



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2025

Thomaston-Upson County Board of Education

Thomaston, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA
Georgia Department
of Audits & Accounts

Thomaston-Upson County Board of Education

Table of Contents

Section I

Financial

Independent Auditor's Report

Required Supplementary Information

Management's Discussion and Analysis i

Exhibits

Basic Financial Statements

Government-Wide Financial Statements

A Statement of Net Position 1
B Statement of Activities 2

Fund Financial Statements

C Balance Sheet 3
 Governmental Funds
D Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position 4
E Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds 5
F Reconciliation of the Governmental Funds Statement of
 Revenues, Expenditures and Changes in Fund Balances
 to the Statement of Activities 6
G Statement of Fiduciary Net Position
 Fiduciary Funds 7
H Statement of Changes in Fiduciary Net Position
 Fiduciary Funds 8
I Notes to the Basic Financial Statements 9

Schedules

Required Supplementary Information

1 Schedule of Proportionate Share of the Net Pension Liability
 Teachers Retirement System of Georgia 41
2 Schedule of Contributions – Teachers Retirement System of Georgia 42
3 Schedule of Proportionate Share of the Net Pension Liability
 Employees' Retirement System of Georgia 43
4 Schedule of Contributions – Employees' Retirement System of Georgia 44
5 Schedule of Proportionate Share of the Net Pension Liability Public
 School Employees Retirement System of Georgia 45

Required Supplementary Information (Continued)

6	Schedule of Proportionate Share of the Net OPEB Liability School OPEB Fund	46
7	Schedule of Contributions – School OPEB Fund	47
8	Schedule of Proportionate Share of the Net OPEB Asset SEAD–OPEB	48
9	Schedule of Contributions – SEAD-OPEB	49
10	Notes to the Required Supplementary Information	50
11	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	52

Supplementary Information

12	Schedule of Expenditures of Federal Awards	53
13	Schedule of State Revenue	55
14	Schedule of Approved Local Option Sales Tax Projects	56

Section II

Compliance and Internal Control Reports

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*

Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Section III

Auditee’s Response to Prior Year Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Section IV

Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Section I

Financial



INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Larry Derico, Superintendent and Members of the
Thomaston-Upson County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and fiduciary activities of the Thomaston-Upson County Board of Education (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and fiduciary activities of the School District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2025, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The School District restated beginning balances for the effect of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis 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*, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 GAAS. In our opinion, the 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 26, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 School District'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 School District's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

March 26, 2026

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

INTRODUCTION

The discussion and analysis of the Thomaston-Upson County Board of Education's (the School District) financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2025. 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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

- The School District had \$67.9 million in expenses relating to governmental activities; only \$40.6 million of these expenses were offset by program specific charges for services, and grants and contributions. General revenues (primarily property and sales taxes) of \$27.3 million were adequate to provide for these programs.
- As stated above, the general revenues accounted for \$27.3 million in revenue or 40.2% of all revenues totaling \$67.9 million. Program specific revenues in the form of charges for services, and grants and contributions accounted for the rest.
- Among major funds, the general fund had \$62.8 million in revenues and \$64.0 million in expenditures. The fund balance for the general fund decreased \$1.2 million to \$14.9 million.
- GASB Statement No. 101, *Compensated Absences*, was implemented in fiscal year 2025 and replaced GASB Statement No. 16. This is considered a change in accounting principle that affects the School District's reporting of its compensated absences liability. This change in accounting policy required a beginning balance restatement for the fiscal year 2025. Ending balances for fiscal year 2024 presented inside the Management's Discussion and Analysis section do not show the accounting impact of these restated balances. Additional information may be found in Note 2, Summary of Significant Accounting Policies and Note 13, Restatement of Prior Year Net Position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

The government-wide financial statements include the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the School District presenting both short-term and long-term information about the overall financial status.

The fund financial statements focus on individual parts, reporting the School District's operation in more detail. The governmental funds statements disclose how basic services are financed in the short-term as well as what remains for future spending. The fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The fund financial statements reflect the School District's most significant funds. For fiscal year 2025, the general fund, the capital projects fund, and the debt service fund represent the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

Government-Wide Statements

The government-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current fiscal year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the School District's net position and how it has changed. Net position, the difference between the School District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the School District's overall financial health or position. Over time, increases or decreases in net position are an indication of whether its financial health is improving or deteriorating. Changes may be the result of many factors, including those not under the School District's control, such as the property tax base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has one distinct type of activity:

- **Governmental Activities** – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service, student activity accounts and various others.

Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required by State law and some by bond requirements. The School District's major governmental funds are the general fund, the capital projects fund, and the debt service fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. These funds are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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 are reconciled to the financial statements.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Fiduciary Funds - The School District is the trustee, or fiduciary, for assets that belong to others, such as scholarships. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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 fiscal years 2025 and 2024.

Table 1
Net Position

	Governmental Activities		
	Fiscal Year 2025	Fiscal Year 2024 (1)	Net Change
Assets			
Current and Other Assets	\$ 34,232,757	\$ 43,941,012	\$ (9,708,255)
Capital Assets, Net	77,984,499	70,222,596	7,761,903
Total Assets	<u>112,217,256</u>	<u>114,163,608</u>	<u>(1,946,352)</u>
Deferred Outflows of Resources			
Related to Defined Benefit Pension Plans	14,698,324	18,387,875	(3,689,551)
Related to OPEB Plan	6,875,606	8,494,003	(1,618,397)
Total Deferred Outflows of Resources	<u>21,573,930</u>	<u>26,881,878</u>	<u>(5,307,948)</u>
Total Assets and Deferred Outflows of Resources	<u>133,791,186</u>	<u>141,045,486</u>	<u>(7,254,300)</u>
Liabilities			
Current and Other Liabilities	85,886,078	8,776,532	77,109,546
Long-Term Liabilities	27,743,708	113,449,161	(85,705,453)
Total Liabilities	<u>113,629,786</u>	<u>122,225,693</u>	<u>(8,595,907)</u>
Deferred Inflows of Resources			
Related to Defined Benefit Pension Plans	7,453,514	1,017,645	6,435,869
Related to OPED Plan	10,623,084	13,460,592	(2,837,508)
Total Deferred Inflows of Resources	<u>18,076,598</u>	<u>14,478,237</u>	<u>3,598,361</u>
Total Liabilities and Deferred Inflows of Resources	<u>131,706,384</u>	<u>136,703,930</u>	<u>(4,997,546)</u>
Net Position			
Net Investment in Capital Assets	58,142,708	58,275,686	(132,978)
Restricted	9,014,750	24,817,041	(15,802,291)
Unrestricted (Deficit)	(65,072,656)	(78,751,171)	13,678,515
Total Net Position	<u>\$ 2,084,802</u>	<u>\$ 4,341,556</u>	<u>\$ (2,256,754)</u>

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.
See Note 13 in the Notes to the Basic Financial Statements for additional information.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Table 2 shows the changes in net position for fiscal years ending June 30, 2025 and June 30, 2024.

Table 2
Change in Net Position

	Governmental Activities		
	Fiscal Year 2025	Fiscal Year 2024 (1)	Net Change
Revenues			
Program Revenues:			
Charges for Services	\$ 515,332	\$ 501,209	\$ 14,123
Operating Grants and Contributions	40,164,856	42,654,401	(2,489,545)
Capital Grants and Contributions	(70,644)	2,361,554	(2,432,198)
Total Program Revenues	40,609,544	45,517,164	(4,907,620)
General Revenues:			
Taxes			
Property Taxes			
For Maintenance and Operations	14,777,742	14,365,442	412,300
Railroad Cars	11,862	10,442	1,420
Sales Taxes			
Special Purpose Local Option Sales Tax			
For Debt Services	3,385,250	513,891	2,871,359
For Capital Projects	1,773,512	4,772,241	(2,998,729)
Other Sales Tax	195,423	196,881	(1,458)
Grants and Contributions not			
Restricted to Specific Programs	4,572,555	4,317,405	255,150
Investment Earnings	1,367,871	984,188	383,683
Miscellaneous	1,174,236	1,191,365	(17,129)
Total General Revenues	27,258,451	26,351,855	906,596
Total Revenues	67,867,995	71,869,019	(4,001,024)
Program Expenses:			
Instruction	40,436,240	41,434,816	(998,576)
Support Services			
Pupil Services	2,899,250	3,128,497	(229,247)
Improvement of Instructional Services	2,429,843	2,811,532	(381,689)
Educational Media Services	633,863	611,446	22,417
General Administration	1,522,877	1,654,827	(131,950)
School Administration	4,021,238	4,086,924	(65,686)
Business Administration	546,393	998,966	(452,573)
Maintenance and Operation of Plant	5,621,102	4,950,321	670,781
Student Transportation Services	3,862,657	3,611,040	251,617
Central Support Services	235,471	237,898	(2,427)
Other Support Services	258,432	236,220	22,212
Operations of Non-Instructional Services			
Food Services	4,560,200	4,703,423	(143,223)
Interest on Long-Term Debt	841,211	1,014,185	(172,974)
Total Expenses	67,868,777	69,480,095	(1,611,318)
Increase/(Decrease) in Net Position	\$ (782)	\$ 2,388,924	\$ (2,389,706)

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.

