

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 27, 2025

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: Enhanced: Moody's "Aa1"
Underlying: Moody's "A1"
See "MISCELLANEOUS -Ratings" herein.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other matters, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended, and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation. See Appendix B herein for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see "TAX STATUS" herein.

\$14,835,000*
GRADY COUNTY SCHOOL DISTRICT (GEORGIA)
General Obligation Bonds, Series 2025

Dated: Date of Issuance

Due: December 1, as shown on inside cover

The GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025 (the "**Bonds**") will be issued in registered form in the name of Cede & Co., as the nominee for The Depository Trust Company ("**DTC**"), New York, New York. Individual purchases of the Bonds must be made in book-entry form only in authorized denominations of \$5,000 or any integral multiple thereof. Individual purchasers ("**Beneficial Owners**") of the Bonds will not receive physical delivery of the Bonds. Transfers of the Bonds will be effected through a book-entry system as described herein.

Interest on the Bonds will be payable on June 1 and December 1 of each year (each an "**Interest Payment Date**"), beginning December 1, 2025. So long as Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the registered owner of the Bonds, disbursements of payments of principal of and interest on the Bonds to Cede & Co. is the responsibility of Regions Bank, Atlanta, Georgia, as Paying Agent; disbursements of such payments to DTC Participants is the responsibility of DTC; and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants as more fully described herein. See "THE BONDS -Book-Entry Only System of Delivery of the Bonds" herein.

The Bonds are being issued to provide funds, together with other available funds of the Grady County School District (the "**School District**"), to finance the costs of acquiring, constructing, and equipping certain capital outlay projects of the School District, and the costs of issuance of the Bonds. See "THE BONDS -Estimated Sources and Uses of Funds, and -The Projects" herein.

The Bonds are not subject to optional redemption prior to their respective maturities.* See "THE BONDS -Redemption" herein.

The Bonds are general obligations of the School District and constitute a pledge of the full faith and credit of the School District. Debt service on the Bonds shall be paid from the general fund of the School District or from an *ad valorem* tax to be levied, without limitation as to rate or amount, upon all property in the School District subject to taxation for school bond purposes. Prior to the issuance of the Bonds, the Board of Commissioners of Grady County, upon recommendation of the School District, will provide for the assessment and collection of an *ad valorem* tax within the School District in an amount which will be sufficient to pay the principal of and interest on the Bonds as they become due and payable. As additional security for the Bonds, the School District will participate in the State of Georgia Intercept Program.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE BONDS OR THE SECURITY THEREFOR. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as, and if issued by the School District, subject to the approval of legality by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the School District by its counsel, Thomas L. Lehman, Esq., Cairo, Georgia. Gray Pannell & Woodward LLP, Savannah, Georgia is serving as Disclosure Counsel. Delivery of the Bonds in definitive form is expected to be made through DTC in New York, New York, on or about _____, 2025.

RAYMOND JAMES®

Official Statement dated: _____, 2025.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion, or amendment without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE*

\$14,835,000*

GRADY COUNTY SCHOOL DISTRICT (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2025

(December 1)

<u>Maturity</u>	<u>Principal Amount*</u>	<u>Interest Rate</u>	<u>Price/Yield</u>	<u>CUSIP¹</u>
2026	\$2,280,000			
2027	2,400,000			
2028	2,525,000			
2029	2,650,000			
2030	900,000			
2031	950,000			
2032	990,000			
2033	1,040,000			
2034	1,100,000			

¹CUSIP® is a registered trademark of the American Bankers Association (“ABA”). CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the School District, Bond Counsel, or Disclosure Counsel and are included solely for the convenience of the registered owners of the applicable Bonds. None of the aforementioned participants in the financing or the Underwriter of the Bonds are responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the applicable Bonds or as included herein, or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions, including but not limited to a refunding in whole or in part, that are applicable to all or a portion of certain maturities of the Bonds.

GRADY COUNTY SCHOOL DISTRICT

Board of Education

Teresa Gee Hardy, *Chair*
Derrick Majors, *Vice Chair*
Gerald Goosby
Bert Stoddard
John White

Appointed Officials

Dr. Eric J. McFee, *Superintendent*
Kimberly Nesmith, *Finance Director*

SPECIAL SERVICES

Independent Auditor

State of Georgia Department of Audits and Accounts
Atlanta, Georgia

Attorney to the School District

Thomas L. Lehman, Esq.
Cairo, Georgia

Bond Counsel and Disclosure Counsel

Gray Pannell & Woodward LLP
Savannah, Georgia

Underwriter

Raymond James & Associates, Inc.
Atlanta, Georgia

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Appendix B: PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL
Appendix C: FORM OF CONTINUING DISCLOSURE CERTIFICATE

* * * * *

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of any offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

Raymond James & Associates, Inc. (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT APPROVED OR DISAPPROVED OF THE BONDS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The information set forth herein has been furnished by the School District and by other sources which are believed to be reliable. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District or the other matters described herein since the date hereof.

This Official Statement includes descriptions and summaries of certain events, matters and documents. Such descriptions and summaries do not purport to be complete and all such descriptions, summaries and references thereto are qualified in their entirety by reference to this Official Statement in its entirety and to each such document, copies of which may be obtained from the School District. Any statements made in this Official Statement or the appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized.

This Official Statement (including the Appendices attached hereto) contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement (including the Appendices attached hereto), the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward looking statements. These forward looking statements speak only as of the date of this Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the School District’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This Official Statement is delivered in connection with the sale of securities referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

This Official Statement does not constitute a contract between the School District and any one or more owners of the Bonds, nor does this Official Statement constitute an offer to sell the Bonds or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, salesperson or other person has been authorized by the School District to give any information or to make any representation other than those contained herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by the School District or any other person.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to the Underwriter who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Bonds have not been registered under the Securities Act of 1933, and the Resolution (as defined herein) has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the School District that has been deemed final by the School District as of its date, except for the omission of no more than the information permitted by Rule 15c2-12.

OFFICIAL STATEMENT

Relating to

\$14,835,000*

GRADY COUNTY SCHOOL DISTRICT (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2025

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to furnish information with respect to the proposed issuance and sale by the Grady County School District (the “**School District**”) of its GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025 (the “**Bonds**”).

The information contained in this section entitled “INTRODUCTION” is a brief description of the terms of and security for the Bonds and does not purport to be comprehensive or definitive. A full review of the entire Official Statement, as well as the documents summarized or described herein, should be made. All undefined, capitalized terms used herein shall have the meaning ascribed to such terms in the Resolution (as defined herein) unless the context requires otherwise.

The School District

The School District is a political subdivision of the State of Georgia (the “**State**”). The affairs of the School District are managed by the Board of Education of Grady County (the “**Board of Education**”). The School District is coextensive with the territorial limits of Grady County (the “**County**”). The County is located in southwest Georgia, approximately 130 miles southeast of Columbus, Georgia and 50 miles west of Valdosta, Georgia. For more detailed information, see “THE SCHOOL DISTRICT.”

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the School District and will constitute a pledge of the full faith and credit of the School District. The Bonds are payable, as to both principal and interest, from *ad valorem* taxes which may be levied, without limitation as to rate or amount, upon all taxable property within the territorial limits of the School District subject to taxation for school bond purposes. Prior to the issuance of the Bonds, the Board of Commissioners of Grady County (the “**Board of Commissioners**”) will provide for the assessment and collection of an *ad valorem* tax within the School District in an amount which will be sufficient to pay the principal of and interest on the Bonds as they become due and payable. As additional security for the Bonds, the School District will participate in the State of Georgia Intercept Program. The School District also plans to use certain receipts of a special one percent sales and use tax for educational purposes (the “**Educational Sales Tax**”) to service a portion of the debt service on the Bonds. For more detailed information, see “THE BONDS -Security and Sources of Payment for the Bonds” and “SCHOOL DISTRICT AD VALOREM TAXATION.”

Purpose of the Bonds

The Bonds are being issued to provide funds to pay a portion of the cost of acquiring, constructing, and equipping certain capital outlay projects of the School District (collectively, the “**Projects**”), and the costs of issuance of the Bonds. For more detailed information, see “THE BONDS -Estimated Sources and Uses of Funds” and “THE BONDS -The Projects.”

Bond Registrar and Paying Agent

Regions Bank, Atlanta, Georgia, will act as Bond Registrar (“**Bond Registrar**”) and Paying Agent (“**Paying Agent**”) for the Bonds.

Description of the Bonds

Redemption. The Bonds are not subject to optional redemption by the School District prior to their respective maturities. *

Denominations. The Bonds will be issued in the denomination of \$5,000 or any integral multiple thereof.

Registration and Transfer. The Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as securities depository for the Bonds.

Manner of Making Payments. Interest on the Bonds is payable on June 1 and December 1 of each year (each an “**Interest Payment Date**”), beginning December 1, 2025. The interest so payable on any such Interest Payment Date will be paid to the person in whose name the Bonds are registered at the close of business on the 15th day of the calendar month preceding such Interest Payment Date (the “**Record Date**”); provided, however, that if and to the extent a default shall occur in the payment of interest due on said Interest Payment Date, such past due interest shall be paid to the persons in whose names outstanding Bonds are registered on a subsequent date of record established by notice given by mail by the Paying Agent (as defined herein) to the holders of the Bonds not less than 30 days preceding such subsequent date of record. The Bonds bear interest at the rates per annum and mature in the amounts and at the times as set forth on the inside front cover page hereof.

So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds are payable by wire transfer by the Paying Agent to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners (as defined herein). For more detailed information on the Bonds, see “THE BONDS.”

Tax Status

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under § 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”), and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See “APPENDIX B” herein for the form of opinion Bond Counsel proposes to deliver in connection with the issuance of the Bonds. For a more complete discussion of the tax status of the Bonds and certain other tax consequences relating to the Bonds, see “TAX STATUS” herein.

Professionals Involved in the Offering

Certain legal matters pertaining to the School District and its authorization and issuance of the Bonds are subject to the approving opinion of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. See Appendix B for the proposed form of opinion of Bond Counsel to be delivered in connection with the issuance of the Bonds. Certain legal matters will be passed on by Thomas L. Lehman, Esq., Cairo, Georgia, counsel for the School District. Gray Pannell & Woodward LLP, Savannah, Georgia, is acting as Disclosure Counsel. Raymond James & Associates, Inc., Atlanta, Georgia, is serving as Underwriter. The general-purpose financial statements of the School District as of June 30, 2023, and for the year then ended, attached hereto as Appendix A, have been audited by the State of Georgia Department of Audits and Accounts, Atlanta, Georgia, to the extent and for the period indicated in its report thereon which appears in Appendix A attached hereto.

Terms of the Offering

Authority for Issuance. The Bonds are to be issued under authority of the Constitution of the State of Georgia, the general laws of the State of Georgia, and a bond resolution adopted by the Board of Education on _____, 2025 (the “**Resolution**”). The issuance of the general obligation debt of the School District was approved by a majority of the votes cast in an election held in the County on November 7, 2023.

Offering. The Bonds are offered when, as, and if issued by the School District and accepted by the Underwriter, subject to prior sale and to withdrawal or modification of the offer without notice, to approval of legality by Gray Pannell & Woodward LLP, Bond Counsel.

Delivery. The Bonds in definitive form are expected to be delivered through DTC in New York, New York, on or about _____, 2025.

Continuing Disclosure

Pursuant to Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “**Rule**”), the Board of Education will sign, as of the date of the issuance and delivery of the Bonds, a Continuing Disclosure Certificate (“**Continuing Disclosure Certificate**”). The Continuing Disclosure Certificate will allow the Underwriter of the Bonds to comply with the Rule. See “Appendix C: FORM OF CONTINUING DISCLOSURE CERTIFICATE.” For more information see “MISCELLANEOUS -Continuing Disclosure.”

Additional Information

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the School District, the Bonds, the Resolution, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to, or summaries of, the Resolution or any other document or any constitutional provision or statute are qualified in their entirety by the exact terms of such documents or constitutional provision or statute. All references herein to, or summaries of, the Bonds are qualified in their entirety by the definitive form thereof and the provisions with respect thereto included in the Resolution. Copies of all documents described herein are available upon request, prior to the delivery of the Bonds, from Raymond James & Associates, Inc., Two Buckhead Plaza, Suite 702, 3050 Peachtree Road, N.W., Atlanta, Georgia 30305, telephone (404) 240-6840, and after delivery of the Bonds, upon payment to the Board of Education of a charge for copying, mailing, and handling, from the Board of Education of Grady County, 122 North Broad Street, Cairo, Georgia 39828, telephone (229) 377-3701.

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THE BONDS

Description

The Bonds, dated as of the date of issuance and delivery thereof, will bear interest at the rates per annum, calculated on the basis of a 360-day year consisting of twelve 30-day months, and mature on December 1 in the years and amounts set forth on the inside cover page hereof. Interest shall be payable on June 1 and December 1 of each year, beginning December 1, 2025.

Redemption*

The Bonds are not subject to optional redemption prior to their respective maturities.

Book-Entry Only System of Delivery of the Bonds

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of § 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (a “**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the

identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the documents pertaining to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the School District or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent or the School District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered to DTC.

The foregoing information concerning DTC and its book-entry system has been obtained from DTC. The School District and the Underwriter do not make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

SO LONG AS CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS NOMINEE FOR DTC, IS THE SOLE BONDHOLDER, THE SCHOOL DISTRICT AND THE BOND REGISTRAR WILL TREAT CEDE & CO. OR SUCH OTHER NOMINEE AS THE ONLY OWNER OF THE BONDS FOR ALL PURPOSES UNDER THE RESOLUTION, INCLUDING RECEIPT OF ALL PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT

OF NOTICES, VOTING, AND REQUESTING OR DIRECTING THE SCHOOL DISTRICT OR THE PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE RESOLUTION. THE SCHOOL DISTRICT HAS NO RESPONSIBILITY OR OBLIGATION TO THE DIRECT OR INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT; (B) THE PAYMENT OR ANY DIRECT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (C) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY DIRECT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (D) OTHER ACTION TAKEN BY DTC OR CEDE & CO. OR SUCH OTHER DTC NOMINEE, AS OWNER.

Beneficial Owners of the Bonds may experience some delay in their receipt of distributions of principal and interest on the Bonds since such distributions will be forwarded by the Paying Agent to DTC, and DTC will credit such distributions to the accounts of Direct Participants which will thereafter credit them to the accounts of Beneficial Owners either directly or indirectly through Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Authority for Issuance of the Bonds

The Board of Education adopted a resolution on August 8, 2023, authorizing the issuance of general obligation debt of the School District in the maximum aggregate principal amount of \$17,000,000 and reimposing the Educational Sales Tax within the County, conditioned upon approval by a majority of the qualified voters residing within the County voting in an election thereon called for November 7, 2023 (the "**Election**"). The resolution calling the Election and the notice of Election stipulated an interest rate for the Bonds not exceeding 6.5% per annum. The Election was held in accordance with Article 14 of Chapter 2 of Title 21 of Official Code of Georgia Annotated ("**O.C.G.A.**"). The canvass of the Election showed 1,311 "Yes" votes and 328 "No" votes, an 80% approval by those who voted in the Election. Subsequent to such approval, the Board of Education adopted the Resolution authorizing and regulating the issuance of the Bonds.

