This resulted in an ending fund balance of \$18.7 million or 16.4% of total expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School District had \$190.9 million (net of accumulated depreciation) invested in land, land improvements, buildings, machinery/equipment, and vehicles at the end of fiscal year 2019 for Governmental Activities.

Table 4 shows fiscal 2019 balances compared to 2018:

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
	2018	2019	2018	2019	2018	2019	2018-19
Land	\$ 5.2	\$ 5.2	\$ -	\$ -	\$ 5.2	\$ 5.2	0.0%
Construction in Progress	37.1	12.6	-	-	37.1	12.6	-66.0%
Land Improvements	2.6	2.5	-	-	2.6	2.5	-3.8%
Buildings	120.7	141.8	-	-	120.7	141.8	17.5%
Machinery & Equipment	5.1	24.5	1.3	1.2	6.4	25.7	301.6%
Vehicles	3.1	3.1	-	-	3.1	3.1	0.0%
Total	\$ 173.8	\$ 189.7	\$ 1.3	\$ 1.2	\$ 175.1	\$ 190.9	9.0%

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, 2018 and 2019.

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 a deficit of \$14.3 million to \$8.0 million deficit. The overall increase in net position of \$6.3 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 2018 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 \$3.7 million in the fiscal year 2019 due to eliminating QBE austerity reductions and increased equalization funding. Total austerity reductions since their inception in the fiscal year 2003 totaled \$72.9 million with these reductions finally 100% eliminated in 2019.

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 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.

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 Dr. Scott A. Burckbuchler, 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, 2019

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash & Cash Equivalents	\$ 3,630,913	\$ 163	\$ 3,631,076
Investments	500,000	-	500,000
Accounts Receivable	466,056	-	466,056
Taxes Receivable, Net Of Allowance	1,935,206	-	1,935,206
Due From Other Governments	10,116,764	102,749	10,219,513
Internal Balances	(118,268)	118,268	-
Inventory	23,832	-	23,832
Prepaid items	26,816	-	26,816
Capital Assets (Nondepreciable)	17,772,749	-	17,772,749
Capital Assets (Net Of Accumulated Depreciation)	<u>171,894,722</u>	<u>1,194,099</u>	<u>173,088,821</u>
Total Assets	<u>206,248,790</u>	<u>1,415,279</u>	<u>207,664,069</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pension Related Items	21,194,380	226,157	21,420,537
Deferred Outflows of Resources - OPEB Related Items	<u>11,842,960</u>	<u>-</u>	<u>11,842,960</u>
Total Deferred Outflows Of Resources	<u>33,037,340</u>	<u>226,157</u>	<u>33,263,497</u>
LIABILITIES			
Accounts Payable	3,341,748	53,427	3,395,175
Salaries And Benefits Payable	14,818,809	656,686	15,475,495
Construction Contracts Payable	1,081,609	-	1,081,609
Retainage Payable	903,744	-	903,744
Unearned Revenue	-	24,843	24,843
Claims Payable	491,908	-	491,908
Net Pension Liability	96,480,028	1,029,503	97,509,531
Net OPEB Liability	98,172,466	-	98,172,466
Compensated absences, Due Within One Year	507,577	4,345	511,922
Compensated Absences, Due In More Than One Year	559,910	9,293	569,203
Note Payable, Due Within One Year	<u>-</u>	<u>102,104</u>	<u>102,104</u>
Total Liabilities	<u>216,357,799</u>	<u>1,880,201</u>	<u>218,238,000</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pension Related Items	7,591,794	81,009	7,672,803
Deferred Inflows of Resources - OPEB Related Items	<u>23,375,610</u>	<u>-</u>	<u>23,375,610</u>
Total Deferred Inflows Of Resources	<u>30,967,404</u>	<u>81,009</u>	<u>31,048,413</u>
NET POSITION			
Net Investment In Capital Assets	187,682,118	1,091,995	188,774,113
Restricted For :			
Operations of the College & Career Academy	-	-	-
Grant Activities	237,417	-	237,417
Unrestricted (deficit)	<u>(195,958,608)</u>	<u>(1,411,769)</u>	<u>(197,370,377)</u>
Total Net Position (deficit)	<u>\$ (8,039,073)</u>	<u>\$ (319,774)</u>	<u>\$ (8,358,847)</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, 2019**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET REVENUE (EXPENSE) AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction	\$ 78,267,480	\$ 844,136	\$ 56,269,966	\$ -	\$ (21,153,378)	\$ -	\$ (21,153,378)
Pupil Support Services	9,642,454	2,590,785	414,998	-	(6,636,671)	-	(6,636,671)
Improvement Of Instructional Services	4,874,760	-	2,278,523	-	(2,596,237)	-	(2,596,237)
Educational Media	2,342,474	-	1,630,867	-	(711,607)	-	(711,607)
Federal Grant Administration	197,103	-	-	-	(197,103)	-	(197,103)
General Administration	1,595,256	-	1,796,069	276,000	476,813	-	476,813
School Administration	8,203,665	-	3,442,581	-	(4,761,084)	-	(4,761,084)
Business Administration	1,099,841	-	121,073	-	(978,768)	-	(978,768)
Maintenance And Operation Of Facilities	10,669,317	33,500	3,609,786	-	(7,026,031)	-	(7,026,031)
Student Transportation Services	10,330,576	422,543	1,841,402	231,660	(7,834,971)	-	(7,834,971)
Central Support Services	902,892	-	7,076	-	(895,816)	-	(895,816)
Other Support Services	93,883	-	504,441	-	410,558	-	410,558
Community Services	43,142	-	-	-	(43,142)	-	(43,142)
School Nutrition	80,878	-	-	-	(80,878)	-	(80,878)
Total Governmental Activities	<u>128,343,721</u>	<u>3,890,964</u>	<u>71,916,782</u>	<u>507,660</u>	<u>(52,028,315)</u>	<u>-</u>	<u>(52,028,315)</u>
Business-Type Activities:							
Food Service	7,619,535	1,028,726	5,925,075	-	-	(665,734)	(665,734)
After School Programs	415,200	637,913	-	-	-	222,713	222,713
Total Business-Type Activities	<u>8,034,735</u>	<u>1,666,639</u>	<u>5,925,075</u>	<u>-</u>	<u>-</u>	<u>(443,021)</u>	<u>(443,021)</u>
Total Primary Government	<u>\$ 136,378,456</u>	<u>\$ 5,557,603</u>	<u>\$ 77,841,857</u>	<u>\$ 507,660</u>	<u>(52,028,315)</u>	<u>(443,021)</u>	<u>(52,471,336)</u>
General Revenues:							
Taxes:							
Property Taxes, Levied For General Purposes					46,008,912	-	46,008,912
Sales Taxes					12,512,964	-	12,512,964
Unrestricted Investment Earnings					45,865	-	45,865
Miscellaneous					282,074	-	282,074
Transfers					(565,481)	565,481	-
Total General Revenues And Transfers					<u>58,284,334</u>	<u>565,481</u>	<u>58,849,815</u>
Change In Net Position					6,256,019	122,460	6,378,479
Net Position (deficit) - Beginning					(14,295,092)	(442,234)	(14,737,326)
Net Position (deficit) - Ending					<u>\$ (8,039,073)</u>	<u>\$ (319,774)</u>	<u>\$ (8,358,847)</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,586,943	\$ 1,288,005	\$ 755,965	\$ 3,630,913
Investments	-	-	500,000	500,000
Accounts Receivable	466,056	-	-	466,056
Taxes Receivable, Net Of Allowance	845,675	1,089,531	-	1,935,206
Due From Other Governments	8,924,751	-	1,192,013	10,116,764
Due From Other Funds	1,611,848	-	849,787	2,461,635
Advance to Other Funds	22,079,636	-	-	22,079,636
Inventory	23,832	-	-	23,832
Prepaid Items	22,504	-	4,312	26,816
	<u>35,561,245</u>	<u>2,377,536</u>	<u>3,302,077</u>	<u>41,240,858</u>
Total Assets	\$ 35,561,245	\$ 2,377,536	\$ 3,302,077	\$ 41,240,858
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 1,355,070	\$ 1,633,915	\$ 352,763	\$ 3,341,748
Construction Contracts Payable	-	1,081,609	-	1,081,609
Retainage Payable	-	903,744	-	903,744
Salaries And Benefits Payable	13,850,174	-	968,635	14,818,809
Due To Other Funds	1,111,695	-	1,730,116	2,841,811
Advance From Other Funds	-	22,079,636	-	22,079,636
	<u>16,316,939</u>	<u>25,698,904</u>	<u>3,051,514</u>	<u>45,067,357</u>
Total Liabilities	16,316,939	25,698,904	3,051,514	45,067,357
DEFERRED INFLOW OF RESOURCES				
Unavailable Revenue - Property Taxes	547,327	-	-	547,327
	<u>547,327</u>	<u>-</u>	<u>-</u>	<u>547,327</u>
Total Deferred Inflow Of Resources	547,327	-	-	547,327
FUND BALANCES:				
Nonspendable:				
Prepaid items	22,504	-	-	22,504
Inventory	23,832	-	-	23,832
Advance from other funds	22,079,636	-	-	22,079,636
Restricted For:				
Grant Activities	-	-	237,417	237,417
Committed For :				
Principal Discretion	-	-	13,146	13,146
Unassigned	(3,428,993)	(23,321,368)	-	(26,750,361)
	<u>18,696,979</u>	<u>(23,321,368)</u>	<u>250,563</u>	<u>(4,373,826)</u>
Total Fund Balances	18,696,979	(23,321,368)	250,563	(4,373,826)
Total Liabilities, Deferred Inflow Of Resources And Fund Balances	\$ 35,561,245	\$ 2,377,536	\$ 3,302,077	\$ 41,240,858