See Note 13 in the Notes to the Basic Financial Statements for additional information.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. Net cost of services can be defined as the total cost less fees generated by the activities and intergovernmental revenue provided for specific programs. The net cost reflects the financial burden on the School District's taxpayers by each activity.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2025	Fiscal Year 2024 (1)	Fiscal Year 2025	Fiscal Year 2024 (1)
Instruction	\$ 40,436,240	\$ 41,434,816	\$ 12,194,859	\$ 10,516,692
Support Services:				
Pupil Services	2,899,250	3,128,497	2,456,374	2,284,564
Improvement of Instructional Services	2,429,843	2,811,532	1,069,567	1,077,632
Educational Media Services	633,863	611,446	(16,579)	(39,566)
General Administration	1,522,877	1,654,827	258,487	1,870
School Administration	4,021,238	4,086,924	2,783,731	2,859,239
Business Administration	546,393	998,966	543,845	992,605
Maintenance and Operation of Plant	5,621,102	4,950,321	3,938,290	3,283,838
Student Transportation Services	3,862,657	3,611,040	2,813,143	1,332,605
Central Support Services	235,471	237,898	234,055	235,188
Other Support Services	258,432	236,220	250,129	155,316
Operations of Non-Instructional Services:				
Food Services	4,560,200	4,703,423	(107,879)	248,764
Interest on Long-Term Debt	841,211	1,014,185	841,211	1,014,185
Total Expenses	\$ 67,868,777	\$ 69,480,095	\$ 27,259,233	\$ 23,962,932

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.
See Note 13 in the Notes to the Basic Financial Statements for additional information.

Although program revenues make up a majority of the funding, the School District is still dependent upon tax revenues for governmental activities. For 2025, 40.2% of expenses were supplemented by taxes and other general revenues compared to 37.9% in 2024.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$69.8 million and total expenditures of \$78.9 million. The net change in fund balance for the year in the general fund was a decrease of \$1.2 million and in the capital projects fund a decrease of \$8.0 million.

General Fund Budgeting Highlights

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund, which includes local, state and federal funds collected and disbursed for the purpose of operating the School District.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The School District’s budget is adopted at the aggregate level and maintained at the program, function, object, and site levels to facilitate budgetary control. The budgeting systems are designed to control the total budget but provide flexibility to meet the ongoing programmatic needs. The budgeting systems are also designed to control total site budgets but provide flexibility for site management as well.

For the general fund, the actual revenues of \$62.8 million were over the final budgeted amount of \$60.4 million with a variance of \$2.4 million. The variance (actual vs. final budget) was mainly attributable to revenue from the State’s Quality Basic Education (QBE) funding, an increase in charges for services, and property tax revenue. Additionally, the School District did not include revenues for school activity accounts (included in miscellaneous revenues) in the final budget. Combined, these revenues provided more than budgeted.

The general fund’s actual expenditures of \$64.0 million were less than the final budgeted amount of \$64.2 million with a variance of \$0.2 million. Expenditures were less than budget in instruction, improvement of instructional services, general administration, business administration, student transportation services, other support services, and food services. Actual general fund expenditures were more than the budget in pupil services, educational media services, school administration, maintenance and operations of plant, and central support services.

General fund expenditures exceeded general fund revenues by \$1.2 million from a budgeted decrease of \$3.8 million. As in prior years, the School District did not include expenditures for school activity accounts in the final budget.

CAPITAL ASSETS

At the fiscal year ended June 30, 2025, the School District had \$78.0 million, invested in capital assets, net of accumulated depreciation in governmental activities. Table 4 shows fiscal year 2025 balances compared with fiscal year 2024 balances.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities		
	Fiscal Year 2025	Fiscal Year 2024	Net Change
Land	\$ 797,021	\$ 797,021	\$ -
Construction In Progress	9,776,500	17,054,824	(7,278,324)
Building and Improvements	54,128,491	42,023,888	12,104,603
Equipment	7,843,283	8,296,299	(453,016)
Land Improvements	5,439,204	2,050,564	3,388,640
Total	\$ 77,984,499	\$ 70,222,596	\$ 7,761,903

The majority of the increase of \$7.8 million was primarily due to the completion of the ULPS and ULES Roof/ULHS Skylight, Softball/Tennis Complex, and Matthews Field – Phase I construction projects.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

DEBT ADMINISTRATION

In January, 2024, the School District issued \$25.0 million in General Obligation Bonds for the purposes of fulfilling their athletic facility plan. These will be repaid from Educational Special Purpose Local Option Sales Tax (ESPLOST) VI funds that began in January 2024. The School District had \$27.7 million in total debt outstanding with \$3.6 million due within one year. Table 5 summarizes debt outstanding at June 30, 2025 and 2024.

Table 5
Debt at June 30

	Governmental Activities		
	Fiscal Year 2025	Fiscal Year 2024 (1)	Net Change
Bonds Payable	\$ 22,810,000	25,000,000	(2,190,000)
Unamortized Bond Premiums	2,519,018	2,818,307	(299,289)
Compensated Absences	2,414,690	168,357	2,246,333
	\$ 27,743,708	\$ 27,986,664	\$ (242,956)

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.

See Note 13 in the Notes to the Basic Financial Statements for additional information.

At June 30, 2025 the School District’s underlying bond rating was “A1” and the enhanced bond rating (State Intercept Program) was “Aa1” as determined by Moody’s. Both bond ratings represent the School District’s very strong capacity to pay debts in a timely manner.

CURRENT ISSUES

The School District is not aware of any current factors expected to significantly impact its financial position or operations this fiscal year.

As we enter fiscal year 2026, challenges remain. Property and sales taxes cover about 29.7% of costs, and with the millage rate reduced to 13.63 mills, local revenue growth is limited, requiring disciplined financial planning. Inflation, restricted tax revenue, and rising state-mandated benefit costs will continue to pressure budgets.

To address these realities and to improve student achievement, the School District continues with the implementation of its Continuous Improvement Plan that aligns resources with stakeholder needs and ensures responsible use of taxpayer funds.

Teacher shortages persist statewide, with rural districts like Thomaston-Upson most affected. Competitive salaries and retiree rehiring programs are critical to filling gaps and reducing burnout. Expanded counseling services and community partnerships remain essential to meeting growing student mental health needs.

Aging facilities demand ongoing maintenance and capital investment. Recent athletic upgrades highlight progress, but long-term planning is vital to prevent deferred maintenance and maintain safe, modern learning environments.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Looking ahead, the School District will continue leveraging strategic waiver flexibility to structure programs that benefit students and maximize financial resources. The School District remains committed to strengthening school-level initiatives, supporting effective instruction, and attracting and retaining quality employees.

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 Mrs. Kathy Matthews, Chief Financial Officer for the Thomaston-Upson School System, 205 Civic Center Drive, Thomaston, GA 30286. You may also email your questions to Mrs. Matthews at kmattthews@upson.k12.ga.us.

Thomaston-Upson County Board of Education

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT "A"

		<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	28,002,326.01
Accounts Receivable, Net		
Interest		67,334.25
Taxes		896,974.16
State Government		4,222,422.70
Federal Government		824,686.82
Other		128,093.94
Inventories		77,704.68
Prepaid Items		13,215.33
Capital Assets, Non-Depreciable		10,573,520.51
Capital Assets, Depreciable (Net of Accumulated Depreciation)		67,410,978.54
Total Assets		<u>112,217,256.94</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		14,698,323.55
Related to OPEB Plan		6,875,606.00
Total Deferred Outflows of Resources		<u>21,573,929.55</u>
 <u>LIABILITIES</u>		
Accounts Payable		1,586,070.38
Salaries and Benefits Payable		3,741,237.88
Payroll Withholdings Payable		3,340.00
Interest Payable		570,250.00
Contracts Payable		2,969,964.95
Retainages Payable		427,440.82
Deposits and Unearned Revenues		75,794.06
Net Pension Liability		44,757,451.00
Net OPEB Liability		31,754,529.00
Long-Term Liabilities		
Due Within One Year		3,591,845.51
Due in More Than One Year		24,151,862.82
Total Liabilities		<u>113,629,786.42</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		7,453,514.00
Related to OPEB Plan		10,623,084.00
Total Deferred Inflows of Resources		<u>18,076,598.00</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets		58,142,707.76
Restricted for		
Continuation of Federal Programs		3,158,452.95
Debt Service		2,820,250.00
Capital Projects		3,036,047.29
Unrestricted (Deficit)		(65,072,655.93)
Total Net Position	\$	<u><u>2,084,802.07</u></u>

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT "B"