The Bonds are being issued pursuant to the authority granted by (i) the Constitution of the State of Georgia, particularly Article VIII, Section VI, Paragraph IV of the Constitution, (ii) the general laws of the State of Georgia, particularly O.C.G.A. § 36-82-1, *et seq.* and O.C.G.A. § 20-2-430, (iii) the results of the Election, and (iv) the Resolution.

Validation of the Bonds

On March 27, 2024, the Superior Court of Grady County confirmed and validated the general obligation debt of the School District authorized to be issued pursuant to the results of the Election in the maximum aggregate principal amount of \$17,000,000, and the security therefor, in accordance with the procedures of Article 2 of Chapter 82 of Title 36 of Official Code of Georgia Annotated. Under Georgia law, the judgment of validation is forever conclusive against the School District with respect to such validation of the Bonds and the security therefor.

Estimated Sources and Uses of Funds*

Sources of Funds:

Proceeds from Sale of the Bonds¹ \$ _____
Total \$ _____

Uses of Funds:

Costs of Projects² \$ _____
Costs of Issuance³ _____
Total \$ _____

¹ Includes [net] original issue [discount/premium] of \$ _____.

² See “THE BONDS -The Projects.”

³ Includes underwriter’s discount and expenses, estimated legal and accounting fees, printing costs, validation court costs, rating agency fees, and other fees and expenses associated with the issuance of the Bonds.

Concurrently with the issuance and delivery of the Bonds, the underwriter’s discount shall be paid; all costs and expenses in connection with the issuance and sale of the Bonds, including without limitation the fees and expenses of accountants, attorneys, and the cost of printing, validation fees, and other miscellaneous fees and expenses shall be paid to those persons entitled to receive the same; and the balance of the proceeds from the sale of the Bonds shall be deposited in the GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025 CONSTRUCTION FUND (the “**Construction Fund**”) created by the Board of Education pursuant to the terms of the Resolution.

The Projects

Description of the Projects. Proceeds from the sale of the Bonds will fund, in part, the acquisition, construction, and equipping of the following capital outlay projects which were approved at the Election: (a) renovating, constructing and equipping improvements to Washington Middle School and other schools within the school system, (b) constructing and renovating administrative and maintenance facilities, (c) purchasing instructional equipment and materials, including textbooks and e-books, (d) upgrading systemwide technology and security equipment, (e) renovating, constructing, and improving athletic facilities, and (f) the acquisition of any property, both real and personal, and equipment necessary in connection with the foregoing purposes and all other general purposes related to these capital outlay projects.

The School District presently contemplates that the net proceeds of the Bonds will be used to primarily finance renovating, constructing and equipping improvements to Washington Middle School and athletic and multi-purpose facilities at the Cairo High School.

The Board of Education anticipates that all construction related projects financed with proceeds from the sale of the Bonds will be completed by August 1, 2026. Although the Board of Education believes that it can achieve this schedule, unforeseen circumstances can occur which may delay completion of the Projects.

The Georgia Department of Education disburses capital outlay earnings to the School District as the School District incurs capital expenditures if certain requirements are met. The School District anticipates that the Washington Middle School project will qualify for partial reimbursement under the State capital outlay program in the amount of approximately \$1,142,000.

Plan of Financing. The School District has developed a plan to finance the Projects with proceeds from the sale of the Bonds and investment earnings thereon, local revenues, and funds earned through the State capital outlay program administered by the Georgia Department of Education, the aggregate amount of which is expected to be sufficient to provide funding for the Projects.

Investment of Money

Construction Fund Money. The money in the Construction Fund will be held by the Construction Fund Custodian designated by the Board of Education (the “**Construction Fund Custodian**”) and will be disbursed by the Construction Fund Custodian to pay the costs of the Projects. Money in the Construction Fund which is not needed at the time to pay current obligations during the construction and equipping of the Projects may be invested, upon direction to the Construction Fund Custodian from the Board of Education, in any of the following investments allowed by O.C.G.A. § 36-82-7, if and to the extent the same are at the time legal for investment of bond proceeds:

- (i) the local government investment pool created in O.C.G.A. § 36-83-8; or
- (ii) the following securities and no others:
 - (A) bonds or other obligations of the School District, or bonds or obligations of the State or other states or of counties, municipal corporations, and political subdivisions of the State;
 - (B) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;
 - (C) obligations of and obligations guaranteed by agencies or instrumentalities of the United States government, including those issued by the Federal Land Bank, Federal Home Loan Bank, Federal Intermediate Credit Bank, Bank for Cooperatives, and any other such agency or instrumentality now or hereafter in existence; provided, however, that all such obligations shall have a current credit rating from nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;
 - (D) bonds or other obligations issued by any public housing agency or municipal corporation in the United States, which such bonds or obligations are fully secured as to payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipal corporation in the United States which are fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;
 - (E) certificates of deposit of national or state banks located within the State which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan or savings and loan associations located within the State which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or the Georgia Credit Union Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any proceeds of the Bonds; provided, however, that the portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation, the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, or the Georgia Credit Union Deposit Insurance Corporation, if any, shall be secured by deposit with the Federal Reserve Bank of Atlanta, Georgia, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association located within the State or with a trust office within the State, of one or more of the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or other states or any county or municipal corporation in the State, obligations of the United States or subsidiary corporations included in subparagraph (B) above, obligations of the agencies and instrumentalities of the United States government included in subparagraph (C) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in subparagraph (D) above; and
 - (F) securities of or other interests in any no-load, open-end management type investment company or investment trust registered under the Investment Company Act of 1940,

as from time to time amended, or any common trust fund maintained by any bank or trust company which holds such proceeds as trustee or by an affiliate thereof so long as:

(1) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in subparagraph (B) and (C) above and repurchase agreements fully collateralized by any such obligations;

(2) such investment company or investment trust or common trust fund takes delivery of such collateral either directly or through an authorized custodian;

(3) such investment company or investment trust or common trust fund is managed so as to maintain its shares at a constant net asset value; and

(4) securities of or other interests in such investment company or investment trust or common trust fund are purchased and redeemed only through the use of national or state banks having corporate trust powers and located within the State; and

(G) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956, provided that each such interest-bearing time deposit, repurchase agreement, reverse repurchase agreement, rate guarantee agreement, or other similar banking arrangement shall permit the money so placed to be available for use at the time provided with respect to the investment or reinvestment of such money.

Other Money. Pursuant to the Resolution, it is authorized to be established, prior to or concurrently with the issuance and delivery of the Bonds, GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025, SINKING FUND (the “**Sinking Fund**”). Money in the Sinking Fund shall be held and kept separate and apart from all other funds of the School District and shall not in any manner be commingled with other funds of the School District. The Sinking Fund will be maintained and held in trust by the School District with the custodian of said account and the owners of the Bonds shall have a beneficial interest in the Sinking Fund. Money in the Sinking Fund shall be invested in the following investments, if and to the extent the same are at the time legal for investment of such money:

(i) any of the following investments (presently authorized by O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4), if and to the extent the same are at the time legal for investment of such money:

(A) obligations of the United States and of its agencies and instrumentalities, or obligations fully insured or guaranteed by the United States government or by one of its agencies;

(B) obligations of any corporation of the United States government;

(C) bonds or certificates of indebtedness of the State and of its agencies and instrumentalities, or of other states;

(D) obligations of other political subdivisions of the State;

(E) certificates of deposit of banks which have deposits insured by the Federal Deposit Insurance Corporation; provided, however, that portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation must be secured by direct obligations of the State or the United States which are of a par value equal to that portion of such certificates of deposit which would be uninsured;

(F) Prime bankers’ acceptances;

(G) repurchase agreements; and

(H) the local government investment pool established by O.C.G.A. § 36-83-8; and

(ii) any other investments to the extent at the time hereafter permitted by the applicable law of the State for the investment of public funds.

Construction Fund Disbursements

Disbursements from the Construction Fund shall be made only upon the execution and filing with the Board of Education of a requisition and certificate signed by the project superintendent (the person or persons, typically the school superintendent or chief financial officer of the School District, so designated by the Board of Education) certifying (i) the amount to be paid and the name of the person, firm, or corporation to whom payment is due; (ii) that an obligation has been incurred by the Board of Education, that the same is a proper charge and has not been paid, and that the project superintendent has a copy of the invoice for the obligation; (iii) that the project superintendent has no notice of any liens or rights to liens which should be satisfied before such payment is made; (iv) that such requisition contains no item representing retained percentages which the Board of Education is entitled to retain; and (v) that the materials, supplies, or equipment invoiced were actually installed in or about the construction site or delivered at the site for that purpose.

Change of Use of Bond Proceeds

O.C.G.A § 36-82-4.2 allows the Board of Education, subsequent to the issuance of the Bonds, to expend the proceeds of the Bonds, including interest earnings thereon, for purposes of a nature substantially similar to the purpose stated in the election notice or to reduce the bonded indebtedness of the School District, provided certain conditions are met. First, the Board of Education must adopt a resolution by a two-thirds majority vote declaring that (1) a portion of the proceeds of the Bonds remains after the purpose stated in the election notice has been accomplished, (2) the purpose stated in the election notice is no longer necessary, or (3) circumstances have changed such that expenditure of all or part of the proceeds of the Bonds is no longer practicable or feasible and setting forth the reason the proceeds of the Bonds were not expended for the purpose stated in the election notice and stating the purpose for which the proceeds of the Bonds will be expended. Second, the Board of Education, not earlier than ten days prior to expending such Bond proceeds, must publish the resolution described above once in the official County newspaper. In addition, a copy of the resolution described above must be sent by registered or certified mail to the Paying Agent for the Bonds.

Security and Sources of Payment for the Bonds

Security from Ad Valorem Taxation. The Bonds will constitute general obligation debt of the School District within the meaning of Article IX, Section V, Paragraph I of the Constitution of Georgia and shall count against the limitation on debt contained therein. See “DEBT STRUCTURE OF THE SCHOOL DISTRICT -Debt Limitation.” Said limitation requires that the debt of the School District shall never exceed 10% of the assessed value of taxable property within the territorial limits of the School District. Debt service on the Bonds shall be paid from the general fund of the School District or from an *ad valorem* tax to be levied, without limitation as to rate or amount, upon all property in the School District subject to taxation for school bond purposes, in an amount sufficient to pay the principal of and interest on the Bonds. The School District also anticipates using a portion of the Educational Sales Tax proceeds received by the School District to pay a portion of the principal and interest coming due on the Bonds.

Prior to the issuance of the Bonds, the Board of Commissioners, upon the recommendation of the Board of Education, as required by Article IX, Section V, Paragraph VI of the Constitution of Georgia, will provide for the assessment and collection of an *ad valorem* tax on all taxable property within the territorial limits of the School District subject to taxation for school bond purposes in an amount, which will be sufficient to pay the principal of and interest on the Bonds as the same become due and payable. The proceeds of the *ad valorem* tax assessed to pay the principal of and interest on the Bonds, together with any other money collected for such purpose, shall be placed, pursuant to Article IX, Section V, Paragraph VI of the Constitution of the State of Georgia, in a sinking fund to be used exclusively for paying the principal of and interest on the Bonds. Such money shall be held and kept separate and apart from all other revenues collected by the School District.

The Board of Education has covenanted to pay to the Paying Agent on or before each Interest Payment Date, amounts sufficient to pay the interest, or principal and interest, on the Bonds on such dates.

Additional Security Provided by State of Georgia Intercept Program. Prior to the issuance of the Bonds, the Board of Education, pursuant to O.C.G.A § 20-2-480, will notify the State of Georgia Board of Education (the “**State Board**”) of the proposed issuance of the Bonds and authorize and direct the State Board to withhold and transfer School District funds as hereinafter set forth. Under the terms of the Resolution, the School District is required to transfer or otherwise make available to the Paying Agent for the Bonds such amounts of money as are necessary to provide for the payment of the interest, or principal and interest, on the Bonds coming due each Interest Payment Date. Under the terms of the Resolution, if on the 15th day of the calendar month preceding each Interest Payment Date (or, if such 15th day is not a business day, the next succeeding business day) the School District has not transferred or otherwise made available to the Paying Agent sufficient funds to pay in full the interest of, or principal and interest coming due on the Bonds on such Interest Payment Date, as the case may be, and the Board of Education does not immediately remedy the deficiency, the Paying Agent shall notify the State Board of the amount of any such deficiency. Upon such notification, the State Board will withhold such amount from any State appropriation to which the School District may be entitled and thereafter transfer the amount so withheld to the Paying Agent not less than two business days prior to such payment date. All funds received by the Paying Agent from the State Board pursuant to the Intercept Program shall be used solely for the purpose of making payment of the debt service on the Bonds coming due on the applicable Interest Payment Date.

State Funding. Set forth below is the total amount of State funding received by the School District for general operating purposes for fiscal years 2020 through 2024.

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$33,183,697.96
2021	32,353,561.05
2022	33,352,157.63
2023	33,818,456.57
2024	35,523,849.25

Source: Grady County School District.

Other Sources of Payment

Educational Sales Tax. Although the Educational Sales Tax is not pledged to the payment of the Bonds, the School District anticipates using a portion of the Educational Sales Tax proceeds received by the School District to pay a portion of the principal and interest coming due on the Bonds.

At the Election, the qualified voters of the County authorized the reimposition of the Educational Sales Tax in the County for the raising of not more than \$23,000,000 for the purpose of paying a portion of the debt service on the Bonds, acquiring or purchasing new buses and transportation vehicles and equipment, and paying a portion of the costs of the Projects not paid for with proceeds from the Bonds. The Educational Sales Tax will be levied in the County at the rate of 1% for a period of time not to exceed five years from the commencement of the levy. The Educational Sales Tax began being levied in the County on January 1, 2025, upon the expiration of the prior sales and use tax for educational purposes previously in effect.