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, 2019**

TOTAL FUND BALANCES--GOVERNMENTAL FUNDS	\$	(4,373,826)
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	\$ 293,547,752	
Less Accumulated Depreciation	<u>(103,880,281)</u>	189,667,471
Revenues In The Statement Of Activities That Do Not Provide Current Financial Resources Are Not Reported As Revenue In The Funds.		
Property Taxes		547,327
The Net Pension Liability Is Not A Financial Liability In Governmental Fund Activities And Is Therefore Not Reported In Governmental Funds		
Net Pension Liability	\$ (96,480,028)	
Pension Related Deferred Outflows Of Resources	21,194,380	
Pension Related Deferred Inflows Of Resources	<u>(7,591,794)</u>	(82,877,442)
The Net OPEB Liability Is Not A Financial Liability In Governmental Fund Activities And Is Therefore Not Reported In Governmental Funds		
Net OPEB Liability	\$ (98,172,466)	
Pension Related Deferred Outflows Of Resources	11,842,960	
Pension Related Deferred Inflows Of Resources	<u>(23,375,610)</u>	(109,705,116)
Long-Term Liabilities Are Not Due and Payable In The Current Period and, Therefore, Are Not Reported In The Governmental Funds:		
Compensated absences	\$ (1,067,487)	
Claims payable	<u>(230,000)</u>	<u>(1,297,487)</u>
TOTAL NET POSITION--GOVERNMENTAL ACTIVITIES	\$	<u><u>(8,039,073)</u></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, 2019

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>NON MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Property Taxes	\$ 45,981,427	\$ -	\$ -	\$ 45,981,427
Sales Taxes	-	12,512,964	-	12,512,964
Fees And Charges	689,031	-	2,590,785	3,279,816
State Aid	62,488,696	-	2,082,894	64,571,590
Federal Aid	618,580	-	7,485,821	8,104,401
Earnings On Investments	31,906	13,959	-	45,865
Miscellaneous	282,074	-	-	282,074
	<u>110,091,714</u>	<u>12,526,923</u>	<u>12,159,500</u>	<u>134,778,137</u>
EXPENDITURES				
Current:				
Instruction	68,803,233	-	6,543,305	75,346,538
Pupil Support Services	7,214,410	-	2,880,479	10,094,889
Improvement Of Instructional Services	3,308,553	-	1,908,965	5,217,518
Educational Media	2,178,998	-	8,344	2,187,342
Federal Grant Administration	-	-	197,103	197,103
General Administration	1,497,772	-	173,323	1,671,095
School Administration	8,169,678	-	563,762	8,733,440
Business Administration	1,153,468	-	-	1,153,468
Maintenance And Operation Of Facilities	11,004,091	-	-	11,004,091
Student Transportation Services	9,369,111	-	235,778	9,604,889
Central Support Services	956,804	-	-	956,804
Other Support Services	42,949	-	9,277	52,226
Community Services	37,500	-	-	37,500
School Nutrition	80,878	-	-	80,878
Capital Outlay	-	22,973,584	-	22,973,584
	<u>113,817,445</u>	<u>22,973,584</u>	<u>12,520,336</u>	<u>149,311,365</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(3,725,731)</u>	<u>(10,446,661)</u>	<u>(360,836)</u>	<u>(14,533,228)</u>
OTHER FINANCING USES				
Transfers Out	<u>(564,028)</u>	<u>-</u>	<u>(1,453)</u>	<u>(565,481)</u>
	<u>(564,028)</u>	<u>-</u>	<u>(1,453)</u>	<u>(565,481)</u>
Net Change In Fund Balances	<u>(4,289,759)</u>	<u>(10,446,661)</u>	<u>(362,289)</u>	<u>(15,098,709)</u>
Fund Balances, Beginning Of Year	22,986,738	(12,874,707)	612,852	10,724,883
Fund Balances, End Of Year	<u>\$ 18,696,979</u>	<u>\$ (23,321,368)</u>	<u>\$ 250,563</u>	<u>\$ (4,373,826)</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, 2019**

TOTAL NET CHANGE IN FUND BALANCES--GOVERNMENTAL FUNDS \$ (15,098,709)

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	\$	23,455,041	
Depreciation Expense		<u>(7,594,465)</u>	15,860,576

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

Property Taxes			27,485
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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.

6,466,216

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

(568,469)

Some Expenses Reported In The Statement of Activities Do Not Require The
Use of Current Financial Resources and, Therefore, Are Not Reported As
Expenditures in Governmental Funds.

Change in Compensated Absences	\$	(201,080)	
Change in Claims Payable		<u>(230,000)</u>	<u>(431,080)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,256,019

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, 2019

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES				
State Funds	\$ 68,114,814	\$ 68,114,814	\$ 62,488,696	\$ (5,626,118)
Federal Funds	1,099,026	1,099,026	618,580	(480,446)
Local And Other Funds	41,172,400	41,172,400	46,984,438	5,812,038
Total Revenues	<u>110,386,240</u>	<u>110,386,240</u>	<u>110,091,714</u>	<u>(294,526)</u>
EXPENDITURES				
Current				
Instruction	68,184,080	68,416,104	68,803,233	(387,129)
Pupil Support Services	8,393,115	8,186,486	7,214,410	972,076
Improvement Of Instructional Services	3,008,871	3,060,233	3,308,553	(248,320)
Educational Media	2,173,284	2,107,321	2,178,998	(71,677)
General Administration	1,421,218	1,590,117	1,497,772	92,345
School Administration	8,261,964	8,261,965	8,169,678	92,287
Business Administration	1,278,226	1,278,224	1,153,468	124,756
Maintenance And Operation Of Facilities	10,964,853	10,964,853	11,004,091	(39,238)
Student Transportation Services	9,180,555	9,023,640	9,369,111	(345,471)
Central Support Services	967,897	967,897	956,804	11,093
Community Service	42,950	42,950	37,500	5,450
School Nutrition	-	-	80,878	(80,878)
Other Support Services	78,750	37,500	42,949	(5,449)
Total Expenditures	<u>113,955,763</u>	<u>113,937,290</u>	<u>113,817,445</u>	<u>119,845</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(3,569,523)</u>	<u>(3,551,050)</u>	<u>(3,725,731)</u>	<u>(174,681)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(367,500)</u>	<u>(367,500)</u>	<u>(564,028)</u>	<u>(196,528)</u>
Total Other Financing Sources (Uses)	<u>(367,500)</u>	<u>(367,500)</u>	<u>(564,028)</u>	<u>(196,528)</u>
NET CHANGE IN FUND BALANCE	(3,937,023)	(3,918,550)	(4,289,759)	(371,209)
FUND BALANCE, BEGINNING OF YEAR	<u>22,986,738</u>	<u>22,986,738</u>	<u>22,986,738</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 19,049,715</u>	<u>\$ 19,068,188</u>	<u>\$ 18,696,979</u>	<u>\$ (371,209)</u>