	PROGRAM REVENUES			NET (EXPENSES)
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 40,436,239.96	\$ 377,423.48	\$ 28,004,235.87	\$ (140,278.41) \$ (12,194,859.02)
Support Services				
Pupil Services	2,899,249.90	-	442,575.54	300.07 (2,456,374.29)
Improvement of Instructional Services	2,429,842.98	-	1,360,709.92	(433.60) (1,069,566.66)
Educational Media Services	633,863.45	-	650,441.71	- 16,578.26
General Administration	1,522,877.15	-	1,268,592.28	(4,202.56) (258,487.43)
School Administration	4,021,238.15	-	1,237,507.57	- (2,783,730.58)
Business Administration	546,392.52	-	2,688.98	(141.12) (543,844.66)
Maintenance and Operation of Plant	5,621,101.90	10,398.00	1,587,919.31	84,494.78 (3,938,289.81)
Student Transportation Services	3,862,657.02	-	1,054,374.94	(4,860.77) (2,813,142.85)
Central Support Services	235,470.94	-	1,415.96	- (234,054.98)
Other Support Services	258,432.40	-	8,303.20	- (250,129.20)
Operations of Non-Instructional Services				
Food Services	4,560,199.97	127,510.81	4,546,090.74	(5,522.39) 107,879.19
Interest on Long-Term Debt	841,210.77	-	-	- (841,210.77)
Total Governmental Activities	\$ 67,868,777.11	\$ 515,332.29	\$ 40,164,856.02	\$ (70,644.00) (27,259,232.80)
General Revenues				
Taxes				
Property Taxes				
				14,777,742.10
				11,862.90
Sales Taxes				
				3,385,250.00
				1,773,511.56
				195,422.85
Grants and Contributions not Restricted to Specific Programs				
				4,572,555.00
Investment Earnings				
				1,367,870.53
Miscellaneous				
				1,174,235.58
				<u>27,258,450.52</u>
				(782.28)
				4,341,556.35
				(2,255,972.00)
				<u>2,085,584.35</u>
				<u>\$ 2,084,802.07</u>

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 14,542,944.64	\$ 13,459,379.37	\$ 2.00	\$ 28,002,326.01
Accounts Receivable, Net				
Interest	40,130.96	27,203.29	-	67,334.25
Taxes	462,311.30	434,662.86	-	896,974.16
State Government	4,222,422.70	-	-	4,222,422.70
Federal Government	824,686.82	-	-	824,686.82
Other	128,093.94	-	-	128,093.94
Inventories	77,704.68	-	-	77,704.68
Prepaid Items	3,538.55	9,676.78	-	13,213.33
Total Assets	\$ 20,301,833.59	\$ 13,930,922.30	\$ 2.00	\$ 34,232,757.89
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,404,336.68	\$ 181,733.70	\$ -	\$ 1,586,070.38
Salaries and Benefits Payable	3,741,237.88	-	-	3,741,237.88
Payroll Withholdings Payable	3,340.00	-	-	3,340.00
Contracts Payable	-	2,969,964.95	-	2,969,964.95
Retainages Payable	-	427,440.82	-	427,440.82
Deposits and Unearned Revenues	75,794.06	-	-	75,794.06
Total Liabilities	5,224,708.62	3,579,139.47	-	8,803,848.09
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	225,626.84	-	-	225,626.84
<u>FUND BALANCES</u>				
Nonspendable	81,243.23	9,676.78	-	90,920.01
Restricted	3,080,748.27	10,342,106.05	2.00	13,422,856.32
Committed	309,973.34	-	-	309,973.34
Assigned	1,959,387.00	-	-	1,959,387.00
Unassigned	9,420,146.29	-	-	9,420,146.29
Total Fund Balances	14,851,498.13	10,351,782.83	2.00	25,203,282.96
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,301,833.59	\$ 13,930,922.30	\$ 2.00	\$ 34,232,757.89

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	25,203,282.96
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$ 797,020.96	
Construction in progress	9,776,499.55	
Buildings and improvements	89,241,173.12	
Equipment	16,047,510.56	
Land improvements	12,947,407.50	
Accumulated depreciation	<u>(50,825,112.64)</u>	77,984,499.05
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (44,757,451.00)	
Net OPEB liability	<u>(31,754,529.00)</u>	(76,511,980.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$ 7,244,809.55	
Related to OPEB	<u>(3,747,478.00)</u>	3,497,331.55
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		225,626.84
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$ (22,810,000.00)	
Accrued interest payable	(570,250.00)	
Compensated absences payable	(2,414,690.61)	
Unamortized bond premiums	<u>(2,519,017.72)</u>	<u>(28,313,958.33)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>2,084,802.07</u></u>

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

EXHIBIT "E"

	<u>GENERAL</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Property Taxes	\$ 14,842,217.52	\$ -	\$ -	\$ 14,842,217.52
Sales Taxes	161,915.01	1,773,511.56	3,385,250.00	5,320,676.57
State Funds	36,091,733.06	1,081,225.00	-	37,172,958.06
Federal Funds	9,363,921.93	-	-	9,363,921.93
Charges for Services	515,332.29	-	-	515,332.29
Investment Earnings	639,807.05	728,063.48	-	1,367,870.53
Miscellaneous	1,174,235.58	-	-	1,174,235.58
Total Revenues	62,789,162.44	3,582,800.04	3,385,250.00	69,757,212.48
<u>EXPENDITURES</u>				
Current				
Instruction	37,533,626.87	136,231.66	-	37,669,858.53
Support Services				
Pupil Services	2,888,067.46	3,393.23	-	2,891,460.69
Improvement of Instructional Services	2,425,049.06	2,668.00	-	2,427,717.06
Educational Media Services	632,073.22	9,180.23	-	641,253.45
General Administration	1,424,250.84	28,932.84	-	1,453,183.68
School Administration	4,028,247.12	7,965.25	-	4,036,212.37
Business Administration	439,521.02	102,691.11	-	542,212.13
Maintenance and Operation of Plant	5,251,705.74	362,045.70	-	5,613,751.44
Student Transportation Services	3,416,251.57	-	-	3,416,251.57
Central Support Services	232,865.74	-	-	232,865.74
Other Support Services	258,027.40	-	-	258,027.40
Food Services Operation	4,526,265.89	3,342.99	-	4,529,608.88
Capital Outlay	918,171.00	10,908,692.89	-	11,826,863.89
Debt Services				
Principal	-	-	2,190,000.00	2,190,000.00
Dues and Fees	-	10,084.50	-	10,084.50
Interest	-	-	1,195,250.00	1,195,250.00
Total Expenditures	63,974,122.93	11,575,228.40	3,385,250.00	78,934,601.33
Net Change in Fund Balances	(1,184,960.49)	(7,992,428.36)	-	(9,177,388.85)
Fund Balances - Beginning	16,036,458.62	18,344,211.19	2.00	34,380,671.81
Fund Balances - Ending	\$ 14,851,498.13	\$ 10,351,782.83	\$ 2.00	\$ 25,203,282.96

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2025

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ (9,177,388.85)

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 capital assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	\$ 11,904,561.30	
Depreciation expense	<u>(3,511,379.75)</u>	8,393,181.55

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (631,278.04)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (19,104.68)

Federal revenue deferred in the funds in the prior year but recognized as revenue in the current year. (5,258.97)

Georgia State Financing and Investment Commission revenues deferred in the funds in the prior year but recognized as revenue in the current year. (1,151,969.00)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.

Bond principal retirements	\$ 2,190,000.00	
Amortization of bond premium	<u>299,289.23</u>	2,489,289.23

District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$ (1,174,755.00)	
OPEB expense	<u>1,212,113.00</u>	37,358.00

Some items 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.

Net decrease in accrued interest	\$ 54,750.00	
Compensated absences	<u>9,638.48</u>	<u>64,388.48</u>

Change in net position of governmental activities (Exhibit "B") \$ (782.28)

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

EXHIBIT "G"

PRIVATE
PURPOSE
TRUSTS

ASSETS

Cash and Cash Equivalents

\$ 164,983.00

NET POSITION

Held in Trust for Private Purposes

\$ 164,983.00

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2025

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS
<u>ADDITIONS</u>	
Contributions	
Donors	\$ 600.00
<u>DEDUCTIONS</u>	
Scholarships	5,776.23
Administrative Expenses	47.51
Other Deductions	3,700.00
Total Deductions	<u>9,523.74</u>
Change in Net Position	(8,923.74)
Net Position - Beginning	<u>173,906.74</u>
Net Position - Ending	<u>\$ 164,983.00</u>

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Thomaston-Upson County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a 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 the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Basis of Presentation

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 statements. The government-wide statements focus on the School District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-Wide Statements:

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School District, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the School District's non-fiduciary assets, deferred outflows of resources, deferred inflows of resources and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by 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.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School District related to the administration and support of the School District's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the School District's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate financial statements are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST), bond proceeds, and grants from Georgia State Financing and Investment Commission that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.
- The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned including taxes (sales) legally restricted for the payment of general long-term principal and interest.