Pursuant to Article VIII, Section VI, Paragraph IV of the Constitution of Georgia and Part 2 of Article 3 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated (collectively, the “**Educational Sales Tax Act**”) and the Election, the imposition of the Educational Sales Tax has been authorized upon the retail purchase, retail sale, rental, storage, use, and consumption of tangible personal property, and upon the services described and set forth in the Georgia Retailers’ and Consumers’ Sales and Use Tax Act (O.C.G.A §§ 48-8-1 *et seq.*) (the “**State Sales Tax Act**”) within the County, subject to numerous exemptions. The Educational Sales Tax is to correspond as nearly as practicable, except as to rate, with the 4% State of Georgia sales and use tax (the “**State Sales Tax**”) levied pursuant to the State

Sales Tax Act, except that the Educational Sales Tax applies to sales of motor fuels, food and beverages, and except that sales of tangible personal property ordered by and delivered to a purchaser outside the County shall not be subject to the Educational Sales Tax regardless of the point at which title passes, and building and construction materials are not subject to the Educational Sales Tax when the contract pursuant to which the materials are purchased or used was advertised for bid prior to the voters' approval of the imposition of the tax and the contract was entered into as a result of a bid actually submitted in response to the advertisement prior to approval of the imposition of the tax. A reciprocal credit is also allowed against the Educational Sales Tax for any amounts paid pursuant to any local sales and use tax on tangible personal property purchased outside the County.

The Educational Sales Tax shall be administered and collected by the Department of Revenue, Sales and Use Tax Division (the "**Collection Agent**") of the State of Georgia in the same manner as the State Sales Tax. On or before the 20th day of each month, Educational Sales Tax proceeds collected by retailers are required to be paid for the preceding month, except for retailers or providers of services with a very small tax liability who remit taxes to the Collection Agent quarterly. Retailers or providers of services are allowed, as a collection fee, a percentage of the amount of Educational Sales Tax receipts due to the Department of Revenue in the form of a deduction in paying the amount due, if said receipts are not delinquent at the time of payment to the Department of Revenue. The rate of the deduction shall be the same as the rate from time to time authorized for deductions under the State Sales Tax. The following deductions are allowed: (1) 3% of the first \$3,000 of Educational Sales Tax reported due on each monthly return (other than Educational Sales Tax on motor fuel), (2) 0.50% of Educational Sales Tax in excess of \$3,000 reported due on each monthly return (other than Educational Sales Tax on motor fuel), and (3) 3% of Educational Sales Tax on motor fuel reported due on each monthly return.

The proceeds of the Educational Sales Tax collected by the Collection Agent are required to be disbursed as soon as practicable after collection. One percent of the amount collected is retained by the Collection Agent and paid into the general fund of the State treasury to defray the costs of administration.

Pursuant to the Educational Sales Tax Act, excess proceeds of the Educational Sales Tax which remain following expenditure of proceeds for education purposes as described in the notice of the Election shall be used solely for the purpose of reducing any indebtedness of the School District. In the event there is no indebtedness, such excess proceeds shall be used for the purpose of reducing the maintenance and operations millage rate of the School District in an amount equivalent to the amount of such excess proceeds.

Historical Educational Sales Tax Data. Set forth below is the total amount of the sales and use tax for educational purposes distributed by the Collection Agent to the School District as of December 31 in the years 2019 through 2024. The historical sales tax data presented below should not be considered to represent future results that may be obtained by the School District from collections of the Educational Sales Tax. Although the Board of Education believes that future financial results will be comparable to, or exceed, those set forth above, certain of the assumptions upon which it presently is relying may not materialize, and unanticipated events and circumstances, such as a recession, may occur that may adversely affect such results.

<u>Year</u>	<u>Amount¹</u>	<u>Percentage Change</u>
2019	\$2,730,692	--
2020	3,103,798	13.7%
2021	3,252,123	4.8
2022	3,430,258	5.5
2023	3,570,623	4.1
2024	3,719,934	4.1

¹ Net of deductions allowed to dealers and net of commission allowed to the Revenue Commissioner.

Source: State of Georgia Department of Revenue

Enforcement of Remedies

The realization of value from the pledge of the taxing power of the School District to the payment of the Bonds upon any default will depend upon the exercise of various remedies specified by Georgia law. These remedies may require judicial actions, which are often subject to discretion and delay and which may be difficult to pursue. The enforceability of rights or remedies with respect to the Bonds may be limited by state and federal laws, rulings, and decisions affecting remedies and by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

O.C.G.A. § 36-80-5 provides that no school district created under the Constitution or laws of the State of Georgia shall be authorized to file a petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities. O.C.G.A. § 36-80-5 also provides that no chief executive or other governmental officer, governing body, or organization shall be empowered to cause or authorize the filing by or on behalf of any school district created under the Constitution or laws of the State of Georgia of any petition for relief from payment of its debts as they mature or a petition for composition of its debts under any federal statute providing for such relief or composition or otherwise to take advantage of any federal statute providing for the adjustment of debts of political subdivisions and public agencies and instrumentalities.

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THE SCHOOL DISTRICT

Introduction

The School District is a political subdivision of the State of Georgia, the boundaries of which are coextensive with the territorial limits of the County. See “GRADY COUNTY.” The School District is separate from and legally and fiscally independent of the Board of Commissioners of Grady County and all other political subdivisions of the State. The School District is vested, pursuant to constitutional authority, with the power to conduct a system of public education within its boundaries. There are no private schools in the County.

Board of Education

The affairs of the School District are managed by the Board of Education, which was established by an act of the General Assembly of Georgia, Ga. Laws 1968, p. 2120 *et seq.*, as amended. The Board of Education consists of five members, one from each of the five education districts of the County. All members of the Board of Education must be registered voters in the State and shall have resided in the County for at least one year immediately preceding the date of their election and in the education district which they represent for at least six months immediately preceding the date of their election. At the first meeting each year, the members of the Board of Education shall elect one of the members to serve as chairman for that year and until the election of the chairman in the subsequent year.

The terms of the Board of Education members are staggered so that three members are elected at one general election and the other two district members are elected at the general election two years later. All members shall be elected at the general election immediately preceding the expiration of their terms for terms of four years and until their successors are elected and qualified and shall take office on the first day of January immediately following their election. In the event a vacancy occurs on the Board of Education for any reason other than the expiration of a term of office, the remaining members of the Board of Education shall elect a person who shall be a resident of the district in which the vacancy occurs, to serve for the unexpired term.

The Board of Education has the responsibility to maintain a reasonably uniform system of public schools providing quality education for all young people of the County. With the advice of the Superintendent, it must determine the policies and prescribe the rules and regulations for the management of the School District.

Information regarding the members and officers of the Board of Education is set forth below:

<u>Name</u>	<u>Expiration Date of Current Term</u>	<u>Years in Office</u>	<u>Principal Occupation</u>
Teresa Gee Hardy, <i>Chair</i>	December 31, 2028	6	Retired
Derrick Majors, <i>Vice Chair</i>	December 31, 2026	5	Southern Color Services Owner
Gerald Goosby	December 31, 2028	4	Florida Dept. of Transportation
Bert Stoddard	December 31, 2028	0	Sales
John White,	December 31, 2026	9	County Clerk
Dr. Eric J. McFee	By Appointment	2	Superintendent

Administration

School Superintendent. The Board of Education appoints the Superintendent of Schools (the “**Superintendent**”), who is the executive officer of the School District and Secretary of the Board of Education and is responsible for the day-to-day operations of the School District. Dr. Eric J. McFee was appointed Superintendent for the School District in March 2022. Dr. McFee has almost 35 years of professional education experience in the states of Florida and Georgia, including previously serving as superintendent and as principal at high school and middle school levels. Dr. McFee holds a Doctorate of Education degree with an emphasis on Organizational Leadership.

Finance Director. The Board of Education appoints the Finance Director, who is responsible for the financial affairs of the School District. Kimberly Nesmith was appointed Finance Director of Grady

County Board of Education in May 2023. She has 23 years of professional education experience in Georgia having served in various roles in personnel, federal programs, district and school level leadership, and finance. Ms. NeSmith holds a Bachelor’s degree in Finance, Master’s in Business Administration, and Education Specialist in School Administration.

Operations

The School District serves all of the area within the County. Funds for the general maintenance and operation (“M&O”) of the School District are derived from local, state, and federal sources. Local revenues consist primarily of *ad valorem* property taxes. The Board of Education adopts an annual operating and capital budget and determines the rate of tax levy necessary to support the budget. The Board of Education then certifies the rate of levy to the Board of Commissioners, which is required to collect taxes for the Board of Education based upon the *ad valorem* property tax certified by the Board of Education. See “SCHOOL DISTRICT AD VALOREM TAXATION -Annual Tax Levy.” Funds received from the State are determined by certain formulas, generally based upon the number of students served and the relative wealth of the School District in relation to other school districts in the State, as established by the State of Georgia Department of Education. Funds received from the federal government are primarily for programs for disadvantaged and handicapped students and for the school food service program. During the fiscal years 2019-2023, approximately 16.5% of the School District’s revenues were derived from local sources, approximately 60.6% from state sources, and approximately 19.4% from federal sources.

Employees, Employee Relations, and Labor Organizations

The School District had approximately 600 employees as of January 1, 2025, in the following categories:

<u>Category</u>	<u>Number of Employees</u>
Classroom Teachers	341
Administrators and Supervisors	33
Librarians, Guidance Counselors, and Social Workers	18
Aides and Clerical Personnel	108
Transportation and Maintenance Personnel	39
Food Service Personnel and Custodians	32
Other	<u>29</u>
Total:	<u>600</u>

No employees of the School District are represented by labor organizations or are covered by collective bargaining agreements, and the Board of Education is not aware of any union organizing efforts at the present time. The Board of Education believes that employee relations are good.

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Enrollment

Set forth below is information concerning enrollment in the School District over the past five school years, based on FTE counts conducted in October of each school year. FTE reports are taken on the first Tuesday in March and October of each school year and reported to the State of Georgia Department of Education.

<u>School Year</u>	<u>(PK)</u>	<u>(K)</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>(6)</u>	<u>(7)</u>	<u>(8)</u>	<u>(9)</u>	<u>(10)</u>	<u>(11)</u>	<u>(12)</u>	<u>Total</u>
2020-2021	229	344	327	337	311	327	334	336	342	364	358	332	320	276	4,537
2021-2022	215	371	298	317	325	318	326	341	339	346	374	335	292	287	4,484
2022-2023	222	319	361	292	314	319	311	313	343	337	373	341	290	270	4,405
2023-2024	212	325	314	359	315	321	330	319	321	349	399	330	300	269	4,463
2024-2025	197	304	306	320	361	317	323	323	320	327	425	324	291	277	4,415

Enrollment numbers reflect the student count taken on the first Tuesday in October in each school year.

(PK) = Preschool; (K) = Kindergarten. Special education students are mainstreamed throughout K-12th grades

Source: State of Georgia Department of Education

Schools; 2024-2025 School Term

There are currently approximately 382 certified personnel serving 4,415 students in the various schools according to the School District's student enrollment count. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotionally disturbed, physically impaired, intellectually disabled, hospital/homebound, and gifted children. The 2024-2025 estimated pupil-classroom teacher ratio for all schools is 18:1; this does not include non-teaching personnel such as counselors and librarians.

All teachers in the School District hold a bachelor's degree, most have a master's degree, and many have a specialist's or doctoral degree. Most have a continuing interest in professional and personal growth through formal study and staff development workshops and through meeting professional learning standards.

All schools in the School District are accredited with quality by the Georgia Accrediting Commission and have met the requirements for Standard Schools as set forth by the Georgia Department of Education. In addition, all schools are fully accredited by the Southern Association of Colleges and Schools. Criteria for accreditation include qualification of personnel, adequacy of instructional supplies, equipment and buildings, and libraries and media centers.

The School District has two elementary schools (PK-5), two PK-8 schools, one middle school, and one high school, all located on 6 separate campuses. In addition, the School District has 2 central office facilities, 1 maintenance facility, and 1 transportation facility, located on 3 separate campuses.

Set forth below is information concerning the schools in the School District for the present school term.

<u>School Name</u>	<u>Grades</u>	<u>Enrollment</u> ¹	<u>Size of Site (Acres)</u>	<u>Occupied Year</u> ²	<u>Number of Classrooms</u>	<u>Special Rooms</u> ³
Eastside Elementary School	PK-5	735	24.00	1982	43	6
Shiver Elementary School	PK-8	579	21.80	1955	33	7
Southside Elementary School	PK-5	610	13.00	1922	47	6
Whigham Elementary School	PK-8	543	14.50	1940	30	7
Washington Middle School	6-8	631	25.00	1955	44	12
Cairo High School	9-12	1,317	93.00	1955	50	22
Total:		<u>4,415</u>	<u>191.30</u>		<u>247</u>	<u>60</u>

¹ Enrollment numbers reflect the State FTE student count taken on October 1, 2024.

² Dates given refer to the earliest construction. Classrooms and/or buildings may have been added in subsequent years.

³ Special Rooms include cafeterias, media centers, gymnasiums, art and music, computer labs, science labs, and vocational rooms.

DEBT STRUCTURE OF THE SCHOOL DISTRICT

Summary of School District Debt by Category

Set forth below is information concerning debt of the School District as of January 1, 2025, and as of the anticipated date of issuance of the Bonds. The information set forth below should be read in conjunction with the School District's financial statements included as Appendix A hereto.

<u>Category of Obligation</u>	<u>Amount Authorized or Issued</u>	<u>Amount Outstanding as of January 1, 2025</u>	<u>Amount to be Outstanding Upon Issuance of the Bonds</u>
<i>General Obligation Debt¹</i>			
The Bonds	\$14,835,000	\$-0-	\$14,835,000*
Series 2019 Bonds ²	<u>6,650,000</u>	<u>1,450,000</u>	<u>1,450,000</u>
Total:	<u>\$21,485,000*</u>	<u>\$1,450,000</u>	<u>\$16,285,000*</u>

¹The Bonds are general obligations of the School District to which its full faith and credit and taxing power are pledged.

²The final maturity date for the Series 2025 Bonds is October 1, 2025. Debt service on the Series 2019 Bonds is payable first from the Educational Sales Tax that expired on December 31, 2024. Proceeds of said Educational Sales Tax sufficient to pay debt service on the Series 2019 Bonds are being held in the Debt Service Account for the Series 2019 Bonds and will be used by the School District to pay the final debt service payment for the Series 2019 Bonds.

The School District has acquired vehicles and equipment under leases, financed purchase contracts, and energy efficiency lease agreement, subject to annual appropriation. Reference is made to Note 7 of the general-purpose financial statements of School District included as Appendix A to this Official Statement for a description of these financial obligations and a more detailed discussion of the School District's long-term debt liabilities as of fiscal year ending June 30, 2023.

Long and Short-Term Indebtedness

The School District has no present plans to issue any short-term obligations, and the School District has no plans to issue any long-term indebtedness except for the Bonds during calendar year 2025.