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	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	\$ 163	\$ -	\$ 163	\$ -
Due From Other Funds	-	1,192,360	1,192,360	261,908
Due From Other Governments	102,749	-	102,749	-
Total Current Assets	<u>102,912</u>	<u>1,192,360</u>	<u>1,295,272</u>	<u>261,908</u>
Noncurrent Assets				
Machinery/Equipment	2,973,925	-	2,973,925	-
Less Accumulated Depreciation	(1,779,826)	-	(1,779,826)	-
Total Noncurrent Assets	<u>1,194,099</u>	<u>-</u>	<u>1,194,099</u>	<u>-</u>
Total Assets	<u>1,297,011</u>	<u>1,192,360</u>	<u>2,489,371</u>	<u>261,908</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources - Pension Related Items	226,157	-	226,157	-
Total deferred outflows of resources	<u>226,157</u>	<u>-</u>	<u>226,157</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	53,357	70	53,427	-
Claims Payable	-	-	-	261,908
Salaries And Benefits Payable	656,686	-	656,686	-
Due To Other Funds	104,515	969,577	1,074,092	-
Unearned Revenue	24,843	-	24,843	-
Note Payable	102,104	-	102,104	-
Compensated absences - current	4,345	-	4,345	-
Total Current Liabilities	<u>945,850</u>	<u>969,647</u>	<u>1,915,497</u>	<u>261,908</u>
Long-Term Liabilities				
Net Pension Liability	1,029,503	-	1,029,503	-
Compensated absences - long-term	9,293	-	9,293	-
Total Long-Term Liabilities	<u>1,038,796</u>	<u>-</u>	<u>1,038,796</u>	<u>-</u>
Total Liabilities	<u>1,984,646</u>	<u>969,647</u>	<u>2,954,293</u>	<u>261,908</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources - Pension Related Items	81,009	-	81,009	-
Total Deferred Outflows Of Resources	<u>81,009</u>	<u>-</u>	<u>81,009</u>	<u>-</u>
NET POSITION				
Net Investment In Capital Assets	1,091,995	-	1,091,995	-
Unrestricted (Deficit)	(1,634,482)	222,713	(1,411,769)	-
Total Net Position (Deficit)	<u>\$ (542,487)</u>	<u>\$ 222,713</u>	<u>\$ (319,774)</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, 2019

	<u>BUSINESS-TYPE ACTIVITIES</u>			<u>GOVERNMENTAL</u>
	<u>ENTERPRISE FUND</u>			<u>ACTIVITIES</u>
	<u>SCHOOL NUTRITION</u>	<u>NON-MAJOR</u>	<u>TOTAL</u>	<u>INTERNAL</u>
	<u>PROGRAM</u>	<u>ACE PROGRAM</u>	<u>ENTERPRISE FUNDS</u>	<u>SERVICE FUND -</u>
				<u>WORKERS'</u>
				<u>COMPENSATION</u>
				<u>GOVERNMENTAL</u>
OPERATING REVENUES				
Food Service Charges	\$ 1,028,726	\$ -	\$ 1,028,726	\$ -
After School Programs Charges	-	637,913	637,913	-
Charges To Other Funds	-	-	-	319,805
Total Operating Revenues	<u>1,028,726</u>	<u>637,913</u>	<u>1,666,639</u>	<u>319,805</u>
OPERATING EXPENSES				
Current:				
Payroll Cost	3,781,415	99,691	3,881,106	-
Professional And Contract Services	834,079	315,509	1,149,588	-
Supplies And Materials	2,867,098	-	2,867,098	-
Depreciation	136,943	-	136,943	-
Claims Expenses	-	-	-	319,805
Total Operating Costs	<u>7,619,535</u>	<u>415,200</u>	<u>8,034,735</u>	<u>319,805</u>
Operating Loss	<u>(6,590,809)</u>	<u>222,713</u>	<u>(6,368,096)</u>	<u>-</u>
Nonoperating Revenues:				
State Matching And Other	161,406	-	161,406	-
Grants-Child Nutrition Program	5,763,669	-	5,763,669	-
Total Nonoperating Revenue	<u>5,925,075</u>	<u>-</u>	<u>5,925,075</u>	<u>-</u>
Income Before Transfers	(665,734)	222,713	(443,021)	-
Transfers in	565,481	-	565,481	-
Change in Net Position	(100,253)	222,713	122,460	-
Total Net Position, Beginning Of Year	(442,234)	-	(442,234)	-
Total Net Position (Deficit), End Of Year	<u>\$ (542,487)</u>	<u>\$ 222,713</u>	<u>\$ (319,774)</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, 2019

	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	\$ 1,013,337	\$ 637,913	\$ 1,651,250	\$ -
Received From Charges To Other Funds	-	-	-	453,405
Payments To Employees For Services	(3,742,416)	(99,691)	(3,842,107)	-
Payments For Self-Insured Claims	-	-	-	(464,029)
Payments To Suppliers For Goods/Services	(3,599,843)	(538,222)	(4,138,065)	-
Net Cash Used In Operating Activities	(6,328,922)	-	(6,328,922)	(10,624)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Nonoperating Grants Received	5,925,075	-	5,925,075	-
Purchase of Capital Assets	(61,471)	-	(61,471)	-
Principal Payments	(100,000)	-	(100,000)	-
Net Cash Provided By Noncapital Financing	5,763,604	-	5,763,604	-
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers in	565,481	-	565,481	-
Net Decrease In Cash/Cash Equivalents	163	-	163	(10,624)
Cash/Cash Equivalents July 1, 2018	-	-	-	10,624
Cash/Cash Equivalents June 30, 2019	\$ 163	\$ -	\$ 163	\$ -
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:				
Operating Loss	\$ (6,590,809)	\$ 222,713	\$ (6,368,096)	\$ -
Adjustments To Reconcile Operating Loss To Net Cash Used In Operating Activities:				
Depreciation	136,943	-	136,943	-
Changes In Assets And Liabilities:				
(Increase) Decrease In Due From Other Funds	-	(872,549)	(872,549)	133,600
Increase In Due From Other Governments	(10,370)	-	(10,370)	-
Increase In Pension Related Deferred Outflows Of Resources	(59,716)	-	(59,716)	-
Decrease In Accounts Payable	(3,181)	(2)	(3,183)	-
Increase In Salaries And Benefits Payable	67,481	-	67,481	-
Decrease In Unearned Revenue	(5,019)	-	(5,019)	-
Decrease In Claims Payable	-	-	-	(144,224)
Increase In Due To Other Funds	104,515	649,838	754,353	-
Increase In Pension Related Deferred Inflows Of Resources	6,626	-	6,626	-
Increase In Net Pension Liability	24,341	-	24,341	-
Increase in Compensated Absences	267	-	267	-
Net Cash Used In Operating Activities	\$ (6,328,922)	\$ -	\$ (6,328,922)	\$ (10,624)

THE ACCOMPANYING FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	PRIVATE-PURPOSE TRUST	AGENCY FUNDS
ASSETS		
Cash	\$ 5,435	\$ 2,516,004
Investments	13,055	-
	\$ 18,490	\$ 2,516,004
LIABILITIES		
Due To Student Groups	\$ -	\$ 290,934
Due To Others		2,150,092
Due to Employees	-	74,978
	-	\$ 2,516,004
NET POSITION		
Restricted For Scholarships	18,490	
Total Liabilities and Net Position	\$ 18,490	

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, 2019**

	PRIVATE-PURPOSE TRUST
ADDITIONS	
Contributions	\$ -
Total Additions	-
DEDUCTIONS	
Scholarships Awarded	-
Total Deductions	-
Change In Net Position	-
Net Position, Beginning Of Year	18,490
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, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

The School District’s basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statement of the Troup County School District.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are financed in whole or in part by fees 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, 2019

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, 2019

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.

Capital Projects Fund - This fund is used to account for resources from the 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.