The School District reports the following fiduciary fund type:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the School District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

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

New Accounting Pronouncements

In fiscal year 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which supersedes prior requirements under GASB Statement No. 16. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Under the new standard, a liability is recognized when an employee earns leave that carries forward to a future reporting period and is more likely than not to be used, paid out or otherwise settled. The implementation required the School District to reevaluate and revise its recognition and measurement of compensated absences, including applying the "more likely than not" threshold to determine expected usage and payout. This approach is expected to provide a more accurate and complete estimate of the School District's compensated absences liability. The adoption of this statement did not have a material impact but was significant and has been reported as a restatement of beginning net position. This statement will be applied retrospectively.

In fiscal year 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the School District's financial statements. This statement will be applied prospectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

Receivables

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

Inventories

Food Inventories

On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their Federally assigned value and purchased foods inventories are reported at cost (calculated on the first-in, first-out basis). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at the acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School District does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is computed using the straight-line for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

		Capitalization Policy	Estimated Useful Life
Land		All	N/A
Land Improvements	\$	10,000.00	20 to 50 years
Buildings and Improvements	\$	20,000.00	25 to 50 years
Equipment	\$	5,000.00	5 to 50 years
Intangible Assets	\$	200,000.00	5 to 50 years
Construction in Progress		All	N/A

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time.

Compensated Absences

Compensated absences payable consists of leave benefits, such as vacation and other forms of paid leave, that employees earned based on services already rendered. Compensated absences are recognized as a liability when the leave accumulates, is attributable to past service, and it is more likely than not that the leave will be used for time off or otherwise paid or settled.

The majority of the School District’s compensated absences liability is comprised of vacation and sick leave.

Vacation leave of 10 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 20 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Sick leave is earned at a rate of 1.25 days per month for eligible employees. Unused sick leave may be accumulated up to a maximum of 45 days. The School District does not provide for payout of unused sick leave upon resignation or retirement; accordingly, the liability represents the portion of accumulated sick leave that is more likely than not to be used by the employees during active employment. Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward retirement service credit. This benefit is administered and funded by TRS; therefore, the related liability is not reported by the School District.

Long-Term Liabilities and Bond Discounts/Premiums

In the School District's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the straight-line method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School District recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

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 pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Post-Employment Benefits Other Than Pensions (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 Post-Employment Benefit Fund (School OPEB Fund) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by 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.

Post-Employment Benefits Other Than Pensions (SEAD - 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 State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) plan (the Plan) and additions to/deductions from the SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by SEAD-OPEB. For this purpose, death benefits are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government 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 consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

Restricted consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

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

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

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

Use of Estimates

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

Property Taxes

The Upson County Board of Commissioners adopted the property tax levy for the 2024 tax digest year (calendar year) on August 27, 2024 (levy date) based on property values as of January 1, 2024. Taxes were due on November 25, 2024 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2024 tax digest are reported as revenue in the governmental funds for fiscal year 2025. The Upson 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 of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2025, for maintenance and operations amounted to \$13,308,483.67.

The tax millage rate levied for the 2024 tax digest year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>13.63</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,533,733.85 during fiscal year ended June 30, 2025.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$5,158,761.56 and is to be used for capital outlay for educational purposes or debt

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School District's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School District's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), 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.

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Any position or expenditure not previously approved in the annual budget that exceeds \$100,000.00 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

See the General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual in the Supplementary Information Section for a detail of any over/under expenditures during the fiscal year under review.

NOTE 4: DEPOSITS

Collateralization of Deposits

O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2025, the School District had deposits with a carrying amount of \$28,167,309.01, and a bank balance of \$28,262,998.99. The bank balances insured by Federal depository insurance were \$500,000.00 and the bank balances collateralized with securities held by the pledging financial institution in the School District's name were \$187,350.67.

At June 30, 2025, \$27,575,648.32 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

The School District participates in the State's Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The Georgia Office of State Treasurer (OST) sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased in the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

NOTE 5: CAPITAL ASSETS

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 797,020.96	\$ -	\$ -	\$ 797,020.96
Construction in Progress	17,054,824.04	11,920,687.74	19,199,012.23	9,776,499.55
 Total Capital Assets				
Not Being Depreciated	17,851,845.00	11,920,687.74	19,199,012.23	10,573,520.51
 Capital Assets,				
Being Depreciated:				
Buildings and Improvements	75,435,197.94	14,905,975.18	1,100,000.00	89,241,173.12
Equipment	15,607,286.53	553,972.23	113,748.20	16,047,510.56
Land Improvements	9,397,912.19	3,722,938.38	173,443.07	12,947,407.50
 Less Accumulated				
Depreciation:				
Buildings and Improvements	33,411,310.38	2,231,571.80	530,199.71	35,112,682.47
Equipment	7,310,988.00	946,307.31	53,067.72	8,204,227.59
Land Improvements	7,347,347.74	333,500.64	172,645.80	7,508,202.58
 Total Capital Assets,				
Being Depreciated, Net	52,370,750.54	15,671,506.04	631,278.04	67,410,978.54
 Governmental Activities				
Capital Assets - Net	\$ 70,222,595.54	\$ 27,592,193.78	\$ 19,830,290.27	\$ 77,984,499.05

**THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "I"

Current year depreciation expense by function is as follows:

Instruction		\$	2,442,165.36
Support Services			
Pupil Services	\$		974.52
Improvements of Instructional Services			3,769.38
General Administration			34,660.08
Business Administration			2,639.07
Maintenance and Operation of Plant			429,974.05
Student Transportation Services			463,538.67
			935,555.77
Food Services			133,658.62
			\$ 3,511,379.75

NOTE 6: LONG-TERM LIABILITIES

The changes in long-term liabilities during the fiscal year for governmental activities were as follows:

	Governmental Activities					
	Balance July 1, 2024				Balance	Due Within
	Restated	Additions	Deductions	June 30, 2025	One Year	
General Obligation (G.O.) Bonds	\$ 25,000,000.00	\$ -	\$ 2,190,000.00	\$ 22,810,000.00	\$ 2,250,000.00	
Unamortized Bond Premiums	2,818,306.95	-	299,289.23	2,519,017.72	299,289.23	
Compensated Absences (1)	2,424,329.09	-	9,638.48	2,414,690.61	1,042,556.28	
	\$ 30,242,636.04	\$ -	\$ 2,498,927.71	\$ 27,743,708.33	\$ 3,591,845.51	

(1) Net changes in the compensated absences liability are reported as increases or decreases accordingly.

General Obligation Bonds

The School District's bonded debt consists of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

The School District had no unused line of credit or outstanding notes from direct borrowings and direct placements related to governmental activities as of June 30, 2025. In the event the entity is unable to make the principal and interest payments using proceeds from the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

**THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "I"

General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2024	5.00%	1/17/2024	12/15/2033	\$ 25,000,000.00	\$ 22,810,000.00

The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2026	\$ 2,250,000.00	\$ 1,084,250.00	\$ 299,289.23
2027	2,315,000.00	970,125.00	299,289.23
2028	2,380,000.00	852,750.00	299,289.23
2029	2,450,000.00	732,000.00	299,289.23
2030	2,520,000.00	607,750.00	299,289.23
2031 - 2034	<u>10,895,000.00</u>	<u>1,111,125.00</u>	<u>1,022,571.57</u>
Total Principal and Interest	<u>\$ 22,810,000.00</u>	<u>\$ 5,358,000.00</u>	<u>\$ 2,519,017.72</u>

Compensated Absences

Compensated absences represent obligations of the School District relating to leave benefits earned by employees based upon service already rendered. This obligation relates only to vested and accumulated leave in which it is more likely than not that payment will be made or the leave will be used, and the amount can be reasonably estimated as of the measurement date. Typically, the general fund is the fund used to liquidate this long-term debt. The School District uses the vesting method to compute compensated absences.

For fiscal year 2025, the School District began recording the accumulated compensated absences liability at June 30 in the government-wide financial statements due to the implementation of a new accounting standard. This is a change in accounting principle.

NOTE 7: RISK MANAGEMENT

Insurance

Commercial Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. The School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the general fund to each user program on the basis of the percentage of that fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. The School District accounts for claims with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has not incurred or paid unemployment compensation claims during the past two fiscal years.