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Debt Limitation

State Law. Article IX, Section V, Paragraph I(a) of the Constitution of the State of Georgia provides that the School District may not incur long-term obligations (other than refunding obligations) payable out of general property taxes without the approval of a majority of the qualified voters of the School District voting at an election called to approve the obligations. In addition, under the Constitution of the State of Georgia, the School District may not incur long-term obligations payable out of general property taxes in excess of 10% of the assessed value of all taxable property within the School District. Short-term obligations (those payable within the same calendar year in which they are incurred), lease and installment purchase obligations subject to annual appropriation, and intergovernmental obligations are not subject to the legal limitations described above.

As computed in the table below, based upon assessed values as of January 1, 2024, the School District could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately \$65,591,102* of long-term obligations payable out of general property taxes. Assessments for the year 2025 have not been finalized; however, it is not expected that the assessed value of all taxable property would be materially less than the assessed value of all taxable property of the School District for the year 2024.

Computation of Legal Debt Margin

Gross Tax Digest for the School District as of January 1, 2024	\$1,059,887,401
Less M&O Exemptions ¹	<u>(241,126,377)</u>
Net M&O Tax Digest.....	<u>\$818,761,024</u>
Debt Limit (10% of Net M&O Tax Digest)	\$81,876,102
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit	<u>(16,285,000)*</u>
Legal Debt Margin.....	<u>\$ 65,591,102*</u>

¹Based on M&O exemptions. Actual bond exemptions are not available because in past years it has not been necessary for the School District to levy a tax for general obligation debt; debt service on outstanding debt has been paid by the Educational Sales Tax. It is not expected that the amount of bond exemptions would be materially higher than the amount of M&O exemptions.

Source: State of Georgia Department of Revenue.

O.C.G.A. § 20-2-506(a)(4) provides that lease and installment purchase contracts subject to annual appropriation must contain provisions limiting the total combined annual payments for such contracts and intergovernmental contracts in any calendar year, except for energy savings contracts, to an amount equal to 7.5% of the total local revenue collected for M&O of the School District in the most recently completed fiscal year. 7.5% of the total local revenue collected for maintenance and operation of the School District in fiscal year 2024 was \$587,601 (\$7,834,685 x 7.5%). The School District's total combined annual payments for lease and installment purchase contracts and intergovernmental contracts in calendar year 2025 is \$21,220.

Indebtedness of Overlapping Governmental Entities

Property owners in the School District are responsible for both the School District’s debt obligations and any debt obligations of other taxing entities (“**Overlapping Entities**”) in the proportion to which the jurisdiction of the School District overlaps such entities. Set forth below are the estimated overlapping general obligation debt and overlapping property tax supported contractual obligations. Although the School District has attempted to obtain accurate information as to the overlapping debt, it does not guarantee its completeness or accuracy. Information regarding overlapping debt is based on information supplied by others, as there is no central reporting entity which has this information available.

<u>Category of Obligation</u>	<u>Amount of Debt Outstanding¹</u>
Grady County ²	
Intergovernmental Contract Debt ³	
Lake Auth. Rev. Bonds	\$14,555,000
Equipment Leases	58,933
Equipment Notes	5,166,731
City of Cairo ⁴	
GEFA Loans ⁵	4,534,624
Equipment Leases	173,268
City of Whigham ⁴	<u>-0-</u>
TOTAL	<u>\$24,488,556</u>

¹ Data excludes utility revenue bonds payable solely from revenues of utility systems and any other debt which is not supported by property taxes.

² As of December 31, 2024

³ The financial obligations of the County under the intergovernmental contracts constitutes a general obligation of the County to make the payments it has contracted to make by the provisions of the contract and constitutes a pledge of the full faith, credit, and taxing power of the County.

⁴ As of June 30, 2024.

⁵ Georgia Environmental Finance Authority (“GEFA”) loans are secured by a promissory note payable to GEFA and are based upon a contract which requires that the City to exercise its taxing power and its power to set rates, fees, and charges to its utility systems to the extent necessary to pay, among other things, the principal of and interest on such loans as they become due and payable. The GEFA loans are general obligations of the City to which its full faith, credit, and taxing power are pledged.

Estimated Debt Service Schedule*

Set forth below are the principal and estimated interest payment requirements of the School District with respect to the Bonds.

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Debt Service Requirements</u>
06/01/2025	-		
12/01/2025	-		
06/01/2026	-		
12/01/2026	\$2,280,000		
06/01/2027	-		
12/01/2027	2,400,000		
06/01/2028	-		
12/01/2028	2,525,000		
06/01/2029	-		
12/01/2029	2,650,000		
06/01/2030	-		
12/01/2030	900,000		
06/01/2031	-		
12/01/2031	950,000		
06/01/2032	-		
12/01/2032	990,000		
06/01/2033	-		
12/01/2033	1,040,000		
06/01/2034	-		
12/01/2034	1,100,000		
Totals	<u>\$14,835,000</u>		

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SCHOOL DISTRICT AD VALOREM TAXATION

Introduction

Ad valorem property taxes are an important source of revenue to fund the operations of the School District. *Ad valorem* property taxes are levied on an annual basis based on the fair market value of the property assessed by the County as of January 1st of each year. *Ad valorem* property taxes are levied on the assessed value of the property which, by law, is established at 40% of the fair market value. Taxes are levied in mills (one-tenth of one percent) upon each dollar of assessed property value.

Property Subject to Taxation

Ad valorem property taxes are levied, based upon value, against all real and personal property within the School District subject to taxation for school purposes. The boundaries of the School District are coextensive with the territorial limits of the County. There are, however, certain classes of property which are exempt from taxation, including public property, religious property, charitable property, property of nonprofit hospitals, nonprofit homes for the aged, and nonprofit homes for the mentally handicapped, college and certain educational property, public library property, certain farm products, certain air and water pollution control property, and personal effects.

Assessed Value

Assessed valuation, which represents the value upon which *ad valorem* property taxes are levied, is calculated as a percentage of fair market value. Georgia law requires all counties to assess taxable tangible property, with certain exceptions, at 40% of its fair market value and to tax such property on a levy made by each tax jurisdiction according to 40% of the property's fair market value. Georgia law requires certain agricultural real property to be assessed for *ad valorem* property tax purposes at 75% of the value of which other real property is assessed and requires certain historical property to be valued at a lower fair market value for *ad valorem* property tax purposes. Conservation use property represents up to 2,000 acres of real property of a single owner that is either devoted to the good faith production of agricultural products or timber or is a type of environmentally sensitive property. Forest Land Conservation Use property ("FLCU") designated property is valued at 40% of its current use assessment and Conservation Use property is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from the use of the property and (b) 35% of its current use value. "Standing timber" is assessed one time, following its sale or harvest, at 100% of its fair market value.

The chief appraiser of the County is required to submit a certified list of assessments for all taxable property, except motor vehicles, motor homes, and property owned by public utilities, within the County to the County Board of Tax Assessors. The Tax Commissioner of the County is required to present the tax returns to the County Board of Tax Assessors by April 1 of each year. The Board of Tax Assessors is required to complete its revision and assessment of returns by June 1 of each year. The Tax Commissioner then certifies the digest and forwards a copy of the completed digest to the State of Georgia Revenue Commissioner for examination and approval. The Revenue Commissioner has the authority to examine the digest for the purpose of determining if the valuations of property are reasonably uniform and equalized between and within counties. Assessments may be appealed by property owners within 45 days of the date of receiving an assessment notice based on taxability, value, uniformity, and/or denial of an exemption. Assessments and appeals are subject to review at various stages by the County Board of Equalization and by state courts.

The State of Georgia Property Tax Unit assesses the value of the property of public utilities and divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these amounts to the county which bills these taxes to the utilities.

Tax Relief Initiatives

For the purposes of reducing the burden of *ad valorem* taxation for property owned by a taxpayer and occupied as his or her legal residence (“**homesteads**”), the State has granted several types of homestead exemptions more particularly described below. In addition, local governments are authorized to provide for increased exemption amounts and several have done so. Local government exemption amounts supersede the State exemption amount when the local exemption is greater than the State exemption. The deductions are taken from the homestead’s 40% assessed value before utilizing millage rates to determine tax owed. There are no local homestead exemptions offered in the County, but taxpayers may make application for the statewide homestead exemptions.

Standard Homestead Exemption. The home of each resident of Georgia that is actually occupied and used as the primary residence by the owner may be granted a \$2,000 exemption from county and school taxes except for school taxes levied by municipalities and except to pay interest on and to retire bonded indebtedness. The \$2,000 is deducted from the 40% assessed value of the homestead. The owner of a dwelling house or a farm that is granted a homestead exemption may also claim a homestead exemption in participation with the program of rural housing under contract with the local housing authority.

Individuals 65 Years of Age and Older May Claim a \$4,000 Exemption. Individuals 65 years of age or over may claim a \$4,000 exemption from all county ad valorem taxes if the income of that person and his spouse does not exceed \$10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption.

Individuals 62 Years of Age and Older May Claim Additional Exemption for Educational Purposes. Individuals 62 years of age or over that are residents of each independent school district and of each county school district may claim an additional exemption from all ad valorem taxes for educational purposes and to retire school bond indebtedness if the income of that person and his spouse does not exceed \$10,000 for the prior year. Income from retirement sources, pensions, and disability income is excluded up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act. The owner must notify the county tax commissioner if for any reason they no longer meet the requirements for this exemption. This exemption may not exceed \$10,000 of the homestead’s assessed value. The full \$10,000 exemption is available to qualified homestead property owners in the County.

Floating Inflation-Proof Exemption. Individuals 62 years of age or over may obtain a floating inflation-proof county homestead exemption, except for taxes to pay interest on and to retire bonded indebtedness, based on natural increases in the homestead’s value. If the appraised value of the home has increased by more than \$10,000, the owner may benefit from this exemption. Income, together with spouse or any other person residing in the house cannot exceed \$30,000. This exemption does not affect any municipal or educational taxes and is meant to be used in the place of any other county homestead exemption.

Disabled Veteran or Surviving Spouse. Any qualifying disabled veteran may be granted an exemption of \$60,000 plus an additional sum from paying property taxes for county, municipal, and school purposes. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The value of the property in excess of this exemption remains taxable. This exemption is extended to the unremarried surviving spouse or minor children as long as they continue to occupy the home as a residence.

Surviving Spouse of U.S. Service Member. The unremarried surviving spouse of a member of the armed forces who was killed in or died as a result of any war or armed conflict will be granted a homestead exemption from all ad valorem taxes for county, municipal and school purposes in the amount of \$60,000 plus an additional sum. The additional sum is determined according to an index rate set by United States Secretary of Veterans Affairs. The surviving spouse will continue to be eligible for the

exemption as long as they do not remarry.

Surviving Spouse of Peace Officer or Firefighter. The unremarried surviving spouse of a peace officer or firefighter killed in the line of duty will be granted a homestead exemption for the full value of the homestead for as long as the applicant occupies the residence as a homestead.

In addition to the various homestead exemptions, qualified homestead property owners 62 and older with a gross income of \$15,000 or less may defer but not exempt the payment of *ad valorem* taxes on part or all of the homestead property. Generally, the tax would be deferred until the property ownership changes or until such time that the deferred taxes plus interest reach a level equal to 85% of the fair market value of the property.

Voters in the County have approved for exemption the following types of tangible personal property from *ad valorem* taxation, known as “freeport” exemptions: (1) inventory of goods in the process of being manufactured, (2) inventory of finished goods manufactured or produced in the State held by the manufacturer or producer for a period not to exceed 12 months, and (3) inventory of finished goods on January 1 that are stored in a warehouse, dock, or wharf which are destined for shipment outside the State for a period not to exceed 12 months.

Conservation Use and Forest Land. A large percentage of amounts constituting real and personal property on the County’s general tax digest is designated as conservation use property or forest land conservation use property. The FLCU property designation was created pursuant to the Forest Land Protection Act, a constitutional amendment that became effective on January 1, 2009, after approval by the State’s voters in the preceding November of 2008 general election. The FLCU designation allows for a lower tax rate for property owners that qualify for the designation. The FLCU designation is available for timber land that either (a) has been certified by the U.S. Department of Natural Resources as “environmentally sensitive property” or (b) is kept in accordance with a recognized sustainable forestry certification program. Real property receiving the FLCU designation is valued at 40% of its current use value and not 40% of its actual fair market value. FLCU property must remain employed for its current use for at least 15 years after its designation. Conservation Use property is real property that consists of timber land or agricultural land and is assessed at a value equal to the sum of (a) 65% of the capitalization of the net income generated from use of the property and (b) 35% of its current use value. The purpose of this tax treatment is designed to protect property owners of agricultural and timber lands from being pressured by property tax burdens to convert their land to residential or commercial use. Conservation Use property must remain undeveloped and employed for a qualifying use (i.e., agricultural or timber land) for at least 10 years after its original designation. The value of conservation use property is not permitted to be increased or decreased by more than 3% from the current use valuation for the immediately preceding tax year or increased or decreased during the ten year covenant period by more than 34.39% from its current use valuation in the initial year of the 10-year period.

Tax Abatements. The School District may also be subject to tax incentive agreements, usually in the form of property tax abatements, that the School District’s local development authority enters into with businesses. The tax incentives are negotiated with businesses for the purpose of attracting or retaining businesses within the County and have various requirements regarding job creation and capital investments. Incentives may be granted to any business located within or promising to relocate to the County. Typically, the tax incentive agreement contains a recapture provision that requires repayment of a portion of the abated taxes if the business fails to meet its jobs or investment goals.

Save Our Homes Act - Floating Homestead Exemption. On April 18, 2024, the Governor of the State of Georgia signed into law House Bill 581 (the “Save Our Homes Act”). The Save Our Homes Act provides for a new statewide floating homestead exemption from *ad valorem* taxation for each Georgia resident designed to offset inflationary increases in value for homesteads. The floating homestead exemption provides that the base value of homesteads for property tax purposes will be adjusted and will increase by a rate of inflation determined by the State of Georgia Revenue Commissioner.

The Save Our Homes Act was approved in a constitutional amendment by the Georgia voters at an election held on November 5, 2024. The floating homestead exemption took effect for all taxable

years on and after January 1, 2025. After properly advertising and conducting three public hearings, any county, city or school district may opt out of this homestead exemption by a resolution duly adopted by its governing body on or before March 1, 2025. A local government may not opt out of this statewide floating homestead exemption after this deadline. The School District did not opt out of the floating homestead exemption. At this time, the School District cannot predict what impact the new exemption will have on the School District's *ad valorem* tax revenues in future years.