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, 2019

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 Funds - 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 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, 2019

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, 2019, 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, 2019

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

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the School District does not have a policy to pay any amounts when employees separate from service with the School District. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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, 2019

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, 2019

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, 2019

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 five (5) types of deferred outflows of resources related to the reporting of the net pension liability and net OPEB liability. The School District report a deferred outflow of resources for the School District's actual contributions to the pension and OPEB plan during the fiscal year ended June 30, 2019 which are subsequent to the measurement date of the net pension liability and net OPEB liability and will be recognized in fiscal year 2020. The School District 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 on the pension plan; and a deferred outflow of resources for the changes in proportional differences in contributions for the OPEB Plan which will be amortized over the remaining service period. The School District reports a deferred outflow of resources for the net difference between projected and actual investment earnings on the OPEB assets, which will be amortized over a five year period.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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 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 four (4) items that qualify for reporting in this category which occurs only in the governmental activities. The School District reports a deferred inflow of resources for experience gains or losses related to the pension plan and OPEB Plan; and a deferred inflow of resources for assumption changes related to the OPEB plan; and a deferred inflow of resources related to differences in investment earnings related to the pension plan which will be amortized over a five year period; 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.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments 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, 2019

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 following functions had excesses of actual expenditures over appropriations in the amount shown for the fiscal year ended June 30, 2019.

General Fund:

Instruction	\$	387,129
Support services:		
Improvement of instructional services		248,320
Educational media		71,677
Maintenance and operation of plant		39,238
Student transportation services		345,471
School nutrition		80,878
Other support services		5,449

These over expended departments were funded with existing fund balance reserves.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

<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	13,055
Georgia Fund 1	WAM - 39 days	1,277,535
		<u>\$ 1,790,590</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.

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.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE C - DEPOSITS AND INVESTMENTS (CONTINUED)

CUSTODIAL CREDIT RISK

State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2019, the financial institution holding all of the District's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on tier assigned by the State. As of June 30, 2019, all of the District's bank balances were insured and/or collateralized as defined by GASB and required by State Statutes.

NOTE D - DUE FROM OTHER GOVERNMENTS

Due from other governments consists of funds due from Georgia Department of Education as of June 30, 2019, for QBE salary accruals totaling \$8,670,191, Pre-school Handicapped Grant \$34,495, Career, Technical, and Agriculture grant \$198,654, Title I-A \$242,817, IDEA Special Ed \$627,835, Perkins Grant \$20,218, Title II-A \$84,089, Education for Homeless Children and Youth \$17,399, Title III-A \$18,520, Title IV-A \$146,763 Title V-B \$34,372 and other miscellaneous grants for \$21,411.

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 3, 2018 based on property values assessed as of January 1, 2018. Taxes were payable on or before November 15, 2018. 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 2018 tax digest are reported as revenue in the governmental funds for fiscal year 2019. 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, 2019, for school operations were \$45,981,427. Property taxes became an enforceable lien on January 20, 2019. 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 2018 for the 2019 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, 2019

NOTE E - TAXES RECEIVABLE (CONTINUED)

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 2015 for the sales tax collection period covering July 1, 2017 through June 30, 2022. SPLOST IV collections for the fiscal year ended June 30, 2019 at the fund reporting level were \$12,512,964.

On June 30, 2019, the School District reported property tax receivables of \$845,675, net of allowance for uncollectibles. An allowance of \$19,929 has been established in the General Fund for taxes in dispute and estimated amounts that will not be collected. Sales tax receivables totaled \$1,089,531 from SPLOST V June 2019 collections to be received in July 2019.

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, 2019 are as follows:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>	<u>Amount</u>
General Fund	Non Major Governmental Funds	\$ 849,787
Non Major Governmental Funds	General Fund	\$ 537,756
	Non Major Proprietary Funds	1,192,360
		<u>\$ 1,730,116</u>
General Fund	Internal Service Fund	\$ 261,908
School Nutrition Fund	General Fund	\$ 104,515
Non Major Proprietary Funds	General Fund	<u>\$ 969,577</u>

Advances to/from other funds at June 30, 2019 are as follows:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>	<u>Amount</u>
Capital Projects Fund	General Fund	<u>\$ 22,079,636</u>

The advance from the General Fund to the Capital Project Fund relate to cash flow advances for various projects. Amounts are being repaid on a schedule spanning more than a year.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019

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

Interfund transfers for the year ended June 30, 2019 were as follows:

Transfers In	Transfers Out	Amount
School Nutrition Program	General Fund	\$ 564,028
School Nutrition Program	Non Major Governmental Funds	1,453
		\$ 565,481

Transfers were used to move unrestricted revenues from the general funds and non-major governmental funds to school nutrition fund to cover that fund's portion of general expenses such as utilities, facilities usage, and insurance expenses.

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)	\$ 68,212
Paid to the Public School Employees' Retirement System for Public School Employees' Retirement (PSERS)	291,387
Total Payments	\$ 359,599

NOTE H - NON-MONETARY TRANSACTIONS

The School District received from the United States Department of Agriculture through the Georgia Department of Education \$435,623 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.

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TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE I - CAPITAL ASSETS

The following tables provide the Capital Asset Activity for Governmental and Business-Type Activity, respectively, as of June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,166,276	\$ -	\$ -	\$ 5,166,276
Constructin in Progress	37,131,559	1,002,453	(25,527,539)	12,606,473
Total Capital Assets, Not Being Depreciated	<u>42,297,835</u>	<u>1,002,453</u>	<u>(25,527,539)</u>	<u>17,772,749</u>
Capital Assets, Being Depreciated				
Land Improvements	7,314,367	88,880	-	7,403,247
Buildings	185,920,040	25,438,659	-	211,358,699
Machinery & Equipment	17,344,170	21,631,829	-	38,975,999
Vehicles	17,391,328	820,759	(175,029)	18,037,058
Total Capital Assets, Being Depreciated	<u>227,969,905</u>	<u>47,980,127</u>	<u>(175,029)</u>	<u>275,775,003</u>
Less Accumulated Depreciation For:				
Land Improvements	(4,682,194)	(263,380)	-	(4,945,574)
Buildings	(65,168,553)	(4,336,767)	-	(69,505,320)
Machinery & Equipment	(12,291,548)	(2,188,551)	-	(14,480,099)
Vehicles	(14,318,550)	(805,767)	175,029	(14,949,288)
Total Accumulated Depreciation	<u>(96,460,845)</u>	<u>(7,594,465)</u>	<u>175,029</u>	<u>(103,880,281)</u>
Total Capital Assets, Being Depreciated, Net	<u>131,509,060</u>	<u>40,385,662</u>	<u>-</u>	<u>171,894,722</u>
Governmental Activities Capital Assets, Net	<u>\$ 173,806,895</u>	<u>\$ 41,388,115</u>	<u>\$ (25,527,539)</u>	<u>\$ 189,667,471</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 6,513,210
Support services	
Educational media services	155,132
Maintenance and operation of facilities	176,932
Student transportation services	743,549
Community services	5,642
Total Governmental Activities depreciation expense	<u>\$ 7,594,465</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE I - CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Being Depreciated				
Machinery & Equipment	\$ 2,912,454	\$ 61,471	-	\$ 2,973,925
Total Capital Assets, Being Depreciated	<u>2,912,454</u>	<u>61,471</u>	<u>-</u>	<u>2,973,925</u>
Less Accumulated Depreciation For:				
Machinery & Equipment	(1,642,883)	(136,943)	-	(1,779,826)
Total Accumulated Depreciation	<u>(1,642,883)</u>	<u>(136,943)</u>	<u>-</u>	<u>(1,779,826)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,269,571</u>	<u>\$ (75,472)</u>	<u>-</u>	<u>\$ 1,194,099</u>

Depreciation expense was charged to functions as follows:

School Nutrition Program	\$ 136,943
Total Business-Type Activities Depreciation Expense	<u>\$ 136,943</u>

NOTE J - GENERAL LONG TERM DEBT

The following tables provide the detail as of June 30, 2019 for the School District's outstanding debt:

	Balance 6/30/2018	Additions	Payments	Balance 6/30/2019	Amounts Due Within One Year
Governmental Activities:					
Net Pension Liability	\$ 98,351,151	\$ 11,246,347	\$ 13,117,470	\$ 96,480,028	\$ -
Net OPEB Liability	108,231,336	4,893,106	14,951,976	98,172,466	-
Claims Payable	406,132	528,586	442,810	491,908	-
Compensated Absences	866,407	669,125	468,045	1,067,487	507,577
Total Long-Term Debt	<u>\$ 207,855,026</u>	<u>\$ 17,337,164</u>	<u>\$ 28,980,301</u>	<u>\$ 196,211,889</u>	<u>\$ 507,577</u>
Business-Type Activities:					
Note payable	\$ 202,104	\$ -	\$ 100,000	\$ 102,104	\$ 102,104
Net Pension Liability	1,005,162	113,599	89,258	1,029,503	-
Compensated Absences	13,371	8,190	7,923	13,638	4,345
Total Long-Term Debt	<u>\$ 1,220,637</u>	<u>\$ 121,789</u>	<u>\$ 197,181</u>	<u>\$ 1,145,245</u>	<u>\$ 106,449</u>

For Governmental Activities, the net pension liability, net OPEB liability, and compensated absences are being liquidated primarily by the General Fund.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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:

	Principal	Interest	Total
Year Ending June 30,			
2020	\$ 102,104	\$ -	\$ 102,104
Total	\$ 102,104	\$ -	\$ 102,104

NOTE K - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; acts of God and unemployment compensation. The School District is self-insured for workers' compensation and unemployment claims. The School District purchases commercial insurance for all other risks of loss, which is accounted for in internal service funds. Settled claims have not exceeded purchased commercial insurance coverage in any of the past three years. There was no reduction in insurance coverage since last fiscal year.

Workers' Compensation Claims

The School District is self-insured for workers' compensation claims from its employees. A premium of .6% of payroll salary is charged by the Internal Service Fund to each fund for workers' compensation with year-end adjustments to balance premiums and expenses. These losses include an estimate of claims that have been incurred but not reported and related claims administration expenses. An excess coverage insurance policy covers individual claims in excess of \$450,000 loss per occurrence up to the statutory limit.

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

Fiscal Year	Beginning of Year Liability	Current Year Claims Accrual	Claims Paid	End of Year Liability
2019	\$ 406,132	\$ 298,586	\$ 442,810	\$ 261,908
2018	311,912	546,172	451,952	406,132

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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. The claims liability at year end is immaterial to the School District.

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, 2019

NOTE L - RETIREMENT PLANS (CONTINUED)

General Information About The Teachers Retirement System of Georgia (“TRS”) (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 2019. The School District’s contractually required contribution rate for the year ended June 30, 2019 was 20.90% of annual School District payroll. District contributions to TRS were \$13,493,884 for the fiscal year ended June 30, 2019.

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

At June 30, 2019, 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	\$	97,509,531
State of Georgia’s proportionate share of the net pension liability associated with the District		530,877
		530,877
Total	\$	98,040,408

The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 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, 2018. At June 30 2018, the District’s proportion was 0.525314%, which was a decrease of 0.009282% from its proportion measured as of June 30, 2017.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE L - RETIREMENT PLANS (CONTINUED)

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

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$6,998,919 and revenue of \$72,539 for support provided by the State of Georgia for certain support personnel. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 2,666,100
Changes of assumptions	1,471,384	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	4,805,734
Net difference between expected and actual experience	6,455,269	200,969
District contributions subsequent to the measurement date	13,493,884	-
Total	\$ 21,420,537	\$ 7,672,803

District contributions subsequent to the measurement date of \$13,493,884 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ending June 30:	
2020	\$ 2,533,410
2021	1,218,147
2022	(3,180,766)
2023	(376,907)
2024	59,966
Total	\$ 253,850

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE L - RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.25 – 9.00%, average, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Postretirement 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, 2017 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, 2019

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, 2019

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	\$ 162,771,327	\$ 97,509,531	\$ 43,730,489

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/financials.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE L - RETIREMENT PLANS (CONTINUED)

General Information About The Public School Employees' Retirement System of Georgia ("PSERS") (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 \$15.00, 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, 2019, 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>2,002,859</u>
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The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 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, 2018.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE L - RETIREMENT PLANS (CONTINUED)

Pension Liabilities and Pension Expense (Continued)

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$463,735 and revenue of \$463,735 for support provided by the State of Georgia.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, 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, 2017 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, 2019

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	10.50
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 7.30%. This was a decrease from the prior year's discount rate, which 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, 2019

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, 2019, 2018, and 2017 were \$158,854, \$113,051, and \$136,961, respectively.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

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.

Settlements

In the fall of 2017, the District entered into two separate contracts to receive certain professional architectural, design, and construction services related to the construction of a new elementary school and construction improvements to the Troup County Comprehensive High School. In September 2017, it was discovered that certain email communications with Troup had been modified by an unknown criminal imposter and sent to the District, resulting in the district paying \$487,367 to the criminal imposter that was intended for the contractor. In September 2019, the District and the contractor came to a settlement and the District agreed to pay the contractor \$230,000. This is reported as a claim payable in the government-wide statement of net position.

NOTE N - CONSTRUCTION COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the District as of June 30, 2019:

<u>Project</u>	
Troup High School Athletic Facility	\$ 4,499,998
LaGrange High School Athletic Facility	12,821,274
	<u>\$ 17,321,272</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS

Georgia School Personnel Employees Postemployment Health Benefit Fund

Plan Description. The School District participates in the State of Georgia School Employees Postemployment Benefit Fund (the School OPEB Fund) which is another postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified employees of the District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the DCH Board. The School OPEB Fund is included in the State of Georgia Comprehensive Annual Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

Benefits: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board of Community Health, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the School OPEB Fund from the District were \$4,223,466 for the year ended June 30, 2019. Active employees are not required to contribute to the School OPEB Fund.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS (Continued)

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

At June 30, 2019, the District reported a liability of \$98,172,466 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2018. At June 30 2018, the District's proportion was 0.772422%, which was an increase of 0.002090% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$4,791,935. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 132,827	\$ -
Changes in proportion and differences between Board contributions and proportionate share of contributions	2,974,982	-
Differences between expected and actual experience	-	2,233,037
Changes in plan assumptions	-	16,630,888
Board contributions subsequent to the measurement date	4,223,466	-
Total	\$ 7,331,275	\$ 18,863,925

District contributions subsequent to the measurement date of \$4,223,466 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	\$ (2,994,600)
2021	(2,994,600)
2022	(2,994,600)
2023	(3,002,535)
2024	(2,637,054)
2025	(1,132,727)
Total	\$ (15,756,116)

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions:

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Inflation	2.75%
Salary Increases	3.25 – 9.00%, including inflation
Long-term expected rate of return	7.3%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	7.50%
Medicare eligible	5.50%
Ultimate trend rate	
Pre-Medicare eligible	4.75%
Medicare eligible	4.75%
Year of ultimate trend rate	
Pre-Medicare Eligible	2028
Medicare Eligible	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS Members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) was used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 2 years for males and four years for females) was used for death after disability retirement.
- For PSERS Members: 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) was used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for the period after disability retirement.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions: (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the pension system, which covered the five-year period ending June 30, 2014.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Additionally, there was a change that affected measurement of the total OPEB liability since the prior measurement date. The methodology used to determine employee and retiree participation in the School OPEB Fund is based on their current or last employer payroll location. Current and former employees of public school districts, libraries, regional educational service agencies, and community colleges are allocated to the School OPEB Fund irrespective of retirement system affiliation.