Surety Bond

The School District purchased surety bonds to provide additional insurance coverage as follows:

Position Covered	Amount
Superintendent	\$ 25,000.00
Drivers Training Education	\$ 10,000.00
All Employees	\$ 100,000.00

NOTE 8: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2025:

Nonspendable		
Inventories	\$ 77,704.68	
Prepaid Assets	13,215.33	\$ 90,920.01
Restricted		
Continuation of Federal Programs	\$ 3,080,748.27	
Capital Projects	7,521,858.05	
Debt Service	2,820,250.00	13,422,856.32
Committed		
School Activity Accounts		309,973.34
Assigned		
Subsequent Period Expenditures		1,959,387.00
Unassigned		9,420,146.29
Fund Balance, June 30, 2025		\$ 25,203,282.96

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

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 5% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year. 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.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

NOTE 9: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2025:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2025 (2)
Athletic Facility Improvement Matthews Field - Phase II	\$ 791,115.01	\$ 6,536,823.06
Athletic Facility Improvement ULHS Athletic Complex - Phase III	4,600,269.29	2,288,238.43
Parking Lots Paving Project	122,400.00	1,126,900.00
	\$ 5,513,784.30	\$ 9,951,961.49

(1) The amounts described are not reflected in the basic financial statements.

(2) Payments include contracts and retainages payable at year-end.

NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

Amounts received or receivable principally from the Federal government are subject to audit and review by grantor agencies. This could result in requests for reimbursement to the grantor agency for any costs which are disallowed under grant terms. Any disallowances resulting from the grantor audit may become a liability of the School District. However, the School District believes that such disallowances, if any, will be immaterial to its overall financial position.

NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

Plan Description: Certified teachers and non-certified public school employees of the School 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 post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (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 Board.

Benefits Provided: 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

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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, 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 to the School OPEB Fund from the School District were \$1,238,318.00 for the year ended June 30, 2025. Active employees are not required to contribute to the School OPEB Fund.

During fiscal year 2025, the State of Georgia, through the State Health Benefit Plan (SHBP) administered by the Department of Community Health, made an on-behalf contribution in the amount of \$723,588.42 for the School District's employees.

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

At June 30, 2025, the School District reported a liability of \$31,754,529.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2024. At June 30, 2024, the School District's proportion was 0.278638%, which was a decrease of 0.011266% from its proportion measured as of June 30, 2023.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

For the year ended June 30, 2025, the School District recognized OPEB expense of \$13,311.00. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,557,187.00	\$ 5,733,717.00
Changes of assumptions	3,702,716.00	3,143,303.00
Net difference between projected and actual earnings on OPEB plan investments	-	206,714.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	374,964.00	1,539,350.00
School District contributions subsequent to the measurement date	1,238,318.00	-
Total	\$ 6,873,185.00	\$ 10,623,084.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. 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 Ended June 30:	OPEB
2026	\$ (1,650,541.00)
2027	\$ (2,129,384.00)
2028	\$ (1,014,805.00)
2029	\$ (49,117.00)
2030	\$ (129,202.00)
Thereafter	\$ (15,168.00)

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Actuarial Assumptions: The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 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, 2024:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	6.75%
Ultimate trend rate	4.50%
Year of Ultimate trend rate	2032

The Plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled or not disabled) as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer 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.

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	2.60%
Equities	70.00%	9.10%
Total	100.00%	

* Net of inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.98% was used as the discount rate, as compared with last year's rate of 3.68%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (3.93% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers 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 2123.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Sensitivity of the School 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 3.98%, 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 (2.98%) or 1-percentage-point higher (4.98%) than the current discount rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School District's proportionate share of the Net OPEB liability	\$ 35,926,117.00	\$ 31,754,529.00	\$ 28,236,566.00

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School 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 cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 27,437,726.00	\$ 31,754,529.00	\$ 37,059,383.00

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

Post-Employment Benefits Other Than Pensions (SEAD - OPEB)

Plan Description: SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., relating to retirement, so as to establish a fund for the provision of term life insurance to retired and vested inactive members of the Employees' Retirement System of Georgia (ERS), the Legislative Retirement System (LRS), and the Georgia Judicial Retirement System (GJRS). The plan is a cost-sharing multiple-employer defined benefit other post-employment benefit plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans other than OPEB Plans*. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments.

Benefits Provided: The amount of insurance for a retiree with creditable service prior to April 1, 1964 is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions: Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. There were no employer contributions required for the fiscal year ended June 30, 2025.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

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

At June 30, 2025, the School District reported an asset of \$0.00 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB asset was based on actual member salaries reported to the SEAD-OPEB plan during the fiscal year ended June 30, 2024. At June 30, 2024, the School District's proportion was 0.000000%, which was a decrease of 0.001553% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB expense of \$12,894.00. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SEAD-OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	2,421.00	-
School District contributions subsequent to the measurement date	-	-
Total	\$ 2,421.00	\$ -

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

There were no employer contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflow of resources to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	SEAD-OPEB
2026	\$ 2,421.00
2027	\$ -
2028	\$ -
2029	\$ -
2030	\$ -
Thereafter	\$ -

Actuarial Assumptions: The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

SEAD – OPEB:

Inflation	2.50%
Salary increases:	
ERS	3.00% – 6.75%
GJRS	3.75%
LRS	N/A
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

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 returns, net of 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	SEAD - OPEB Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	1.50%
Domestic large stocks	46.40%	9.10%
Domestic small stocks	1.10%	13.00%
International developed market stocks	13.60%	9.10%
International emerging market stocks	3.90%	11.10%
Alternative	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%. 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB asset calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$ -	\$ -	\$ -

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS annual comprehensive financial report which is publicly available at www.ers.ga.gov/financials.

NOTE 12: RETIREMENT PLANS

The School District participates in various retirement plans administered by the State of Georgia, as further explained below.

Teachers Retirement System of Georgia (TRS)

Plan Description: All teachers of the School District as defined in O.C.G.A. §47-3-60 and certain other support personnel as defined by O.C.G.A. §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. The Teachers Retirement System of Georgia issues a publicly available separate 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.

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. 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 2025. The School District's contractually required contribution rate for the year ended June 30, 2025 was 20.78% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were \$6,036,864.55 from the School District.

Employees' Retirement System

Plan Description: The Employees' Retirement System of Georgia (ERS) is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. ERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits Provided: The ERS Plan supports three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). Employees under the old plan started membership prior to July 1, 1982 and are subject to plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are new plan members subject to modified plan provisions. Effective January 1, 2009, new state employees and rehired state employees who did not retain membership rights under the Old or New Plans are members of GSEPS. ERS members hired prior to January 1, 2009 also have the option to irrevocably change their membership to GSEPS.

Under the old plan, the new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

Retirement benefits paid to members are based upon the monthly average of the member's highest 24 consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, postretirement cost-of-living adjustments may also be made to members' benefits, provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200.00, plus 6.00% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2025 was 29.20% of annual covered payroll for old and new plan members and 25.51% for GSEPS members. 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. Employer contributions to the pension plan were \$0.00 for the current fiscal year.

Public School Employees Retirement System (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.

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 \$16.50, 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.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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. The current fiscal year contribution was \$127,236.00.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported a liability of \$44,757,451.00 for its proportionate share of the net pension liability for TRS (\$44,757,451.00) and ERS (\$0.00).

The net pension liability for TRS and ERS was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2024.

At June 30, 2024, the School District's TRS proportion was 0.178071%, which was a decrease of 0.003723% from its proportion measured as of June 30, 2023. At June 30, 2024, the School District's ERS proportion was 0.000000%, which was a decrease of 0.000582% from its proportion measured as of June 30, 2023.

At June 30, 2025, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$598,163.00.

The PSERS net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$7,266,751.79 for TRS, (\$55,593.00) for ERS and \$138,350.00 for PSERS and revenue of (\$461.00) for TRS and \$138,350.00 for PSERS. The revenue is support provided by the State of Georgia.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,064,617.00	\$ 133,770.00	\$ -	\$ -
Changes of assumptions	3,113,559.00	-	-	-
actual earnings on pension plan investments	-	6,240,155.00	-	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	483,283.00	1,054,126.00	-	25,463.00
School District contributions subsequent to the measurement date	6,036,864.55	-	-	-
Total	\$ 14,698,323.55	\$ 7,428,051.00	\$ -	\$ 25,463.00

The School District's contributions subsequent to the measurement date for TRS and ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2026	\$ 781,552.00	\$ (22,597.00)
2027	\$ 5,568,204.00	\$ (2,866.00)
2028	\$ (2,984,381.00)	\$ -
2029	\$ (2,131,967.00)	\$ -

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

Actuarial Assumptions: The total pension liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00% – 8.75%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Employees' Retirement System:

Inflation	2.50%
Salary increases	3.00% – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.05%, annually

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

Public School Employees Retirement System:

Inflation	2.50%
Salary increases	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

<u>Participant Type</u>	<u>Membership Table</u>	<u>Set Forward (+)/ Setback (-)</u>	<u>Adjustment to Rates</u>
Service Retirees	General Healthy Below-Median Annuitant	Male: +2; Female: +2	Male: 101%; Female: 103%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Below-Median Contingent Survivors	Male: +2; Female: +2	Male: 104%; Female: 99%

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on TRS, ERS and PSERS 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 allocation and estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>TRS/ERS/PSERS Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	1.50%
Domestic large stocks	46.40%	9.10%
Domestic small stocks	1.10%	13.00%
International developed market stocks	13.60%	9.10%
International emerging market stocks	3.90%	11.10%
Alternative	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. 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 TRS, ERS and PSERS pension plans' fiduciary net position were projected to

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

EXHIBIT "I"

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.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90% and 7.00%, as well as what the School 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 (5.90% and 6.00%) or 1-percentage-point higher (7.90% and 8.00%) than the current rate:

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 77,036,533.00	\$ 44,757,451.00	\$ 18,407,840.00
Employees' Retirement System:	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS, ERS and PSERS financial report which is publicly available at www.trsga.com/publications and <http://www.ers.ga.gov/financials>.