Annual Tax Levy

Neither the School District nor the Board of Education has the power to levy *ad valorem* property taxes. The Board of Commissioners annually levies the *ad valorem* property taxes for the School District. The Board of Education is required by State law to certify annually to the Board of Commissioners the rate of levy needed to produce the amount of property tax revenues necessary to support and maintain the School District's school system. The Board of Education determines a rate of levy for each fiscal year by computing a rate which, when levied upon the assessed value of taxable property within the territorial limits of the School District, will produce the necessary amount of property tax revenues. Under State law, the Board of Commissioners is required to levy annually the *ad valorem* property tax, as certified to it by the Board of Education, upon the assessed value of all taxable property within the School District.

The Georgia Constitution provides that the annual rate of levy for support and maintenance of a school system may not exceed 20 mills per dollar, except where a school system had in effect on June 30, 1983, a millage rate in excess of 20 mills per dollar. On June 30, 1983, the rate of levy in effect for support and maintenance of the School District was less than 20 mills per dollar. The millage limitation for the School District may be increased or removed by action of the Board of Education, but only after such action has been approved by a majority of the qualified voters of the School District.

Under State law, there is no limitation on the annual rate of levy for the payment of principal of and interest on bonded indebtedness of the School District. *Ad valorem* property taxes received for the payment of debt service on general obligation bonds of the School District are required by law to be held and accounted for separately from other funds of the School District. See "THE BONDS, -Security and Sources of Payment for the Bonds."

Property Tax Collections

The County bills and collects the property taxes of the School District on behalf of the School District. Under Georgia law, the tax collector of the County is required to pay over to the Board of Education once a month all taxes collected for school purposes, after deducting a commission for collecting the taxes. The County charges the School District a collection fee of 2.5% of taxes collected for the School District. Real and personal property taxes are levied each year on the assessed value listed as of January 1 of that calendar year. Taxes levied by the County are normally billed around October 20th and are normally payable by December 20th, but the law allows taxpayers 60 days from the date of mailing before interest may be charged. Pursuant to O.C.G.A. § 48-2-40, past due taxes bear interest at an annual rate equal to the bank prime loan rate as posted by the Board of Governors of the Federal Reserve System in statistical release H. 15 or any publication that may supersede it, plus 3%, to accrue monthly until the tax is paid. Such annual interest rate is determined for each calendar year based on the first weekly posting of statistical release H. 15 on or after January 1 of each calendar year. Pursuant to O.C.G.A. § 48-2-44(b)(1), taxpayers who willfully fail to pay *ad valorem* taxes within 120 days of the date when due, shall be assessed a penalty of 5% of the amount of tax due and not paid at the time such penalty is assessed, together with interest as specified by law. Thereafter, additional penalties of 5% of any tax amount remaining unpaid are applied every 120 days from the imposition of the initial penalty, together with interest as specified by law. The aggregate amount of penalties imposed pursuant to O.C.G.A. § 48-2-44(b)(1) shall not exceed an amount equal to 20% of the principal amount of the tax originally due. These penalties do not apply to *ad valorem* taxes of \$500 or less on homestead property. Pursuant to O.C.G.A. § 48-2-44(b)(2), any city or county authorized as of April 22, 1981, by statute or constitutional amendment to receive a penalty of greater than 10 percent for failure to pay an *ad valorem* tax is authorized to continue to receive that amount.

All taxes levied on real and personal property, together with interest thereon and penalties for late payment, constitute a perpetual lien on and against the property arising after January 1 in the year in which taxed. The lien becomes enforceable 30 days after notification. Georgia law provides that taxes must be paid before any other debt, lien, or claim of any kind, except for certain claims against the estate of a decedent and except that the title and operation of a security deed is superior to the taxes assessed against the owner of property when the tax represents an assessment upon property of the owner other than the property specifically subject to the title and operation of the security deed.

Collection of delinquent real property taxes is enforceable by tax sale of such realty. Delinquent personal property taxes are similarly enforceable by seizure and sale of the taxpayer's personal property. There can be no assurance, however, that the value of the property sold, in the event of a tax sale, will be sufficient to produce the amount required to pay in full the delinquent taxes, including any interest or penalties thereon.

When the last day for the payment of taxes has arrived, the tax collector notifies the taxpayer in writing of the fact that the taxes have not been paid and that, unless paid, an execution will be issued. At any time after 30 days from giving the notice described in the preceding sentence, the Tax Commissioner, as *ex officio* sheriff, may issue an execution for nonpayment of taxes. The Tax Commissioner then publishes a notice of the sale in a local newspaper weekly for four weeks and gives the taxpayer ten days written notice by registered or certified mail. A public sale of the property is then made by the Tax Commissioner at the Grady County Courthouse on the first Tuesday of the month after the required notices are given.

Motor Vehicle Property Taxes

The State of Georgia Motor Vehicle Tax Unit assesses the value of all motor vehicles by make, model, and year and provides this information to each county's tax office. The State has two types of motor vehicle property taxes, the Title Ad Valorem Tax ("TAVT") and the Annual Ad Valorem Tax ("AAVT"). The TAVT applies to most vehicles purchased on March 1, 2013 or later, with a few exceptions. The AAVT applies to most vehicles purchased prior to March 1, 2013 and non-titled vehicles. The TAVT is a one-time tax that is paid at the time the vehicle is titled. It replaced motor vehicle sales tax and the AAVT and is paid every time vehicle ownership is transferred or a new resident registers the vehicle in Georgia for the first time. The current TAVT rate is 7.0% of the fair market value of the vehicle with respect to title transfers, 3.0% of the fair market value of the vehicle with respect to new resident registrations, and 0.5% of the fair market value of the vehicle for family member or inheritance title transfers. The AAVT applies to most vehicles not taxed under the TAVT method. The AAVT is a value tax that is assessed annually and must be paid at the time of registration. Payment of the AAVT is a prerequisite to receiving a tag or renewal decal. The AAVT is due each year on all vehicles whether they are operational or not, even if the tag or registration renewal is not being applied for. The AAVT must be paid by the last day of a vehicle owner's registration period (birthday) to avoid a 10% penalty. Tax amounts vary according to the current fair market value of the vehicle and the tax district in which the owner resides. Tax receipts are distributed by each county tax office to the State, and applicable county, school district and municipality.

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M&O Tax Digest

Set forth below is information concerning the assessed and estimated actual value of taxable property within the School District for the past five calendar years.

<u>Categories</u> ¹	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Agriculture	\$75,002,811	\$78,962,881	\$75,749,299	\$74,095,185	\$106,814,252
Commercial	86,488,331	103,084,538	110,575,348	124,860,286	153,074,722
Historical	0	9,899	57,954	41,694	114,110
Industrial	39,709,755	26,253,683	27,674,137	17,319,631	32,517,822
Forest Land Cons Use	21,033,415	20,203,667	21,605,421	24,266,851	32,981,163
Preferential	1,022,549	1,022,549	1,022,549	64,596	106,192
Residential	290,274,309	296,209,512	301,361,135	306,704,054	454,458,178
Conservation Use	142,007,998	138,814,402	141,303,569	141,568,992	215,378,480
Public Utility ²	20,152,786	26,816,629	26,658,525	28,843,608	30,112,996
Motor Vehicles ³	14,493,930	12,964,410	11,972,510	11,652,340	11,629,620
Mobile Homes ⁴	13,268,476	14,107,157	15,916,465	17,034,799	16,868,458
Timber (100%)	2,605,243	6,209,792	7,835,735	7,510,003	5,803,919
Heavy Equipment	0	0	19,275	148,356	27,489
Gross Tax Digest	<u>706,059,603</u>	<u>724,659,119</u>	<u>741,751,922</u>	<u>754,110,395</u>	<u>1,059,887,401</u>
Less M&O Exemptions	<u>(140,255,341)</u>	<u>(152,011,486)</u>	<u>(158,934,105)</u>	<u>(157,893,364)</u>	<u>(241,126,377)</u>
Net M&O Tax Digest ⁵	<u>\$565,804,262</u>	<u>\$572,647,633</u>	<u>\$582,817,817</u>	<u>\$596,217,031</u>	<u>818,761,024</u>
Estimated Actual Value ⁶	<u>\$1,761,241,143</u>	<u>\$1,802,333,110</u>	<u>\$1,842,626,203</u>	<u>\$1,874,010,983</u>	<u>\$2,641,012,624</u>

¹ The State requires all counties to assess real estate and personal property at the rate of at least 40% of estimated actual value, with the exception of Timber, which is assessed at 100%.

² The State of Georgia Property Tax Unit assesses the value of the property of public utilities at the percentage of fair market value used by the County. The Property Tax Unit then divides the assessment into two parts, assessed value of property and assessed value of franchise, and provides these figures to the County which bills these taxes to the utilities with the amount of tax for each.

³ The State of Georgia Motor Vehicle Tax Unit assesses the value of motor vehicles by make, model, and year by county and provides this information to each county tax office. The State of Georgia assesses the value of motor vehicles at the percentage of fair market value used by the County. Any motor vehicle purchased on or after March 1, 2013 is not subject to county ad valorem. Any motor vehicle purchased on or after March 1, 2013 is not subject to annual ad valorem taxes, but are subject to a one time title ad valorem tax.

⁴ The State of Georgia assesses the value of mobile homes at the percentage of fair market value used by the County.

⁵ Total assessed value, after deducting exemptions, for purposes of levying tax for the M&O of the School District.

⁶ Calculated by taking the Gross Tax Digest less Timber (assessed at 100%), divided by 40%, plus Timber at 100%.

Sources: State of Georgia Department of Revenue.

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Millage Rates

Set forth below is information concerning the rate of levy of property taxes per \$1,000 of assessed value, or millage rates, of the School District, unincorporated and incorporated County, and the municipalities located in the County for the past five calendar years. Since 2016, there has been no State levy for *ad valorem* taxation.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>School District</u>					
School M&O ¹	13.600	13.500	13.400	13.400	13.400
School Bond ²	0.000	0.000	0.000	0.000	0.000
<u>County</u>					
County Incorporated	17.390	17.384	17.383	17.364	13.138
County Unincorporated	17.390	17.384	17.383	17.364	13.138
<u>Municipalities</u>					
City of Cairo	7.720	7.721	7.721	8.689	5.856
City of Whigham	5.792	5.779	5.729	5.749	3.421

¹The annual rate of levy for M&O of the School District may not exceed 20 mills. See "SCHOOL DISTRICT AD VALOREM TAXATION, -Annual Tax Levy."

²The annual rate of levy for payment of debt service of the School District is without limitation as to rate or amount.

Source: Georgia Department of Revenue.

Ten Largest Taxpayers

Set forth below is information concerning the ten largest taxpayers in the School District in calendar year 2024, ranked according to taxes levied.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2024 Assessed Value</u>	<u>Assessed Value as a Percent of 2024</u>	
			<u>Gross Assessed Values¹</u>	<u>2024 Taxes Levied²</u>
Grady EMC	Utility	\$11,112,389.00	1.05%	318,659.67
JTEKT North America	Manufacturer	12,830,257.00	1.21	274,381.44
MEAG Power	Utility	9,971,263.00	0.94	264,617.38
Monrovia Nursery Company	Nursery/Agriculture	18,066,559.00	1.70	242,793.51
Aaron Rents, Inc	Retail	5,532,016.00	0.52	179,204.14
Koyo Bearings USA, LLC	Manufacturer	3,868,238.00	0.36	125,307.70
CSX Transportation, Inc	Freight Transportation	4,368,214.00	0.41	119,984.76
Higdon Grocery IRA	Grocery	4,952,564.00	0.47	100,211.81
Wal-Mart	Retail	2,161,350.00	0.20	70,014.77
Mills Rentals, LLC	Equipment Rental/Leasing	<u>2,304,999.00</u>	<u>0.22</u>	<u>68,689.08</u>
TOTALS		<u>\$75,167,849.00</u>	<u>7.09</u>	<u>\$1,763,864.26</u>

¹Based on calendar year 2024 Gross Tax Digest of \$1,059,887,401.

²Reported after all appropriate exemptions are applied.

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M&O Tax Levies and Collections

The County levies M&O taxes on behalf of the School District, based on property value assessments as of January 1 of each year, and normally bills said taxes by October 20th. M&O taxes are due and payable within 60 days after the tax bill is mailed. Set forth below is information concerning total real and personal property tax and public utilities tax collections of the School District reported as of the School District's fiscal years ended June 30, 2020 through June 30, 2024, for the prior calendar year's tax levy. Grady County may place liens on property on behalf of the School District once the related tax payments become delinquent.

<u>Fiscal Year</u> ¹	<u>Tax Year</u> ²	Tax Year's M&O <u>Tax Levy</u> ³	Total Taxes <u>Collected</u> ^{4,5,6}	Percentage of Total Tax <u>Collections to Levy</u>
2020	2019	\$7,469,824	\$7,629,958	102.1%
2021	2020	7,694,938	7,910,701	102.8
2022	2021	7,739,743	7,555,685	97.7
2023	2022	7,809,759	7,810,632	100.0
2024	2023	7,990,322	7,834,685	98.1

¹ Fiscal years end June 30. Time period reflects July 1 of the preceding year to June 30 of each year stated in the column.

² Tax Year means calendar year and related to the calendar year preceding the Fiscal Year end date. Taxes are levied and normally billed in calendar year preceding each fiscal year end date.

³ Levy relates to Tax Year shown in same row. The levies do not reflect adjustments made to assessments and tax bills arising from appeals, errors, releases, etc.

⁴ Includes collections of current Tax Year taxes, delinquent taxes, penalties, and interest. Data is derived from the notes of the School District's audited financial statements. Data for fiscal year 2024 has not been subject to audit.

⁵ Data is net of County 2.5% collection fee. The County charges the School District a collection fee of 2.5% of taxes collected for the School District.

⁶ Data excludes School District's receipt of Title Ad Valorem Tax collections.

Source: Grady County School District.

Delinquent property taxes of the School District are written off when the statute of limitations for their collection (seven years) expires or, if no property is found to levy upon, earlier. The delinquent taxes written off are typically for personal property, which are more difficult to collect than taxes on real property.

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SCHOOL DISTRICT FINANCIAL INFORMATION

General Fund History

Set forth below is a historical, comparative summary of the revenues, expenditures, and changes in fund balance of the School District's General Fund for the past six fiscal years. Information in the table for fiscal years 2019 to 2023 has been extracted from audited financial statements of the School District for the years ended June 30, 2019, to June 30, 2023. Information for fiscal year 2024 has not been subject to independent audit. Although taken from audited financial statements, no representation is made that the information is comparable from year to year, or that the information as shown taken by itself presents fairly the financial condition of the School District for the fiscal years shown. For more complete information, reference is made to the audited financial statements of the School District for fiscal year 2023 which is included in this Official Statement as Appendix A and to the audited financial statements of the School District for fiscal years 2019 to 2022, copies of which are available from the School District upon request.