The long-term expected rate of return on OPEB 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 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 Stocks -- Large Cap	37.20%	9.00%
Domestic Stocks -- Mid Cap	3.40%	12.00%
Domestic Stocks -- Small Cap	1.40%	13.50%
Int'l Stocks - Developed Mkt	17.80%	8.00%
Int'l Stocks - Emerging Mkt	5.20%	12.00%
Alternatives	5.00%	10.50%
Total	<u>100.00%</u>	

*Net of Inflation

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
NOTES TO FINANCIAL STATEMENTS

June 30, 2019

NOTE O - POSTEMPLOYMENT BENEFITS (Continued)

Discount rate:

The discount rate has changed since the prior measurement date from 3.58% to 3.87%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.87% was used as the discount rate. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.87% per the Bond Buyer Index). The projection of cash flows used to determine the discount rate assumed that the current sharing of costs between the employer and the member will continue and that contributions from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2018. Therefore, the calculated discount rate of 3.87% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current discount rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net OPEB liability	\$ 114,634,658	\$ 98,172,466	\$ 84,897,430

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease (3.75% to 6.50%)	Current Healthcare Cost trend rate (4.75% to 7.50%)	1% Increase (5.75% to 8.50%)
District's proportionate share of the net OPEB liability	\$ 82,534,382	\$ 98,172,466	\$ 118,157,361

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.525314%	0.534596%	0.538369%	0.559485%	0.590074%
District's proportionate share of the net pension liability	\$ 97,509,531	\$ 99,356,313	\$ 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>530,877</u>	<u>779,096</u>	<u>1,175,767</u>	<u>942,671</u>	<u>830,412</u>
Total	<u>\$ 98,040,408</u>	<u>\$ 100,135,409</u>	<u>\$ 112,247,295</u>	<u>\$ 86,118,707</u>	<u>\$ 75,378,480</u>
District's covered payroll	\$ 62,923,926	\$ 61,890,764	\$ 59,053,630	\$ 59,717,080	\$ 60,199,226
District's proportionate share of the net pension liability as a percentage of its covered payroll	154.96%	160.53%	188.09%	142.63%	123.84%
Plan fiduciary net position as a percentage of the total pension liability	80.27%	79.33%	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

	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 13,493,884	\$ 10,577,512	\$ 8,831,812	\$ 8,426,953	\$ 7,852,796	\$ 7,392,465
Contributions in relation to the contractually required contributions	<u>13,493,884</u>	<u>10,577,512</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 64,564,040	\$ 62,923,926	\$ 61,890,764	\$ 59,053,630	\$ 59,717,080	\$ 60,199,226
Contributions as a percentage of covered payroll	20.90%	16.81%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.000000%	0.000000%	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>2,002,859</u>	<u>1,690,896</u>	<u>2,027,587</u>	<u>1,303,841</u>	<u>1,114,262</u>
Total	<u>\$ 2,002,859</u>	<u>\$ 1,690,896</u>	<u>\$ 2,027,587</u>	<u>\$ 1,303,841</u>	<u>\$ 1,114,262</u>
District's covered-employee payroll	\$ 6,977,501	\$ 6,391,454	\$ 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	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	85.26%	85.69%	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 BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.772422%	0.770332%
District's proportionate share of the net OPEB liability	<u>\$ 98,172,466</u>	<u>\$ 108,231,336</u>
Total	<u><u>\$ 98,172,466</u></u>	<u><u>\$ 108,231,336</u></u>
District's covered-employee payroll	\$ 74,472,341	\$ 72,979,531
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	131.82%	148.30%
Plan fiduciary net position as a percentage of the total OPEB liability	2.93%	1.61%

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

TROUP COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 4,223,466	\$ 4,003,392
Contributions in relation to the contractually required contributions	<u>4,223,466</u>	<u>4,003,392</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 83,990,766	\$ 74,472,341
Contributions as a percentage of covered-employee payroll	5.028%	5.376%

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, 2019**

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.

On November 18, 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, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to 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).

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).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

School OPEB Fund:

Changes in assumptions: In the revised June 30, 2017 actuarial valuation, there was a change relating to employee allocation. Employees were previously allocated based on their Retirement System membership, and currently employees are allocated based on their current employer payroll location.

In the June 30, 2015 actuarial valuation, decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

In the June 30, 2012 actuarial valuation, a data audit was performed and data collection procedures and assumptions were changed.

III. OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenues that are legally restricted or committed for specific purposes. The School System's Special Revenue Funds have been established primarily on the basis of program purpose and include the following funds and primary funding sources:

Title I Fund was established to account for federal grant funds to provide remedial education in the areas of reading and mathematics and to provide a special education program for children who are physically handicapped.

IDEA VI-B Fund was established to account for federal grant funds, for the purpose of providing special education programs for children in pre-kindergarten through the twelfth grade.

Federal Vocational Education Fund was established to account for the federal and state grants which are utilized for the purpose of providing vocational education throughout the District.

Title V-B Fund was established to account for the federal grant funds used to promote rural education achievement programs.

Title IIA Fund was established to account for federal grant funds passed through the Georgia Department of Education, for the purpose of improving teacher quality and increasing the number of highly quality teachers, para-professionals, and principals.

Education of Homeless Youth was established to account for federal and state grants used to enhance the educational experience for children of homeless families.

Title IIIA Fund was established to account for federal and state grants used to improve and strengthen the academic quality, institutional management, and fiscal stability of the District.

Title IV Fund was established to account for federal and state grants received for the promotion of safe and drug free schools and communities.

Principal Accounts Fund was established to account for funds of the local school which are controlled at the school level but have revenues committed or restricted for specific purposes at the local school.

PreK Fund was established to account for the funds and the activities of the District's pre-kindergarten readiness program.

Local Grants Fund was established to account for other state and local funds for which separate presentation is not considered necessary.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
COMBINING BALANCE SHEET
NON MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	SPECIAL REVENUE FUNDS					EDUCATION OF HOMELESS YOUTH
	TITLE I	IDEA VIB	FEDERAL VOCATIONAL EDUCATION	Title VB	TITLE IIA	
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Due From Other Governments	242,817	627,835	20,218	34,372	84,089	17,399
Due From Other Funds	132,995	-	-	-	-	-
Prepaid Assets	4,312	-	-	-	-	-
Total Assets	\$ 380,124	\$ 627,835	\$ 20,218	\$ 34,372	\$ 84,089	\$ 17,399
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 72,139	\$ 37,761	\$ 2,597	\$ 1,530	\$ 12,533	\$ 153
Salaries And Benefits Payable	307,985	274,797	-	3,789	41,098	-
Due To Other Funds	-	315,277	17,621	29,053	30,458	17,246
Total Liabilities	380,124	627,835	20,218	34,372	84,089	17,399
FUND BALANCES:						
Restricted for Grant Activities	-	-	-	-	-	-
Committed for Principal Discretion	-	-	-	-	-	-
Total Fund Balances	-	-	-	-	-	-
Total Liabilities And Fund Balances	\$ 380,124	\$ 627,835	\$ 20,218	\$ 34,372	\$ 84,089	\$ 17,399

	SPECIAL REVENUE FUNDS					TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TITLE IIIA	Title IV	PRINCIPAL ACCOUNTS	PREK	LOCAL GRANTS	
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ 743,537	\$ -	\$ 12,428	\$ 755,965
Investments	-	-	500,000	-	-	500,000
Due From Other Governments	18,520	146,763	-	-	-	1,192,013
Due From Other Funds	-	-	134,428	305,450	276,914	849,787
Prepaid Assets	-	-	-	-	-	4,312
Total Assets	<u>\$ 18,520</u>	<u>\$ 146,763</u>	<u>\$ 1,377,965</u>	<u>\$ 305,450</u>	<u>\$ 289,342</u>	<u>\$ 3,302,077</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 3,807	\$ 2,229	\$ 172,459	\$ 816	\$ 46,739	\$ 352,763
Salaries And Benefits Payable	840	30,306	-	304,704	5,116	968,635
Due To Other Funds	13,873	114,228	1,192,360	-	-	1,730,116
Total Liabilities	<u>18,520</u>	<u>146,763</u>	<u>1,364,819</u>	<u>305,520</u>	<u>51,855</u>	<u>3,051,514</u>
FUND BALANCES:						
Restricted for Grant Activities	-	-	-	(70)	237,487	237,417
Committed for Principal Discretion	-	-	13,146	-	-	13,146
Total Fund Balances	<u>-</u>	<u>-</u>	<u>13,146</u>	<u>(70)</u>	<u>237,487</u>	<u>250,563</u>
Total Liabilities And Fund Balances	<u>\$ 18,520</u>	<u>\$ 146,763</u>	<u>\$ 1,377,965</u>	<u>\$ 305,450</u>	<u>\$ 289,342</u>	<u>\$ 3,302,077</u>