NOTE 13: RESTATEMENT OF PRIOR YEAR NET POSITION

During fiscal year 2025, the School District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which represents a change in accounting principle. As a result, the School District now recognizes a liability for certain types of accumulated leave that are more likely than not to be used for time off or otherwise paid or settled.

The change was applied retrospectively, resulting in a restatement of beginning net position for governmental activities as of July 1, 2024. The effect of this restatement was a decrease in beginning net position and an increase in the compensated absences liability of \$2,255,972.00.

Net Position, July 1, 2024, as previously reported	\$ 4,341,556.35
Change in Accounting Principle - GASB Statement No. 101	<u>(2,255,972.00)</u>
Net Position, July 1, 2024, as restated	<u>\$ 2,085,584.35</u>

NOTE 14: TAX ABATEMENTS

The Thomaston-Upson Industrial Development Authority enters into property tax abatement agreements with local businesses for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to Upson County.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

The School District's property tax revenues were reduced by \$16,832.00 under agreements entered into by Standard Textile. Standard Textile reimburses the School District on an eight-year phase in schedule. The School District received \$38,198.00 in fiscal year 2025.

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THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.178071%	\$ 44,757,451.00	\$ -	\$ 44,757,451.00	\$ 27,765,192.43	161.20%	80.86%
2024	0.181794%	\$ 53,673,397.00	\$ -	\$ 53,673,397.00	\$ 26,521,490.05	202.38%	76.29%
2023	0.185313%	\$ 60,174,713.00	\$ -	\$ 60,174,713.00	\$ 25,048,870.22	240.23%	72.85%
2022	0.178162%	\$ 15,757,241.00	\$ -	\$ 15,757,241.00	\$ 23,142,923.38	68.09%	92.03%
2021	0.176939%	\$ 42,861,551.00	\$ 7,509.00	\$ 42,869,060.00	\$ 22,815,000.75	187.87%	77.01%
2020	0.184029%	\$ 39,571,211.00	\$ -	\$ 39,571,211.00	\$ 22,456,389.54	176.21%	78.56%
2019	0.176141%	\$ 32,695,543.00	\$ -	\$ 32,695,543.00	\$ 20,984,370.31	155.81%	80.27%
2018	0.185640%	\$ 34,501,766.00	\$ -	\$ 34,501,766.00	\$ 21,315,696.34	161.86%	79.33%
2017	0.191445%	\$ 39,497,238.00	\$ -	\$ 39,497,238.00	\$ 20,953,028.58	188.50%	76.06%
2016	0.198917%	\$ 30,283,138.00	\$ -	\$ 30,283,138.00	\$ 20,978,778.02	144.35%	81.44%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	\$ 6,036,864.55	\$ 6,036,864.55	\$ -	\$ 29,051,317.27	20.78%
2024	\$ 5,547,485.55	\$ 5,547,485.55	\$ -	\$ 27,765,192.43	19.98%
2023	\$ 5,300,200.55	\$ 5,300,200.55	\$ -	\$ 26,521,490.05	19.98%
2022	\$ 4,962,181.16	\$ 4,962,181.16	\$ -	\$ 25,048,870.22	19.81%
2021	\$ 4,411,041.58	\$ 4,411,041.58	\$ -	\$ 23,142,923.38	19.06%
2020	\$ 4,823,091.16	\$ 4,823,091.16	\$ -	\$ 22,815,000.75	21.14%
2019	\$ 4,693,385.41	\$ 4,693,385.41	\$ -	\$ 22,456,389.54	20.90%
2018	\$ 3,527,472.65	\$ 3,527,472.65	\$ -	\$ 20,984,370.31	16.81%
2017	\$ 3,041,749.87	\$ 3,041,749.87	\$ -	\$ 21,315,696.34	14.27%
2016	\$ 2,989,997.18	\$ 2,989,997.18	\$ -	\$ 20,953,028.58	14.27%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2025	0.000000%	\$ -	\$ -	0.00%	78.75%
2024	0.000582%	\$ 34,720.00	\$ 21,928.45	158.33%	71.20%
2023	0.002492%	\$ 166,427.00	\$ 61,348.30	271.28%	67.44%
2022	0.002477%	\$ 57,935.00	\$ 59,383.71	97.56%	87.62%
2021	0.002288%	\$ 96,438.00	\$ 57,678.11	167.20%	76.21%
2020	0.003187%	\$ 131,513.00	\$ 95,111.16	138.27%	76.74%
2019	0.004486%	\$ 184,421.00	\$ 114,416.08	161.18%	76.68%
2018	0.004667%	\$ 189,543.00	\$ 114,463.92	165.59%	76.33%
2017	0.004709%	\$ 222,755.00	\$ 109,486.13	203.45%	72.34%
2016	0.004418%	\$ 178,991.00	\$ 101,014.11	177.19%	76.20%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "4"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	\$ -	\$ -	\$ -	\$ -	0.00%
2024	\$ -	\$ -	\$ -	\$ -	0.00%
2023	\$ 6,800.00	\$ 6,800.00	\$ -	\$ 21,928.45	31.01%
2022	\$ 15,110.39	\$ 15,110.39	\$ -	\$ 61,348.30	24.63%
2021	\$ 14,643.97	\$ 14,643.97	\$ -	\$ 59,383.71	24.66%
2020	\$ 14,223.39	\$ 14,223.39	\$ -	\$ 57,678.11	24.66%
2019	\$ 23,566.49	\$ 23,566.49	\$ -	\$ 95,111.16	24.78%
2018	\$ 28,386.64	\$ 28,386.64	\$ -	\$ 114,416.08	24.81%
2017	\$ 28,398.46	\$ 28,398.46	\$ -	\$ 114,463.92	24.81%
2016	\$ 27,065.02	\$ 27,065.02	\$ -	\$ 109,486.13	24.72%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "5"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00%	\$ -	\$ 598,163.00	\$ 598,163.00	\$ 2,495,346.46	N/A	90.02%
2024	0.00%	\$ -	\$ 817,826.00	\$ 817,826.00	\$ 2,233,750.33	N/A	85.67%
2023	0.00%	\$ -	\$ 1,066,488.00	\$ 1,066,488.00	\$ 2,098,666.17	N/A	81.21%
2022	0.00%	\$ -	\$ 107,189.00	\$ 107,189.00	\$ 1,785,643.24	N/A	98.00%
2021	0.00%	\$ -	\$ 756,994.00	\$ 756,994.00	\$ 1,923,862.41	N/A	84.45%
2020	0.00%	\$ -	\$ 696,711.00	\$ 696,711.00	\$ 1,576,547.99	N/A	85.02%
2019	0.00%	\$ -	\$ 669,127.00	\$ 669,127.00	\$ 1,513,604.79	N/A	85.26%
2018	0.00%	\$ -	\$ 608,559.00	\$ 608,559.00	\$ 1,539,671.66	N/A	85.69%
2017	0.00%	\$ -	\$ 773,187.00	\$ 773,187.00	\$ 1,583,839.04	N/A	81.00%
2016	0.00%	\$ -	\$ 523,617.00	\$ 523,617.00	\$ 1,543,478.79	N/A	87.00%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 SCHOOL OPEB FUND

SCHEDULE "6"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.278638%	\$ 31,754,529.00	\$ -	\$ 31,754,529.00	\$ 27,850,731.74	114.02%	6.88%
2024	0.289904%	\$ 31,754,380.00	\$ -	\$ 31,754,380.00	\$ 27,564,695.85	115.20%	6.05%
2023	0.293077%	\$ 29,023,949.00	\$ -	\$ 29,023,949.00	\$ 26,456,700.45	109.70%	6.17%
2022	0.290067%	\$ 31,416,656.00	\$ -	\$ 31,416,656.00	\$ 24,535,283.44	128.05%	6.14%
2021	0.290159%	\$ 42,617,600.00	\$ -	\$ 42,617,600.00	\$ 22,843,069.90	186.57%	3.99%
2020	0.286761%	\$ 35,191,727.00	\$ -	\$ 35,191,727.00	\$ 22,364,222.54	157.36%	4.63%
2019	0.282988%	\$ 35,966,906.00	\$ -	\$ 35,966,906.00	\$ 20,876,189.48	172.29%	2.93%
2018	0.281563%	\$ 39,559,489.00	\$ -	\$ 39,559,489.00	\$ 20,530,328.80	192.69%	1.61%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SCHOOL OPEB FUND