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Grady County School District
General Fund Statement of
Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ended June 30

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	(unaudited) <u>2024</u>
Revenues						
Property Taxes	\$8,486,358.08	\$8,726,405.00	\$9,335,774.52	\$8,977,091.32	\$9,234,287.22	\$9,371,099.88
Sales Taxes	90,484.85	116,759.51	165,154.60	142,761.60	115,509.86	115,648.10
State Funds	31,329,910.62	33,183,697.96	32,353,561.05	33,352,157.63	33,818,456.57	35,523,849.25
Federal Funds	6,337,245.96	6,379,596.62	11,297,760.45	13,054,658.09	15,436,176.60	15,176,502.16
Charges for Services	416,726.41	376,673.19	241,969.10	400,091.60	425,406.96	468,204.30
Investment Earnings	44,932.70	26,472.25	4,477.59	4,531.34	60,363.16	119,593.22
Miscellaneous	1,142,373.17	989,018.89	1,156,096.52	1,456,434.35	1,912,381.81	1,777,712.52
Total Revenues	47,848,031.79	49,798,623.42	54,554,793.83	57,387,725.93	61,002,582.18	62,552,609.43
Expenditures						
Current						
Instruction	29,796,855.33	31,419,182.67	33,071,568.42	35,337,283.79	36,583,948.10	39,398,664.91
Support Services						
Pupil Services	2,114,521.70	2,050,824.10	2,089,933.97	2,251,508.41	2,623,453.39	2,784,789.89
Impr. of Instructional Services	1,581,448.22	1,803,200.73	2,013,318.37	1,993,635.90	2,732,153.72	3,247,422.40
Educational Media Services	854,398.76	812,220.92	850,444.40	755,071.31	885,314.70	865,796.19
General Administration	446,951.60	469,104.93	433,298.62	400,220.40	487,191.12	530,730.00
School Administration	3,010,333.47	3,037,766.51	2,900,687.36	3,285,127.08	3,585,610.59	3,501,673.77
Business Administration	349,285.01	363,112.48	408,266.94	424,869.33	486,360.02	479,395.80
M&O of Operation of Plant	3,310,930.59	3,761,035.18	3,513,648.78	3,907,427.81	4,892,451.06	5,383,780.83
Student Transportation Services	1,836,073.61	1,737,851.54	1,673,244.68	1,660,116.67	2,010,639.44	2,083,062.99
Central Support Services	316,122.62	344,301.28	444,769.01	275,337.67	523,790.05	84,940.03
Other Support Services	-	-	-	-	-	25,628.00
Community Services	47,284.76	42,211.55	38,378.99	56,787.92	60,825.23	70,497.76
Food Services Operation	3,054,989.41	3,050,116.09	3,064,710.33	3,000,649.89	3,647,726.35	3,547,694.71
Capital Outlay	-	27,634.59	-	492,500.00		
Debt Services						
Principal	-	-	335,077.00	290,071.04	417,968.61	440,526.08
Interest	-	410,793.78	550,568.29	538,069.92	526,457.51	515,469.86
Total Expenditures	46,719,195.08	49,329,356.35	51,387,915.16	54,668,677.14	59,413,979.53	62,960,073.22
Excess of Revenue Over (Under) Expenditures	1,128,836.71	469,267.07	3,166,878.67	2,719,048.79	1,588,602.65	(407,463.79)
Other Financing Sources (Uses)						
Transfers In	-	339,124.50	-	-	-	-
Capital Lease Proceeds	-	-	-	-	58,502.86	-
Transfers Out	(2,234,249.85)	(208,120.56)	(1,829,835.44)	(1,104,939.66)	(167,922.18)	(150,000.00)
Total Other Financing Sources	(2,234,249.85)	131,003.94	(1,829,835.44)	(1,104,939.66)	(109,419.32)	(150,000.00)
Extraordinary Item						
Damage from Hurricane Michael	(24,000.00)	-	-	-	-	-
Net Change in Fund Balance	(1,129,413.14)	600,271.01	1,337,043.23	1,614,109.13	1,479,183.33	(557,463.79)
Fund Balance - Beginning of Year¹	7,125,556.82	5,996,143.68	6,837,594.74	8,174,637.97	9,788,747.10	11,267,930.43
Fund Balance - End of Year	\$5,996,143.68	\$6,596,414.69	\$8,174,637.97	\$9,788,747.10	\$11,267,930.43	\$10,710,466.64

¹ For fiscal year 2021, the School District made prior period adjustments due to the adoption of GASB Statement No. 84, as described in "New Accounting Pronouncements," which requires the restatement of the June 30, 2020 net position in governmental activities and fund balance in the general fund and fiduciary funds.

Accounting Policies

The 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 in Note 2 of the general purpose financial statements of School District included as Appendix A to this Official Statement.

Budgetary Process for General Fund

General Description. 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, debt service, 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 for 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 fund 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 of Education’s review. Public input is obtained through a series of budget hearings. 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 5% 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 5% 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 \$10,000.00 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.

Current Budget. Set forth on the following page is a summary of the School District’s adopted budget for its General Fund for the fiscal year ending June 30, 2025. The budget is based upon certain assumptions and estimates of the School District’s administration regarding future events, transactions, and circumstances. Realizations of the results projected in the budget will depend upon implementation by management of policies and procedures consistent with the assumptions made by the School District. Accordingly, the actual results achieved for the budget could materially vary from those projected in the budget shown below.

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**Grady County School District
General Fund Budget
Fiscal Year Ending June 30, 2025**

	2025
Revenues	
Local Ad Valorem Taxes	\$8,424,000
Other Taxes	1,344,000
Other Local Sources	160,000
State Sources for Quality Basic Education	36,858,182
State Sources for Other Grants	<u>275,000</u>
Total Revenues	<u>47,061,182</u>
Expenditures	
Instruction	31,807,400
Pupil Services	1,881,700
Improvement of Instruction	2,585,200
Instructional Staff Training	86,500
Educational Media	834,740
General Administration	547,300
School Administration	3,402,800
Business Services	503,600
Maintenance and Operation of Plant	4,695,700
Student Transportation	1,585,800
Central Support Services	210,700
Debt Service	<u>936,282</u>
Total Expenditures	<u>49,077,722</u>
Excess of Revenue Over (Under) Expenditures	(\$2,016,540)

Employee Retirement Plans

The School District participates in various retirement plans administered by the State of Georgia as further explained in “Note 12: Retirement Plans” of the general purpose financial statements of School District included as Appendix A to this Official Statement. Reference is also made to Schedules 1, 2, 3, 4, 5 and 8 of the general purpose financial statements of School District included as Appendix A to this Official Statement for supplemental information regarding the School District’s retirement plans and liabilities.

Other Post-Employment Benefits

Certified teachers and non-certified public school employees of the School District as defined in O.C.G.A. § 20-2-875 are provided Other Post-Employment Benefits (“**OPEB**”) through the School OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health. 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. Reference is made to “Note 12: Other Post-Employment Benefits (OPEB)” of the general purpose financial statements of the School District included as Appendix A for a description of the School District’s OPEB. Reference is also made to Schedules 6, 7, and 8 of the general purpose financial statements of School District included as Appendix A to this Official Statement for supplemental information regarding the School District’s OPEB.

Other Employee Benefits

The School District offers health insurance, life insurance, long-term and short term disability insurance, dental and cancer insurance, personal days off for holidays, and educational opportunities. Some employees are also covered under statutory plans for social security and all employees are covered under plans for workers' compensation. The Superintendent is awarded 15 days of vacation leave per year pursuant to their employment contract. All full-time personnel employed on a 12-month basis work 230 days per year and do not earn vacation leave.

Governmental Immunity and Insurance Coverage

Governmental Immunity and Official Immunity. Article I, Section II, Paragraph IX of the Constitution of the State of Georgia extends sovereign immunity to the School District, as a political subdivision of the State of Georgia, except as to actions for the breach of written contracts and actions for recovery of damages for any claim for which automobile insurance coverage exists, but only to the extent of the liability insurance provided. The same constitutional provision also provides official immunity to officers and employees of the School District so that they are immune from liability when they are performing an official, non-ministerial or discretionary function and they act without actual malice or actual intent to cause injury. The School District, however, may be unable to rely upon the defense of sovereign immunity and may be subject to liability in the event of suits alleging causes of action founded upon various federal laws, such as suits filed pursuant to 42 U.S.C. § 1983, alleging the deprivation of federal constitutional or statutory rights of an individual and suits alleging anti-competitive practices and violations of the federal antitrust laws by the School District in the exercise of its delegated powers. In addition, the Georgia Whistleblower Act (O.C.G.A. § 45-1-4) (the "Whistleblower Act"), protects public employees who disclose, or who refuse to participate in, an alleged violation of or non-compliance with any federal, state, or local law, rule or regulation pertaining to the possible existence of any activity constituting fraud, waste, and abuse in or relating to any state programs or operations. Any public employee who reports a potential violation shall be free from discipline or reprisal from his employer, unless such disclosure was made with false and reckless disregard. A public employee who has been the object of retaliation in violation of the Whistleblower Act may institute a civil action for relief against the employer. The School District is a public employer subject to the Whistleblower Act.

Insurance Coverage. 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.

Georgia School Boards Association Risk Management Fund. The School District participates in the Georgia School Boards Association Risk Management Fund (the Fund), a public entity risk pool organized on August 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, errors and omissions liability, cyber risk and property damage, including safety engineering and other loss prevention and control techniques, and to administer the Fund including the processing and defense of claims brought against members of the Fund. The School District pays an annual contribution to the Fund for coverage. Reinsurance is provided to the Fund through agreements by the Fund with insurance companies according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability, errors and omissions, crime, cyber risk and automobile risks. Reinsurance limits and retentions vary by line of coverage.

Georgia Education Workers' Compensation Trust. The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers

Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

Unemployment Compensation. The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund 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. See Note 8 of the general purpose financial statements of School District included as Appendix A to this Official Statement for a summary of the changes in unemployment compensation claims liability during fiscal year 2023.

Surety Bond. The School District has purchased surety bonds to provide additional insurance coverage for the Superintendent in the amount of \$15,000.

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GRADY COUNTY

Introduction

The County is a political subdivision of the State of Georgia, located in southwest Georgia, approximately 130 miles southeast of Columbus, Georgia and 50 miles west of Valdosta, Georgia. The City of Cairo, county seat of Grady County, serves as the economic and retail center for the surrounding area. The population of the County increased 4.9% during the 10-year period from 2010 to 2020, from 25,011 residents in 2010 to 26,236 residents in 2020. The County has an estimated population of 26,066 residents according to Census Bureau estimates as of July 1, 2023.

At approximately 455 square miles, the County is the 37th largest of Georgia's 159 counties. Set forth below are the percentages of land use for various categories within the territorial limits of the County, computed based upon the acres of land for the various categories set forth in the tax digest for the year 2020 through 2024.

<u>Category</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Agricultural	13.41%	15.58%	13.71%	12.11%	12.33%
Commercial	1.11	1.09	1.09	1.14	1.16
Industrial	0.09	0.09	0.09	0.09	0.09
Forest Land Cons Use	13.77	13.37	14.08	16.12	15.17
Preferential	0.73	0.73	0.73	0.01	0.01
Residential	8.60	8.73	8.61	8.66	8.85
Conservation Use	<u>62.29</u>	<u>60.41</u>	<u>61.69</u>	<u>61.87</u>	<u>62.39</u>
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Source: State of Georgia Department of Revenue, Local Government Services Division, County Digest Section.

Government Format

The County's governing body is the Board of Commissioners composed of five members, each of which is elected from one of the five commission districts in the County. Each member must be 21 years of age, a qualified elector of the County, and must reside in the commission district in which they were elected to represent. The Board of Commissioners sets direction and formulates policies for the County government, develops and approves the budget, authorizes expenditures, and approves or disapproves specific actions, such as rezoning of private property. The Board of Commissioners receives direct administrative assistance from the County Administrator. The County Administrator is directly responsible to the Board of Commissioners and for the efficient operations of all departments and all phases of County operations. The County provides a full range of services including public safety, court systems, public works, public health and welfare, and general administrative services.

Population Information

The following table sets forth the population, including percentage change, in the County, the State, and the United States for decennial census years 1980 through 2020 and for the U.S. Census Bureau estimates as of July 1, 2023.

<u>Year</u>	<u>Grady County</u>	<u>Percentage Change</u>	<u>State of Georgia</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1980	19,845	-	5,463,105	-	226,545,805	-
1990	20,279	2.2%	6,478,216	18.6%	248,709,873	9.8%
2000	23,659	16.7	8,186,453	26.4	281,421,906	13.2
2010	25,011	5.7	9,687,653	18.3	308,745,538	9.7
2020	26,236	4.9	10,711,908	10.6	331,449,281	7.4
2023	26,066	(0.1)	11,029,227	3.0	334,913,895	1.0

Source: U.S. Department of Commerce, Bureau of the Census.

Per Capita Personal Income

The following table sets forth the per capita personal income in the County, the State, and the United States for the years 2019 through 2023.

<u>Year</u>	<u>Grady County</u>	<u>Georgia</u>	<u>United States</u>
2019	\$31,878	\$48,535	\$55,547
2020	35,389	51,456	59,151
2021	39,414	56,172	64,427
2022	38,461	56,588	65,473
2023	39,758	58,581	68,531

Source: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data (last updated March 29, 2024 for State and United States, last updated November 14, 2024 for the County).

Median Home Values

The following table shows the median home values for the County, the State, and the United States for the years 2019 through 2023.

<u>Year</u>	<u>Grady County</u>	<u>Georgia</u>	<u>United States</u>
2019	\$119,800	\$176,000	\$217,500
2020	121,700	190,200	229,800
2021	129,000	206,700	244,900
2022	147,000	245,900	281,000
2023	136,500	272,900	303,400

Source: U.S. Census Bureau, American Community Survey (ACS), 5-Year Estimates

Bank Deposits

As of June 30, 2024, seven financial institutions with a total of nine offices provided banking services within the County. The following are the total deposits in the County's financial institutions as of June 30 in each of the years 2020 through 2024.

<u>Year</u>	<u>Amount</u>
2020	\$414,019,000
2021	480,170,009
2022	515,952,000
2023	501,991,000
2024	507,081,000

Source: Federal Deposit Insurance Corporation, Summary of Deposits Institution Branch Report

Building Permits

The following table shows a summary of annual new family residential and multi-family residential building permits in the County for the years 2020 through 2024.

<u>Year</u>	<u>New Construction</u>	<u>New Construction Costs</u>
2020	32	\$5,919,381
2021	48	11,965,767
2022	49	12,488,455
2023	62	12,932,893
2024	53	13,099,386

Source: Georgia Department of Labor, Labor Market Explorer.