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, 2019

	SPECIAL REVENUE FUNDS					
	TITLE I	IDEA VIB	FEDERAL VOCATIONAL EDUCATION	Title VB	TITLE IIA	EDUCATION OF HOMELESS YOUTH
REVENUES						
Fees And Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State Aid	-	-	-	-	-	-
Federal Aid	3,833,815	2,560,848	151,778	182,080	468,800	38,292
Total Revenues	3,833,815	2,560,848	151,778	182,080	468,800	38,292
EXPENDITURES						
Current:						
Instruction	1,858,045	2,090,352	135,526	144,904	-	-
Pupil Support Services	483,176	99,337	-	-	-	-
Improvement Of Instructional Services	1,216,236	110,259	16,252	33,080	454,208	-
Educational Media Services	3,595	-	-	-	4,749	-
Federal Grant Administration	188,577	-	-	-	-	8,526
General Administration	67,474	87,702	-	4,096	9,025	785
School Administration	-	-	-	-	-	-
Student Transportation Services	16,712	164,739	-	-	-	28,981
Other Support Services	-	8,459	-	-	818	-
Total Expenditures	3,833,815	2,560,848	151,778	182,080	468,800	38,292
Excess (Deficiency) Of Revenues Over Expenditures	-	-	-	-	-	-
OTHER FINANCING USES						
Transfers Out	(848)	(297)	-	-	(306)	-
Total Other Financing Uses	(848)	(297)	-	-	(306)	-
Net Change In Fund Balances	(848)	(297)	-	-	(306)	-
Fund Balances, Beginning Of Year	848	297	-	-	306	-
Fund Balances, End Of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	SPECIAL REVENUE FUNDS					TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	TITLE IIIA	Title IV	PRINCIPAL ACCOUNTS	PREK	LOCAL GRANTS	
REVENUES						
Fees And Charges	\$ -	\$ -	\$ 2,590,785	\$ -	\$ -	\$ 2,590,785
State Aid	-	-	-	2,081,509	1,385	2,082,894
Federal Aid	50,328	199,880	-	-	-	7,485,821
Total Revenues	50,328	199,880	2,590,785	2,081,509	1,385	12,159,500
EXPENDITURES						
Current:						
Instruction	29,481	52,756	112,273	2,028,645	91,323	6,543,305
Pupil Support Services	4,944	71,696	2,221,326	-	-	2,880,479
Improvement Of Instructional Services	15,901	63,029	-	-	-	1,908,965
Educational Media Services	-	-	-	-	-	8,344
Federal Grant Administration	-	-	-	-	-	197,103
General Administration	-	4,241	-	-	-	173,323
School Administration	-	-	512,631	51,131	-	563,762
Student Transportation Services	-	8,158	-	1,803	15,385	235,778
Other Support Services	-	-	-	-	-	9,277
Total Expenditures	50,326	199,880	2,846,230	2,081,579	106,708	12,520,336
Excess (Deficiency) Of Revenues Over Expenditures	2	-	(255,445)	(70)	(105,323)	(360,836)
OTHER FINANCING USES						
Transfers Out	(2)	-	-	-	-	(1,453)
Total Other Financing Uses	(2)	-	-	-	-	(1,453)
Net Change In Fund Balances	-	-	(255,445)	(70)	(105,323)	(362,289)
Fund Balances, Beginning Of Year	-	-	268,591	-	342,810	612,852
Fund Balances, End Of Year	\$ -	\$ -	\$ 13,146	\$ (70)	\$ 237,487	\$ 250,563

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

	<u>SCHOOL ACTIVITIES FUND</u>	<u>FLEXIBLE SPENDING FUND</u>	<u>TOTAL AGENCY FUNDS</u>
ASSETS			
Cash	\$ 290,934	\$ 2,225,070	\$ 2,516,004
Total Assets	<u>\$ 290,934</u>	<u>\$ 2,225,070</u>	<u>\$ 2,516,004</u>
LIABILITIES			
Due To Student Groups	\$ 290,934	\$ -	\$ 290,934
Due To Others	-	2,150,092	2,150,092
Due to Employees	-	74,978	74,978
Total Liabilities	<u>\$ 290,934</u>	<u>\$ 2,225,070</u>	<u>\$ 2,516,004</u>

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF APPROVED SPECIAL PURPOSE LOCAL OPTION SALES TAX PROJECTS
FOR THE FICAL YEAR ENDED JUNE 30, 2019

<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) (4)</u>	<u>PROJECT STATUS</u>
SPLOST V					
Providing additional real property for future school expansions, elementary school construction, elementary school, middle school and/or high school renovations and expansions; additions to, renovations of, repairs and improvements to and equipping of existing educational buildings, properties and facilities of the School District, including without limitation safety and security projects, HVAC, roofing and flooring replacements and renovations, 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	\$ 65,358,827	\$ 63,100,000	\$ 22,973,584	\$ 21,688,931	Ongoing
Interest expense on bonds sold under SPLOST V	2,700,000	2,700,000	-	-	Ongoing
Totals for SPLOST V	<u>\$ 68,058,827</u>	<u>\$ 65,800,000</u>	<u>22,973,584</u>	<u>\$ 21,688,931</u>	
		Total SPLOST expenditures	<u>\$ 22,973,584</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).
- (4) The balance of expenditures reported for prior years for these projects have been corrected by the School District to appropriately reflect the actual balance of SPLOST funds expended in accordance with the voter approved referendum.

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, 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, 2019, and the related notes to the financial statements, which collectively comprise the Troup County Board of Education’s basic financial statements, and have issued our report thereon dated March 13, 2020.

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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001, 2019-002, 2019-003 and 2019-004 that we consider to be a material weaknesses.

Compliance and Other Matters

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

Troup County Board of Education's Response to the Finding

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

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
March 13, 2020



**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, 2019. 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, 2019.

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
March 13, 2020

TROUP COUNTY SCHOOL DISTRICT, GEORGIA

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Award Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through Georgia Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	195GA324N1099	\$ 1,423,692
National School Lunch Program	10.555	195GA324N1100	3,901,013
National School Lunch Program (non-cash) (1)	10.555	195GA324N1100	435,623
Total Child Nutrition Cluster			<u>5,760,328</u>
U. S. DEPARTMENT OF DEFENSE			
R.O.T.C. Program	12.Unknown	n/a	2,942
Total U. S. Department of Defense			<u>2,942</u>
U. S. DEPARTMENT OF EDUCATION			
Passed through Georgia Department of Education:			
Title I Programs - Improving the Academic Achievement of the Disadvantaged	84.010	S010A180010	3,471,872
Title I Programs - Neglected and Delinquent	84.010	S010A180010	95,391
Title I Programs - School Improvement	84.010	S010A180010	11,160
Total Title I, Part A			<u>3,578,423</u>
Striving Readers	84.371	S371C180002	255,392
Title II-A - Improving Teacher Quality	84.367	S367A180001	464,100
Total Title II-A			<u>464,100</u>
Title III - Limited English Proficient	84.365	S365A180010	46,819
Title III - Immigrant	84.365	S365A180010	3,508
Total Title III			<u>50,327</u>
Title IV - Part A Student Support and Academic Enrichment	84.424	S424A180011	199,880
Title V-B - Rural and Low-Income Schools	84.358	S365B180010	182,080
Special Education Cluster:			
Title VI-B Flowthrough	84.027	H027A180073	2,463,904
Title VI-B High Cost Fund Pool	84.027	H027A180073	23,920
Title VI-B Preschool	84.173	H173A180081	73,025
Total Special Education Cluster			<u>2,560,849</u>
Education for Homeless Youth	84.196	S196A180011	38,187
Vocational Grants - Program Improvement	84.048	V048A180010	7,704
Vocational Grants - Perkins Reserve	84.048	V048A180010	131,491
Vocational Grants - Perkins Carryover	84.048	V048A180010	12,583
Total Vocational Grants			<u>151,778</u>
Total U. S. Department of Education			<u>7,481,016</u>
Total Expenditures of Federal Awards			<u>\$ 13,244,286</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, 2019

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? X yes ___ no

Significant deficiencies identified? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal Control over major 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:

CFDA Number	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A

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

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

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2019-001 Interfund Balances Reconciliation

Criteria: Internal controls should be in place to ensure interfund activity is properly reported in the financial statements in accordance with generally accepted accounting principles. All receivables should be evaluated and reported at their net realizable value, including interfund balances.

Condition: Misstatements were detected in the reporting of the District's interfund balances.