SCHEDULE "7"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2025	\$ 1,238,318.00	\$ 1,238,318.00	\$ -	\$ 28,518,013.52	4.34%
2024	\$ 1,139,570.00	\$ 1,139,570.00	\$ -	\$ 27,850,731.74	4.09%
2023	\$ 1,114,519.00	\$ 1,114,519.00	\$ -	\$ 27,564,695.85	4.04%
2022	\$ 1,059,693.00	\$ 1,059,693.00	\$ -	\$ 26,456,700.45	4.01%
2021	\$ 1,079,002.00	\$ 1,079,002.00	\$ -	\$ 24,535,283.44	4.40%
2020	\$ 981,249.00	\$ 981,249.00	\$ -	\$ 22,843,069.90	4.30%
2019	\$ 1,544,401.00	\$ 1,544,401.00	\$ -	\$ 22,364,222.54	6.91%
2018	\$ 1,466,700.00	\$ 1,466,700.00	\$ -	\$ 20,876,189.48	7.03%
2017	\$ 1,468,092.00	\$ 1,468,092.00	\$ -	\$ 20,530,328.80	7.15%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB ASSET
 SEAD - OPEB

SCHEDULE "8"

For the Year Ended June 30	School District's proportion of the net OPEB asset	School District's proportionate share of the net OPEB asset	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	Plan fiduciary net position as a percentage of total OPEB liability
2025	0.000000%	\$ -	\$ -	0.00%	155.14%
2024	0.001553%	\$ 6,849.00	\$ 21,928.45	31.23%	144.49%
2023	0.005957%	\$ 21,897.00	\$ 61,349.30	35.69%	138.03%
2022	0.005478%	\$ 33,735.00	\$ 59,383.71	56.81%	164.76%
2021	0.004841%	\$ 13,749.00	\$ 57,678.11	23.84%	129.20%
2020	0.006298%	\$ 17,809.00	\$ 95,111.16	18.72%	129.73%
2019	0.008625%	\$ 22,369.00	\$ 114,416.08	19.55%	129.46%
2018	0.007860%	\$ 20,429.00	\$ 114,463.92	17.85%	130.17%

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SEAD - OPEB

SCHEDULE "9"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2025	\$ -	\$ -	\$ -	\$ -	0.00%
2024	\$ -	\$ -	\$ -	\$ -	0.00%
2023	\$ -	\$ -	\$ -	21,928.45	0.00%
2022	\$ -	\$ -	\$ -	61,349.30	0.00%
2021	\$ -	\$ -	\$ -	59,383.71	0.00%
2020	\$ -	\$ -	\$ -	57,678.11	0.00%
2019	\$ -	\$ -	\$ -	95,111.16	0.00%
2018	\$ -	\$ -	\$ -	114,416.08	0.00%
2017	\$ -	\$ -	\$ -	114,463.92	0.00%

Teachers Retirement System

Change of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: 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).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Employees' Retirement System

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: 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, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forwarded 2 years for both males and females).

A new funding policy was initially adopted the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rate of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return of 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Public School Employees Retirement System

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: 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).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on December 17, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates or mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes in assumptions: June 30, 2023 valuation: Medicare health care trend rates were updated.

June 30, 2022 valuation: The tobacco use assumption and aging factors were revised.

June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees' Retirement System's experience study. Approximately 0.10% of employees are members of the Employees' Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement System's experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

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

June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% as of June 30, 2019, to 2.22% as of June 30, 2020, to 2.20% as of June 30, 2021, to 3.57% as of June 30, 2022, to 3.68% as of June 30, 2023, and to 3.98% as of June 30, 2024.

SEAD-OPEB Employer

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions: On December 17, 2015, the Board of Trustees adopted recommended changes to the economic and demographic assumptions utilized by the Plan. 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 the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total OPEB Liability.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
GENERAL FUND

SCHEDULE "11"

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2025

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 14,554,319.00	\$ 14,554,319.00	\$ 14,842,217.52	\$ 287,898.52
Sales Taxes	175,000.00	175,000.00	161,915.01	(13,084.99)
State Funds	35,115,972.00	35,171,259.00	36,091,733.06	920,474.06
Federal Funds	9,004,408.00	9,353,955.00	9,363,921.93	9,966.93
Charges for Services	126,500.00	126,500.00	515,332.29	388,832.29
Investment Earnings	560,000.00	560,000.00	639,807.05	79,807.05
Miscellaneous	472,500.00	472,500.00	1,174,235.58	701,735.58
Total Revenues	<u>60,008,699.00</u>	<u>60,413,533.00</u>	<u>62,789,162.44</u>	<u>2,375,629.44</u>
EXPENDITURES				
Current				
Instruction	37,577,591.00	37,680,411.00	37,533,626.87	146,784.13
Support Services				
Pupil Services	2,894,192.00	2,792,925.00	2,888,067.46	(95,142.46)
Improvement of Instructional Services	2,526,614.00	2,542,569.00	2,425,049.06	117,519.94
Educational Media Services	609,223.00	609,223.00	632,073.22	(22,850.22)
General Administration	1,608,815.00	1,617,134.00	1,424,250.84	192,883.16
School Administration	3,743,695.00	3,743,695.00	4,028,247.12	(284,552.12)
Business Administration	445,806.00	445,806.00	439,521.02	6,284.98
Maintenance and Operation of Plant	4,622,706.00	5,201,709.00	5,251,705.74	(49,996.74)
Student Transportation Services	3,360,095.00	3,501,674.00	3,416,251.57	85,422.43
Central Support Services	228,847.00	228,847.00	232,865.74	(4,018.74)
Other Support Services	294,825.00	294,825.00	258,027.40	36,797.60
Food Services Operation	4,496,103.00	4,596,103.00	4,526,265.89	69,837.11
Capital Outlay	-	920,000.00	918,171.00	1,829.00
Total Expenditures	<u>62,408,512.00</u>	<u>64,174,921.00</u>	<u>63,974,122.93</u>	<u>200,798.07</u>
Excess of Revenues over (under) Expenditures	<u>(2,399,813.00)</u>	<u>(3,761,388.00)</u>	<u>(1,184,960.49)</u>	<u>2,576,427.51</u>
OTHER FINANCING SOURCES (USES)				
Operating Transfers from Other Funds	641,335.00	641,183.00	-	(641,183.00)
Other Uses	80,000.00	80,000.00	-	(80,000.00)
Operating Transfers to Other Funds	(641,335.00)	(641,183.00)	-	641,183.00
Total Other Financing Sources (Uses)	<u>80,000.00</u>	<u>80,000.00</u>	<u>-</u>	<u>(80,000.00)</u>
Net Change in Fund Balances	(2,319,813.00)	(3,681,388.00)	(1,184,960.49)	2,496,427.51
Fund Balances - Beginning	16,099,847.25	16,099,847.25	16,036,458.62	(63,388.63)
Adjustments	(763.10)	(50,109.34)	-	50,109.34
Fund Balances - Ending	<u>\$ 13,779,271.15</u>	<u>\$ 12,368,349.91</u>	<u>\$ 14,851,498.13</u>	<u>\$ 2,483,148.22</u>

Notes to the Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.

The actual revenues and expenditures of the various principal accounts are \$1,086,078.36 and \$1,175,251.75, respectively.

The accompanying schedule of revenues, expenditures and changes in fund balances budget and actual is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	255GA324N1199	\$ 1,651,425.92
National School Lunch Program	10.555	255GA324N1199	2,361,782.70
Total Child Nutrition Cluster			<u>4,013,208.62</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Local Food for Schools Cooperative Agreement	10.185	AM23CPLFS000C018	14,900.99
State Administrative Expenses for Child Nutrition	10.560	255GA904N2533	18,137.18
Total Other Programs			<u>33,038.17</u>
Total U.S. Department of Agriculture			<u>4,046,246.79</u>
Education, U.S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund	84.425U	S425U210012	1,075,376.37
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	6,611.00
Total Education Stabilization Fund			<u>1,081,987.37</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A230073	40,425.00
Grants to States	84.027A	H027A240073	1,080,954.36
Preschool Grants	84.173A	H173A230081	237.00
Preschool Grants	84.173A	H173A240081	23,276.00
Total Special Education Cluster			<u>1,144,892.36</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A240010	84,108.81
Rural and Low-Income School Program	84.358B	S358B230010	31,477.00
Rural and Low-Income School Program	84.358B	S358B240010	77,156.95
Title I Grants to Local Educational Agencies	84.010A	S010A230010	224,277.00
Title I Grants to Local Educational Agencies	84.010A	S010A240010	2,238,548.59
Total Other Programs			<u>2,655,568.35</u>
Total U.S. Department of Education			<u>4,882,448.08</u>
Defense, U.S. Department of			
Direct			
Department of the Navy			
R.O.T.C. Program	12. UNKNOWN		82,411.78
Total Expenditures of Federal Awards			\$ <u><u>9,011,106.65</u></u>