Industry and Employment

Civilian Employment Statistics of the County. Employment includes nonagricultural wage and salary employment, self-employed, unpaid family and private household workers, and agricultural workers. Persons in labor disputes are counted as employed. The use of rounded data does not imply that the numbers are exact.

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Employment	10,166	10,602	10,540	10,514	10,647
Unemployment	<u>463</u>	<u>349</u>	<u>338</u>	<u>332</u>	<u>360</u>
Total Labor Force	<u>10,629</u>	<u>10,951</u>	<u>10,878</u>	<u>10,846</u>	<u>11,007</u>
County Unemployment Rate	4.4%	3.2%	3.1%	3.1%	3.3%
State Unemployment Rate	6.5%	3.9%	3.0%	3.2%	3.4%
U.S. Unemployment Rate	8.1%	5.3%	3.6%	3.6%	4.0%

Source: Georgia Department of Labor, Workforce Statistics & Economic Research

The County has a 3.0% unemployment rate according to Georgia Department of Labor preliminary estimates for December 2024 (not seasonally adjusted).

Economic Sector Distribution. The following table shows the average monthly percentage of persons who worked in each major sector of the local economy in the County in the years 2019 through 2023 and for the third quarter of 2024. Data are monthly averages for each respective year or quarter. Figures are based on employees covered under the State unemployment insurance program.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	(3rd Qtr.) <u>2024</u>
Agriculture, Forestry, Fishing & Hunting	10.4%	10.1%	9.0%	8.7%	8.1%	7.3%
Construction	3.8	3.7	3.6	4.3	4.5	4.6
Manufacturing	18.2	18.7	19.8	19.5	16.9	16.0
Utilities	*	*	*	*	*	*
Wholesale Trade	5.0	5.0	4.6	5.2	5.6	6.2
Retail Trade	11.9	12.1	14.3	13.7	12.9	12.3
Transportation and Warehousing	6.8	7.1	6.9	6.4	6.2	5.7
Information	*	*	*	0.3	0.3	0.3
Finance and Insurance	2.2	2.2	2.1	2.1	2.1	2.3
Real Estate and Rental and Leasing	0.4	0.5	0.7	0.7	0.8	0.5
Professional Scientific & Technical Svc	2.0	2.0	1.8	2.1	1.8	1.5
Management of Companies & Enterprises	0.3	*	*	*	*	0.1
Admin, Support, Waste Mgmt, Remediation	2.0	2.1	2.2	1.5	2.5	2.4
Education Services	*	*	*	*	*	*
Health Care and Social Assistance	7.4	7.4	6.9	7.1	7.5	9.1
Arts, Entertainment, and Recreation	0.3	0.3	0.4	0.4	0.5	0.6
Accommodation and Food Services	5.6	5.2	5.0	5.5	7.0	8.0
Other Services (except Public Admin.)	1.9	1.9	1.9	2.1	2.2	2.7
Unclassified	0.2	0.2	0.3	0.4	0.5	0.1
Federal, State, and Local Government	<u>20.4</u>	<u>19.9</u>	<u>18.7</u>	<u>18.6</u>	<u>19.3</u>	<u>19.2</u>
All Industries	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

* Denotes confidential data relating to individual employers and cannot be released. These data use the North American Industrial Classification System (NAICS) categories. Average weekly wage is derived by dividing gross payroll dollars paid to all employees - both hourly and salaried - by the average number of employees who had earnings; average earnings are then divided by the number of weeks in a reporting period to obtain weekly figures. Figures in other columns may not sum accurately due to rounding.

Source: State of Georgia Department of Labor, Labor Information Systems.

Principal Employers. Set forth below are the largest employers located in Grady County as of January 1, 2025, their type of service, and their approximate number of employees. There can be no assurance that any employer listed below will continue employment at the level stated. No independent investigation has been made of, and no representation can be made as to, the stability or financial condition of the companies listed.

<u>Employer</u>	<u>Type of Business</u>	<u>Employees</u>
Grady County Board of Education	Public Education	630
Koyo	Auto Parts Manufacturing	350
Woodhaven Industries	Furniture manufacturing	250
Grady County Board of Commissioners	County Government	150
Monrovia	Nursery – Agriculture	150
Grady General Hospital	Medical Services	150
City of Cairo	City Government	150
Seminole Marine	Boat manufacturing	125
Performance Food Group	Food logistics/Distribution	75
Nivel Parts & Manufacturing	Manufacturing	75
Flexible Technologies	Manufacturing	60
Ira Higdon	Food logistics/Distribution	50
Graco Fertilizer Company	Fertilizer Manufacturing	50
Grady EMC	Utility	50
Corteva Agrisciences	Research and Development	50

Source: Grady County.

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LEGAL MATTERS

Litigation

The School District, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The School District, after reviewing the current status of all pending and threatened litigation relating to the School District with its counsel, Thomas L. Lehman, Esq., believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the School District or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the School District.

There is no litigation now pending or, to the knowledge of the Board of Education, threatened against the School District which seeks to restrain or enjoin the issuance or delivery of the Bonds, the assessment and collection of an *ad valorem* tax for payment of debt service on the Bonds, the imposition of the Educational Sales Tax, or the use of the proceeds from the sale of the Bonds, or which questions or contests the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization, or existence of the School District or the Board of Education nor the title of the present members or other officials of the Board of Education to their respective offices is being contested or questioned.

Legal Proceedings

Validation of Bonds. In accordance with the laws of the State of Georgia, the Bonds and the security therefor were confirmed and validated by judgment of the Superior Court of Grady County, Georgia on March 27, 2024, Civil Action Number 24-V-048. Under Georgia law, the judgment of validation is forever conclusive against the School District with respect to such validation of the Bonds and the security therefor.

Opinions of Counsel. All legal matters incidental to authorization and issuance of the Bonds are subject to the approval of Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel. It is anticipated that the approving opinion of Bond Counsel will be in substantially the form included in Appendix B. Certain legal matters will be passed upon for the School District by its counsel, Thomas L. Lehman, Esq., Cairo, Georgia. The payment of legal fees is contingent upon issuance of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys or law firms rendering the opinion as to the legal issues explicitly addressed therein. By rendering a legal opinion the attorney or law firm does not become an insurer or guarantor of the transaction opined upon, or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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TAX STATUS

Federal Tax Exemption.

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings, and judicial decisions, and assuming, among other things, the accuracy of certain representations and the continued compliance with certain covenants and tax law requirements, interest on the Bonds is excludable from gross income for federal income tax purposes under § 103 of the Code and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

State Tax Exemption.

In the opinion of Bond Counsel, interest on the Bonds is exempt from present State of Georgia income taxation.

Maintenance of Tax Status.

The Code and the regulations promulgated thereunder contain a number of restrictions, conditions and requirements that must be satisfied subsequent to the issuance of the Bonds in order for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in the gross income of the holders thereof for federal income tax purposes retroactively to the date of issuance of the Bonds. The School District has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the School District complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Bonds. Bond Counsel has not undertaken to determine or to inform any person whether any action taken or not taken or any event occurring or not occurring after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code by the Treasury Department or the Internal Revenue Service, or future court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for or marketability of the Bonds. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, regulatory initiatives or litigation.

The opinion expressed by Bond Counsel is based upon existing law, legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, cover certain matters not directly addressed by such authorities, and represent Bond Counsel's judgment as to the treatment of the Bonds for federal income tax purposes. Such opinions are not binding on the Internal Revenue Service (the "IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the School District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The School District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the beneficial owners of the Bonds regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties (such as the beneficial owners) other than the School District

and its appointed counsel would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of Bonds is difficult, obtaining an independent review of IRS positions with which the School District legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the School District or the beneficial owners of the Bonds to incur significant expense.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel has relied upon representations and covenants made on behalf of the School District and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of opinion of Bond Counsel relating to the Bonds attached hereto in APPENDIX B for the complete text thereof. See also "LEGAL MATTERS" herein.

Premium Bonds.*

Certain of the Bonds have been sold to the public at an original issue premium. The Bonds which have been purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "**Premium Bonds**") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. However, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium properly allocable to such purchaser during each year. Proceeds received from the sale, exchange, redemption, or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to § 1016(a)(5) of the Code) will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of bond premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult an independent tax advisor in order to determine the federal income tax consequences to such holders of purchasing, holding, selling, or surrendering a Premium Bond at its maturity.

Original Issue Discount Bonds.*

Certain of the Bonds have been sold to the public at an original issue discount (the "**Discount Bonds**"). Generally, original issue discount is the excess of the stated redemption price at maturity of such a Discount Bond over the initial offering price to the public (excluding underwriters and other intermediaries) at which price a substantial amount of that maturity of the Discount Bonds was sold. Under existing law, an appropriate portion of any original issue discount, depending in part on the period a Discount Bond is held by the purchaser thereof, will be treated for federal income tax purposes as interest that is excludable from gross income rather than as taxable gain.

Under § 1288 of the Code, original issue discount on Bonds accrues on a compounded basis. The amount of original issue discount that accrues to an owner of a Discount Bond, who acquires the Discount Bond in this initial offering, during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in such Discount Bond. Proceeds received from the sale, exchange, redemption, or payment of a Discount Bond in excess of the owner's adjusted basis (as increased by the amount of

original issue discount that has accrued and has been treated as tax-exempt interest in such owner's hands), will be treated as a gain from the sale or exchange of such Discount Bond and not as interest.

The federal income tax consequences from the purchase, ownership and redemption, sale, or other disposition of Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the consequences of owning Discount Bonds, including the effect of such ownership under applicable state and local laws.

Other Tax Consequences.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers depending on their status and income. Prospective purchasers of the Bonds should consult independent advisors as to the consequences of owning the Bonds, including the effect of such ownership under applicable state and local laws and any collateral federal income tax and state tax consequences.

Information Reporting and Backup Withholding.

Interest paid on the Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes, however, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This backup withholding generally applies if the owner of Bonds (i) fails to furnish the paying agent (or other person who otherwise would be required to withhold tax from such interest payments) such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances fails to provide the paying agent or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds also may wish to consult with independent tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions from backup withholding.

Disposition of the Bonds.

Unless a non-recognition provision of the Code applies, the sale, exchange, redemption, retirement, reissuance or other disposition of a Bond may result in a taxable event for federal income tax purposes.

RISK FACTORS

The following section is intended only as a summary of certain pertinent risk factors relating to an investment in the Bonds. This summary is not intended to be an exclusive summary of factors to be considered in connection with making an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, they should thoroughly review this entire Official Statement and the appendices hereto and confer with their own tax and financial advisors when considering a purchase of the Bonds.

Public Health

Public health crises such as epidemics and pandemics and the various governmental and private actions taken in response thereto could adversely affect the operations and revenues of the School District. The School District cannot predict what effect the spread of a public health crisis, or the various governmental and private actions taken in response thereto, would have on the finances or operations of the School District. A public health crisis could result in increased costs and challenges relating to establishing distance learning programs or other measures to permit instruction while schools are closed, disruption of the regional and local economy with corresponding decreases in State revenues, tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales and real estate development.

Climate Change

Planning for climate change in the State and its impact on the School District's operations is an unknown challenge. The State's climate is exceedingly variable and projections of future conditions range significantly. While projections in the State indicate rising average temperatures, precipitation projections are much less clear and often contradictory. Other potential impacts include changes in the length, intensity, and frequency of droughts and floods. The financial impact of climate change is not yet known and therefore its future impact on the School District cannot be quantified reliably at this time.

Cyber-Security

Computer networks and data transmission and collection are vital to the efficient operations of the School District. Despite security measures, information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored there could be disrupted, accessed, publicly disclosed, lost or stolen. Any such disruption, access, disclosure or other loss of information could result in disruptions in operations and the services provided by the School District, legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties and the services provided, and cause a loss of confidence in the operations of the School District, which could materially adversely affect the operations of the School District.

MISCELLANEOUS

Ratings

Moody's Investors Service, Inc. ("**Moody's**"), has assigned the rating of "Aa1" to the Bonds, based upon the School District's participation in the State of Georgia Intercept Program. See "THE BONDS, -Security and Sources of Payment for the Bonds, -*Additional Security Provided by State of Georgia Intercept Program*. Moody's has assigned an underlying rating (without regard to the State of Georgia Intercept Program) of "A1" to the Bonds.

The ratings reflect only the views of the rating agency. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies, and assumptions of its own. An explanation of the significance of the ratings may be obtained from the rating agency furnishing such rating. There is no assurance that the ratings will remain unchanged for any given period of time or that either or both will not be revised downward or withdrawn entirely by the rating agency furnishing the same, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the liquidity and market price of the Bonds.

The rating agency may be contacted as follows: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, telephone (212)553-1653.

Underwriting

Pursuant to a Bond Purchase Agreement executed by and between the School District and the Underwriter on _____, 2025, the Underwriter has agreed to purchase the Bonds at a price of \$_____, which represents the par amount of the Bonds, \$_____, less underwriter's discount of \$_____ (not including expenses) [plus/less] [net] Original Issue [Premium/Discount] of \$_____. The obligation of the Underwriter to accept delivery of the Bonds is subject to numerous conditions set forth in the Bond Purchase Agreement.

The Underwriter may offer and sell the Bonds to other dealers and other purchasers at prices lower than the public offering prices stated on the cover hereof. The initial public offering prices may be changed from time to time by the Underwriter.

Continuing Disclosure

Securities and Exchange Commission Rule 15c2-12(b)(5) (the "**Rule**") under the Securities Exchange Act of 1934 prohibits underwriters from purchasing or selling certain municipal securities unless the issuer of those securities, or an obligated person for whom financial or operating data is presented in the final official statement, has undertaken to provide continuing disclosure of information for the benefit of the owners of those securities. In order to assist the Underwriter of the Bonds in complying with the Rule, the School District will sign a Continuing Disclosure Certificate on the date of issuance and delivery of the Bonds, under the provisions of which it shall covenant for the benefit of the beneficial owners of the Bonds to provide (i) certain financial information and/or operating data relating to the School District (the "**Annual Report**") and (ii) notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed electronically with the Electronic Municipal Market Access website ("**EMMA**"), an Internet based electronic filing system supported by the Municipal Securities Rulemaking Board ("**MSRB**").

The Annual Report shall contain or incorporate by reference, among other items, the general-purpose financial statements of the School District for the prior Fiscal Year. The School District's current fiscal year began on July 1, 2024, and will end on June 30, 2025. The specific nature of the information to be contained in the Annual Report or in the notices of listed events is in "Appendix C: FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The School District agrees that its undertaking pursuant to the Rule described in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by such holders and beneficial owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to seek mandamus or specific performance to cause the School District to comply with its obligations. Any failure by the School District to comply

with the provisions of the undertaking shall not be an event of default with respect to the Bonds under the Resolution. With respect to the Bonds, no party other than the School District is obligated to provide, nor is expected to provide, any continuing disclosure information.