Context/Cause: During our audit of the interfund balances for the fiscal year ended June 30, 2019, we noted the District is not actively tracking or monitoring these accounts and is not reconciling interfund balance accounts periodically. There are unreconciled interfund balances between the funds and the schedule maintained by the District does not resolve those differences. We also noted that the District is not properly reviewing interfund balances to determine whether the balances should be short-term or long-term. We noted adjustments in the amount of approximately \$400,000 were required to reclassify interfund balances to accounts payable in Principal Accounts Fund. While these adjustments did not change the equity or fund balance of these funds, the adjustments were needed to reclassify activity to report the balances in accordance with generally accepted accounting principles. Similarly, an adjustment in the amount of approximately \$38,900,000 was required to reclassify balances between interfund payables and interfund receivables in the General Fund and Principal Accounts Fund. Adjustments in the amount of approximately \$11,000,000 was required to reclassify interfund balances to long-term advances in the General Fund and Capital Projects Fund. Lastly, adjustments in the amount of approximately \$200,000 were required to increase interfund receivables and increase revenues in the General Fund to properly report interfund balances and the change in fund balances.

Effects: Reclassifying audit adjustments of approximately \$50,300,000 were needed to correctly report interfund balances within the balance sheet of the General Fund, Capital Projects Fund and Principal Accounts Fund for the year ended June 30, 2019. Audit adjustments of approximately \$200,000 were needed to correctly report interfund balances and changes in fund balance of the General Fund.

Recommendation: We recommend the District consider moving to a pooled cash environment so as to eliminate the due to/due from balances and let the cash flow through each fund. The District should carefully review the interfund activity to determine that the balances are properly reported in accordance with government auditing standards.

Auditee's Response: We concur with the finding and are currently implementing controls to ensure interfund balances are properly reconciled on a regular basis. Action is to be taken to move cash to the individual funds rather than rely solely on the *Due To/Due Froms*. Each fund will be reconciled monthly. In order to help accomplish this, separate bank accounts and accounting funds will be created in order to better track activities.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2019-002 Revenue Recognition

Criteria: Internal controls should be in place to ensure that amounts reported as receivables and revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the District's property tax revenue and related balance sheet accounts.

Context/Cause: During our testing of property tax revenues, we noted the District did not follow their revenue recognition policy and report property tax revenues that were not received within sixty (60) days of year-end as unavailable revenue in the General Fund. Adjustments were required in the General Fund to decrease property tax revenues by \$547,000, and increase unavailable revenue by \$547,000 representing taxes not collected within 60 days for all tax years.

Effect: Total misstatements related to the reporting of property tax revenues and the related accounts for the fiscal year ended June 30, 2019 were approximately \$547,000.

Recommendation: We recommend the District carefully review property tax revenues that are received to ensure that all revenue not received within sixty (60) days of year-end are recorded as unavailable revenue.

Auditee's Response: We concur with the finding. We recognize that we need to properly record unavailable revenue and it has been assigned to appropriate personnel as part of their year-end responsibilities. We will take necessary steps to ensure amounts are properly accrued in the future. Troup County School System will begin implementing better controls in the form of a worksheet for Property Taxes at the end of the year.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2019-003 School Nutrition Equity Reconciliation

Criteria: Internal controls should be in place to ensure the financial statements properly present the financial position of the District's funds in accordance with generally accepted accounting principles (GAAP).

Condition: Internal controls were not sufficient to detect misstatements in the reconciliation of the School Nutrition net position.

Context/Cause: During our testing of beginning net position, we noted the beginning net position did not agree to the net position reported in the prior year financial statements. During the current year entries were incorrectly posted to reduce opening balances of the School Nutrition Fund's share of the allocated Net Pension Liability and interfund liabilities directly to Net Position. An entry was required to reverse the effect of increasing opening net position.

Effect: Total misstatements related to the reporting of net position in the School Nutrition Fund totaled \$392,000. This misstatement did not affect the current year change in net position.

Recommendation: We recommend the District carefully review fund balance at year-end and perform a reconciliation to ensure current year ending balances agree to the prior year reported net position.

Auditee's Response: We concur with the finding. We will take necessary steps to ensure amounts are properly recorded in the future. We will close out assets promptly at the end of the fiscal year, and all journal entries regarding assets will be complete before the books are closed and opened for the new fiscal year. Additionally, we will institute controls in regard to the fund balance.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2019-004 Capital Asset Maintenance

Criteria: The District's accounting records should be sufficient to provide evidence to support the financial statement assertions related to all capital asset accounts.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of non-depreciable capital assets, depreciable capital assets and accumulated depreciation.

Context/Cause: During our testing of capital assets, an audit adjustment was required to reclassify approximately \$40,600,000 construction in progress from a non-depreciable asset to a depreciable capital assets, related to school building projects being completed during the fiscal year. As a result, an audit adjustment of approximately \$2,500,000 was also required to increase depreciation expense and accumulated depreciation for the fiscal year ended June 30, 2019 due to depreciation taken on the aforementioned reclassified buildings.

Effect: Audit adjustments totaling approximately \$43,100,000, of which approximately \$40,600,000 were reclassifications and \$2,500,000 decreasing net position for the fiscal year ended June 30, 2019, were required to correctly report the District's capital assets, accumulated depreciation and depreciation expense.

Recommendation: We recommend the District carefully review construction in progress at year end and evaluate each project to determine if the projects are complete and should be transferred to a depreciable capital asset category and therefore begin being depreciated.

Auditee's Response: We concur with the finding. We will take necessary steps to ensure amounts are properly recorded in the future. We will have a construction in progress workbook with each construction project broken down (with separate accounting codes by project). These workbooks will be checked periodically to ensure timeliness of capitalization. At year end extra procedures will be taken to reconcile and ensure all capital assets, construction in progress, and depreciation are properly recorded.

TROUP COUNTY SCHOOL DISTRICT, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.



MANAGEMENT’S CORRECTIVE ACTION PLAN
JUNE 30, 2019

2019-001 Inter-fund Balances Reconciliation

Contact Person Responsible for the Corrective Action Plan: Tracie Hill, Accounting Coordinator, and Dr. Scott Burckbuchler, CFO

Corrective Action Plan: We are currently implementing controls to ensure inter-fund balances are properly reconciled on a regular basis. Action is to be taken to move cash to the individual funds rather than rely solely on the Due To/Due Froms. Each fund will be reconciled monthly. In order to help accomplish this, separate bank accounts and accounting funds will be created in order to better track activities.

Anticipated Completion Date: June 30, 2020

2019-002 Revenue Recognition

Contact Person Responsible for the Corrective Action Plan: Tracie Hill, Accounting Coordinator, and Dr. Scott Burckbuchler, CFO

Corrective Action Plan: We recognize that we need to properly record deferred revenue and it has been assigned to appropriate personnel as part of their year-end responsibilities. We will take necessary steps to ensure amounts are properly recognized in the future. Troup County School System will begin implementing better controls in the form of a worksheet for Property Taxes at the end of the year.

Anticipated Completion Date: June 30, 2020

2019-003 School Nutrition Equity Reconciliation

Contact Person Responsible for the Corrective Action Plan: Tracie Hill, Accounting Coordinator, and Dr. Scott Burckbuchler, CFO

Corrective Action Plan: We will take necessary steps to ensure amounts are properly recorded in the future. We will close out assets promptly at the end of the fiscal year, and all journal entries regarding assets will be complete before the books are closed and opened for the new fiscal year. Additionally, we will institute controls in regard to the fund balance.

Anticipated Completion Date: June 30, 2020



MANAGEMENT’S CORRECTIVE ACTION PLAN
JUNE 30, 2019

2019-004 Capital Asset Maintenance

Contact Person Responsible for the Corrective Action Plan: Tracie Hill, Accounting Coordinator, and Dr. Scott Burckbuchler, CFO

Corrective Action Plan: We will take necessary steps to ensure amounts are properly recorded in the future. We will have a construction in progress workbook with each construction project broken down (with separate accounting codes by project). These workbooks will be checked periodically to ensure timeliness of capitalization. At year end extra procedures will be taken to reconcile and ensure all capital assets, construction in progress, and depreciation are properly recorded.

Anticipated Completion Date: June 30, 2020