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Thomaston-Upson County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2025. 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 Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Board has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Transfers Between Programs

Funds totaling \$286,799.00 were transferred from the Supporting Effective Instruction State Grants program (ALN 84.367A) and funds totaling \$145,200.00 were transferred from the Student Support and Academic Enrichment program (ALN 84.424A) and expended in the Title I Grants to Local Educational Agencies program

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2025

SCHEDULE "13"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 909,974.48	\$ -	\$ 909,974.48
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,274,487.00	-	1,274,487.00
Kindergarten Program - Early Intervention Program	546,272.00	-	546,272.00
Primary Grades (1-3) Program	3,143,079.00	-	3,143,079.00
Primary Grades - Early Intervention (1-3) Program	1,361,606.00	-	1,361,606.00
Upper Elementary Grades (4-5) Program	1,767,675.00	-	1,767,675.00
Upper Elementary Grades - Early Intervention (4-5) Program	312,601.00	-	312,601.00
Middle School (6-8) Program	3,134,505.00	-	3,134,505.00
High School General Education (9-12) Program	2,573,980.00	-	2,573,980.00
Vocational Laboratory (9-12) Program	1,402,487.00	-	1,402,487.00
Students with Disabilities	6,705,057.00	-	6,705,057.00
Gifted Student - Category VI	901,522.00	-	901,522.00
Remedial Education Program	410,990.00	-	410,990.00
Alternative Education Program	234,333.00	-	234,333.00
English Speakers of Other Languages (ESOL)	85,452.00	-	85,452.00
Media Center Program	570,632.00	-	570,632.00
20 Days Additional Instruction	175,158.00	-	175,158.00
Staff and Professional Development	106,091.00	-	106,091.00
Principal Staff and Professional Development	1,365.00	-	1,365.00
Indirect Cost			
Central Administration	785,531.00	-	785,531.00
School Administration	1,013,106.00	-	1,013,106.00
Facility Maintenance and Operations	1,016,604.00	-	1,016,604.00
Mid-Term Adjustment Hold-Harmless	271,669.00	-	271,669.00
Categorical Grants			
Pupil Transportation			
Regular	975,895.00	-	975,895.00
Nursing Services	96,548.00	-	96,548.00
Education Equalization Funding Grant	4,572,555.00	-	4,572,555.00
Other State Programs			
Career, Technical and Agricultural Education (CTAE)	88,253.00	-	88,253.00
Custodian Supplement	39,000.00	-	39,000.00
Dyslexia Services Grant	11,873.00	-	11,873.00
Food Services	116,326.16	-	116,326.16
GNETS State Grant	181,113.00	-	181,113.00
Hygiene Products	3,663.00	-	3,663.00
Math and Science Supplements	14,824.00	-	14,824.00
Paraprofessional to Teacher Reimbursement Grant	4,500.00	-	4,500.00
Preschool Disability Services	126,059.00	-	126,059.00
Pupil Transportation - State Bonds	50.00	-	50.00
School Security Grant	275,036.00	-	275,036.00
Vocational Supervisors	28,884.00	-	28,884.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	1,081,225.00	1,081,225.00
Office of the State Treasurer			
Public School Employees Retirement	127,236.00	-	127,236.00
Community Health, Georgia Department of			-
Other Post-Employment Benefits (OPEB)	723,588.42	-	723,588.42
Griffin RESA			
School Literacy	2,153.00	-	2,153.00
	<u>\$ 36,091,733.06</u>	<u>\$ 1,081,225.00</u>	<u>\$ 37,172,958.06</u>

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2025

SCHEDULE "14"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
SPLOST #5			
(i) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;	\$ 750,000.00	\$ 850,000.00	06/2026
(ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;	3,950,000.00	4,350,000.00	06/2026
(iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;	1,000,000.00	1,010,000.00	06/2026
(iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school-wide HVAC updates; and enclosing open-air walkways for safety and security purposes; and	9,291,469.00	11,872,296.00	06/2026
(v) Paying expenses incident to accomplishing the foregoing.	<u>8,531.00</u>	<u>8,351.00</u>	Completed
Subtotal SPLOST # 5 Projects	<u>15,000,000.00</u>	<u>18,090,647.00</u>	
SPLOST #6			
(i) Acquiring safety and security equipment;	2,000,000.00	2,000,000.00	06/2028
(ii) Acquiring, constructing, equipping, and furnishing new school, athletic, and support facilities;	1,000,000.00	10,616,155.85	06/2028
(iii) Renovating, extending, adding to, repairing, upgrading, updating and improving existing school sites and facilities, including fine arts, exercise/training rooms, physical education and athletic and support facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, school-wide HVAC updates; and enclosing open air walkways for safety and security purposes;	2,000,000.00	2,000,000.00	06/2028
(iv) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;	925,000.00	925,000.00	06/2028
(v) Acquiring administrative and instructional technology/communications textbooks and textbook related materials including e-books, and grounds maintenance and kitchen equipment;	4,000,000.00	3,998,920.00	06/2028
(vi) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;	1,000,000.00	1,000,000.00	06/2028
(vii) Demolition and site work (collectively, the "Projects"); and	461,431.00	461,431.00	06/2028
(viii) Paying capitalized interest and/or costs of issuing Bonds.	<u>16,613,569.00</u>	<u>16,614,649.00</u>	06/2028
Subtotal SPLOST #6 Projects	<u>28,000,000.00</u>	<u>37,616,155.85</u>	
Total	<u>\$ 43,000,000.00</u>	<u>\$ 55,706,802.85</u>	

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2025

SCHEDULE "14"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
SPLOST #5				
(i) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;	\$ 10,401.00	\$ 754,003.00	\$ -	\$ -
(ii) Acquiring administrative and instructional technology/communications equipment, textbooks, grounds maintenance and kitchen equipment and safety and security equipment;	432,650.79	3,573,497.20	-	-
(iii) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;	15,459.25	961,527.18	-	-
(iv) Renovations, extensions, additions, repairs, upgrades, updates and improvements to existing school facilities, including fine arts, exercise/training rooms, physical education and athletic facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, and school-wide HVAC updates; and enclosing open-air walkways for safety and security purposes; and	689,242.01	10,961,281.31	-	-
(v) Paying expenses incident to accomplishing the foregoing.	-	8,351.00	8,351.00	-
Subtotal SPLOST # 5 Projects	<u>1,147,753.05</u>	<u>16,258,659.69</u>	<u>8,351.00</u>	<u>-</u>
SPLOST #6				
(i) Acquiring safety and security equipment;	-	-	-	-
(ii) Acquiring, constructing, equipping, and furnishing new school, athletic, and support facilities;	10,616,155.85	-	-	-
(iii) Renovating, extending, adding to, repairing, upgrading, updating and improving existing school sites and facilities, including fine arts, exercise/training rooms, physical education and athletic and support facilities improvements, playground updates, parking lot improvements, paving, painting and flooring updates, school-wide HVAC updates; and enclosing open air walkways for safety and security purposes;	-	-	-	-
(iv) Acquiring maintenance and security vehicles, maintenance equipment, and new buses;	-	-	-	-
(v) Acquiring administrative and instructional technology/communications textbooks and textbook related materials including e-books, and grounds maintenance and kitchen equipment;	-	-	-	-
(vi) Acquiring equipment and furnishings, including student furniture and band and athletic uniforms and equipment;	-	-	-	-
(vii) Demolition and site work (collectively, the "Projects"); and	-	-	-	-
(viii) Paying capitalized interest and/or costs of issuing Bonds.	1,205,334.50	529,568.98	-	-
Subtotal SPLOST #6 Projects	<u>11,821,490.35</u>	<u>529,568.98</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,969,243.40</u>	<u>\$ 16,788,228.67</u>	<u>\$ 8,351.00</u>	<u>\$ -</u>

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the 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 Upson County approved the imposition of a 1% sales tax to fund the above projects 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 projects.

Section II

Compliance and Internal Control Reports



**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**

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Larry Derico, Superintendent and Members of the
Thomaston-Upson County Board of Education

We have audited the financial statements of the governmental activities, each major fund and fiduciary activities of the Thomaston-Upson County Board of Education (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 26, 2026. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District'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 School District'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. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

March 26, 2026



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Larry Derico, Superintendent and Members of the
Thomaston-Upson County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Thomaston-Upson County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Respectfully submitted,

A handwritten signature in black ink that reads "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

March 26, 2026

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV

Findings and Questioned Costs

THOMASTON-UPSON COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Governmental Activities, Each Major Fund, and Fiduciary Activities	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported

Type of auditor's report issued on compliance for major programs:	
All major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	Yes

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.