The School District has been subject to the Rule during the last five years with respect to its outstanding General Obligation Sales Tax Bonds, Series 2019 (the “**Prior Bonds**”). The School District was late filing its audited financial statements and Annual Report for fiscal year 2019 due to delays attributable to COVID-19. The School District filed on EMMA a Notice of Failure to File Audit and Annual Report on June 30, 2020. The Annual Report with unaudited financial statements was subsequently filed on EMMA on August 20, 2020, and the Audited Financial Statements were filed on EMMA on September 30, 2020. The School District believes it is current with respect to its continuing disclosure obligations relating to the Prior Bonds.

The School District intends to engage a third-party dissemination agent to assist the School District with complying with the Rule, and fully anticipates satisfying all obligations in connection with its continuing disclosure undertaking.

Financial Statements

The general-purpose financial statements of the Board of Education as of June 30, 2023, and for the year then ended, included as Appendix A, have been audited by the State of Georgia Department of Audits and Accounts, Atlanta, Georgia, to the extent and for the period indicated in its report thereon which appears in such appendix. Such financial statements have been included herein in reliance upon the report of the State of Georgia Department of Audits and Accounts, given upon the authority of such agency as experts in accounting and auditing. The State of Georgia Department of Audits and Accounts, as a matter of policy, does not sign written consents to the inclusion of its audit reports in Official Statements and, pursuant to such policy, has not signed and will not sign a written consent to the inclusion of its audit report in Appendix A. The State of Georgia Department of Audits and Accounts could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of the Board of Education’s financial statements.

Miscellaneous

Insofar as any statement in this Official Statement involves matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the Holders of the Bonds.

Use of the words “shall,” “must,” or “will” in summaries of documents or laws in this Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Forward-Looking Statements

Any statements made in this Official Statement, including in the Appendices, involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized.

The statements contained in this Official Statement, including in the Appendices, that are not purely historical, are forward-looking statements. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof and the School District does not assume any obligation to update any such forward-looking statements. It is important to note that the actual results could differ materially from those in such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry,

market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the School District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement, including in the appendices, would prove to be accurate.

Certification

The execution and delivery of this Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Board of Education.

GRADY COUNTY SCHOOL DISTRICT

By: _____
Chair
Board of Education of Grady County

Appendix A

FINANCIAL STATEMENTS OF THE GRADY COUNTY SCHOOL DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023

The general-purpose financial statements of the Grady County School District as of June 30, 2023, and for the year then ended, included as this Appendix A, have been audited by the State of Georgia Department of Audits and Accounts, Atlanta, Georgia, to the extent and for the period indicated in its report thereon which appears in this Appendix A. Such financial statements have been included herein in reliance upon the report of the State of Georgia Department of Audits and Accounts, given upon the authority of such agency as experts in accounting and auditing. The State of Georgia Department of Audits and Accounts, as a matter of policy, does not sign written consents to the inclusion of its audit reports in Official Statements and, pursuant to such policy, has not signed and will not sign a written consent to the inclusion of its audit report in this Appendix A. The State of Georgia Department of Audits and Accounts could use the defense of sovereign immunity against any claim based upon its negligence in performing the audit of the Grady County School District's financial statements.

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ANNUAL FINANCIAL REPORT • FISCAL YEAR 2023

Grady County Board of Education Cairo, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Grady County Board of Education

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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. Eric McFee, Superintendent and Members of the
Grady County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Grady County Board of Education (School District) as of and for the year ended June 30, 2023, 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 and each major fund of the School District as of June 30, 2023, 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.

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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of

financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the 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 appropriate 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 November 5, 2024 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 at the end.

Greg S. Griffin
State Auditor

November 5, 2024

Grady County Board of Education

GRADY COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 15,189,666.57
Investments	97,083.74
Accounts Receivable, Net	
Taxes	569,221.76
State Government	3,860,255.96
Federal Government	2,491,019.60
Other	5,032.00
Inventories	99,536.48
Intangible Right-to-Use Assets (Net of Accumulated Amortization)	51,598.12
Capital Assets, Non-Depreciable	10,661,400.10
Capital Assets, Depreciable (Net of Accumulated Depreciation)	70,481,108.41
Total Assets	103,505,922.74
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan(s)	29,490,920.79
Related to OPEB Plan	6,438,863.00
Total Deferred Outflows of Resources	35,929,783.79
 <u>LIABILITIES</u>	
Accounts Payable	349,628.96
Salaries and Benefits Payable	5,984,223.61
Interest Payable	133,677.70
Contracts Payable	41,364.07
Retainages Payable	158,760.60
Net Pension Liability	61,510,202.00
Net OPEB Liability	26,307,407.00
Long-Term Liabilities	
Due Within One Year	1,909,156.72
Due in More Than One Year	16,316,286.70
Total Liabilities	112,710,707.36
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	1,505,270.00
Related to OPEB Plan	18,250,878.00
Total Deferred Inflows of Resources	19,756,148.00
 <u>NET POSITION</u>	
Net Investment in Capital Assets	63,128,782.83
Restricted for	
Continuation of Federal Programs	1,969,829.29
Debt Service	1,417,122.92
Capital Projects	3,159,232.49
Bus Replacement	154,440.00
Scholarships	56,042.97
Unrestricted (Deficit)	(62,916,599.33)
Total Net Position	\$ 6,968,851.17

GRADY COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 38,601,888.53	\$ 344,809.46	\$ 32,463,065.09	\$ 730,268.44	\$ (5,063,745.54)
Support Services					
Pupil Services	2,805,146.37	-	368,647.59	-	(2,436,498.78)
Improvement of Instructional Services	2,750,776.90	-	956,765.29	-	(1,794,011.61)
Educational Media Services	912,072.08	-	617,888.12	-	(294,183.96)
General Administration	495,143.82	-	757,431.76	-	262,287.94
School Administration	3,678,263.03	-	1,625,249.02	-	(2,053,014.01)
Business Administration	439,759.98	-	11,443.63	-	(428,316.35)
Maintenance and Operation of Plant	4,852,658.94	-	2,750,827.76	-	(2,101,831.18)
Student Transportation Services	1,814,436.51	-	774,454.18	-	(1,039,982.33)
Central Support Services	349,398.65	-	25,708.85	-	(323,689.80)
Operations of Non-Instructional Services					
Community Services	60,725.04	63,632.00	-	-	2,906.96
Food Services	3,348,259.92	16,965.50	3,809,735.88	-	478,441.46
Interest on Long-Term Debt	555,333.77	-	-	-	(555,333.77)
Total Governmental Activities	\$ 60,663,863.54	\$ 425,406.96	\$ 44,161,217.17	\$ 730,268.44	(15,346,970.97)
General Revenues					
Taxes					
Property Taxes					
					9,234,287.22
					For Maintenance and Operations
Sales Taxes					
					Special Purpose Local Option Sales Tax
					For Capital Projects
					3,540,275.41
					Other Sales Tax
					115,509.86
					Grants and Contributions not Restricted to Specific Programs
					5,126,331.00
					Investment Earnings
					90,714.79
					Miscellaneous
					1,912,381.81
					Total General Revenues
					20,019,500.09
					Change in Net Position
					4,672,529.12
					Net Position - Beginning of Year
					2,296,322.05
					Net Position - End of Year
					\$ 6,968,851.17

GRADY COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

EXHIBIT "C"

	<u>GENERAL</u> FUND	<u>CAPITAL</u> PROJECTS FUND	<u>DEBT</u> SERVICE FUND	<u>TOTAL</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 10,798,176.40	\$ 2,840,689.55	\$ 1,550,800.62	\$ 15,189,666.57
Investments	97,083.74	-	-	97,083.74
Accounts Receivable, Net				
Taxes	250,678.82	318,542.94	-	569,221.76
State Government	3,860,255.96	-	-	3,860,255.96
Federal Government	2,491,019.60	-	-	2,491,019.60
Other	5,032.00	-	-	5,032.00
Inventories	<u>99,536.48</u>	<u>-</u>	<u>-</u>	<u>99,536.48</u>
Total Assets	<u>\$ 17,601,783.00</u>	<u>\$ 3,159,232.49</u>	<u>\$ 1,550,800.62</u>	<u>\$ 22,311,816.11</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 349,628.96	-	-	\$ 349,628.96
Salaries and Benefits Payable	5,984,223.61	-	-	5,984,223.61
Contracts Payable	-	41,364.07	-	41,364.07
Retainages Payable	-	158,760.60	-	158,760.60
Total Liabilities	<u>6,333,852.57</u>	<u>200,124.67</u>	<u>-</u>	<u>6,533,977.24</u>
<u>FUND BALANCES</u>				
Nonspendable	99,536.48	-	-	99,536.48
Restricted	2,080,775.78	2,959,107.82	1,550,800.62	6,590,684.22
Committed	815,949.88	-	-	815,949.88
Unassigned	<u>8,271,668.29</u>	<u>-</u>	<u>-</u>	<u>8,271,668.29</u>
Total Fund Balances	<u>11,267,930.43</u>	<u>2,959,107.82</u>	<u>1,550,800.62</u>	<u>15,777,838.87</u>
Total Liabilities and Fund Balance	<u>\$ 17,601,783.00</u>	<u>\$ 3,159,232.49</u>	<u>\$ 1,550,800.62</u>	<u>\$ 22,311,816.11</u>

GRADY COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2023

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	15,777,838.87
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	\$ 735,066.09	
Construction in progress	9,926,334.01	
Buildings and improvements	86,909,046.34	
Equipment	6,947,224.91	
Land improvements	4,617,355.42	
Accumulated depreciation	<u>(27,992,518.26)</u>	81,142,508.51
Right-to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Leased machinery and equipment	58,974.03	
Accumulated amortization - Right-to-use assets	<u>(7,375.91)</u>	51,598.12
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (61,510,202.00)	
Net OPEB liability	<u>(26,307,407.00)</u>	(87,817,609.00)
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	\$ 27,985,650.79	
Related to OPEB	<u>(11,812,015.00)</u>	16,173,635.79
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	\$ (4,150,000.00)	
Accrued interest payable	(133,677.70)	
Financed purchase arrangement payable	(13,722,059.25)	
Lease liability payable	(29,111.52)	
Unamortized bond premiums	<u>(324,272.65)</u>	<u>(18,359,121.12)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>6,968,851.17</u></u>

GRADY COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 9,234,287.22	\$ -	\$ -	\$ 9,234,287.22
Sales Taxes	115,509.86	3,540,275.41	-	3,655,785.27
State Funds	33,818,456.57	730,268.44	-	34,548,725.01
Federal Funds	15,436,176.60	-	-	15,436,176.60
Charges for Services	425,406.96	-	-	425,406.96
Investment Earnings	60,363.16	19,557.02	10,794.61	90,714.79
Miscellaneous	1,912,381.81	-	-	1,912,381.81
Total Revenues	<u>61,002,582.18</u>	<u>4,290,100.87</u>	<u>10,794.61</u>	<u>65,303,477.66</u>
<u>EXPENDITURES</u>				
Current				
Instruction	36,583,948.10	-	-	36,583,948.10
Support Services				
Pupil Services	2,623,453.39	139,665.30	-	2,763,118.69
Improvement of Instructional Services	2,732,153.72	-	-	2,732,153.72
Educational Media Services	885,314.70	-	-	885,314.70
General Administration	487,191.12	-	-	487,191.12
School Administration	3,585,610.59	-	-	3,585,610.59
Business Administration	486,360.02	-	-	486,360.02
Maintenance and Operation of Plant	4,842,451.06	322,716.21	-	5,165,167.27
Student Transportation Services	2,010,639.44	-	-	2,010,639.44
Central Support Services	523,790.05	-	-	523,790.05
Community Services	60,825.23	-	-	60,825.23
Food Services Operation	3,647,726.35	-	-	3,647,726.35
Capital Outlay	-	1,687,540.34	-	1,687,540.34
Debt Services				
Principal	417,968.61	-	1,275,000.00	1,692,968.61
Dues and Fees	-	-	8,145.00	8,145.00
Interest	526,547.15	-	219,750.00	746,297.15
Total Expenditures	<u>59,413,979.53</u>	<u>2,149,921.85</u>	<u>1,502,895.00</u>	<u>63,066,796.38</u>
Revenues over (under) Expenditures	<u>1,588,602.65</u>	<u>2,140,179.02</u>	<u>(1,492,100.39)</u>	<u>2,236,681.28</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Financed Purchase Arrangement Proceeds	58,502.86	-	-	58,502.86
Transfers In	-	167,922.18	1,494,820.00	1,662,742.18
Transfers Out	(167,922.18)	(1,494,820.00)	-	(1,662,742.18)
Total Other Financing Sources (Uses)	<u>(109,419.32)</u>	<u>(1,326,897.82)</u>	<u>1,494,820.00</u>	<u>58,502.86</u>
Net Change in Fund Balances	1,479,183.33	813,281.20	2,719.61	2,295,184.14
Fund Balances - Beginning	<u>9,788,747.10</u>	<u>2,145,826.62</u>	<u>1,548,081.01</u>	<u>13,482,654.73</u>
Fund Balances - Ending	<u>\$ 11,267,930.43</u>	<u>\$ 2,959,107.82</u>	<u>\$ 1,550,800.62</u>	<u>\$ 15,777,838.87</u>

GRADY 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, 2023

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 2,295,184.14

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	\$ 3,008,996.46	
Depreciation expense	(2,082,018.14)	
Amortization expense	<u>(4,914.50)</u>	922,063.82

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.

Financed purchase arrangement proceeds	\$ (58,502.86)	
Financed purchase arrangement payments	403,914.61	
Bond principal retirements	1,275,000.00	
Lease liability payments	14,067.00	
Amortization of bond premium	<u>144,121.20</u>	1,778,599.95

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	\$ (3,240,960.97)	
OPEB expense	<u>2,862,655.00</u>	(378,305.97)

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		<u>54,987.18</u>
----------------------------------	--	------------------

Change in net position of governmental activities (Exhibit "B") \$ 4,672,529.12

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Grady 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. 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 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.

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

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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. Eliminations have been made to minimize the double counting of internal activities. 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.

Basis of Accounting

The basis of accounting determines when transactions are reported on the financial statements. The government-wide 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 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

GRADY COUNTY BOARD OF EDUCATION
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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, 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 2023, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement did not have a material impact on the School District's financial statements.

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.

Investments

The School District can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

Investments made by the School District in nonparticipating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

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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.

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 half year basis for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

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

	Capitalization Policy	Estimated Useful Life
	<hr/>	<hr/>
Land	Any Amount	N/A
Land Improvements	\$ 10,000.00	15 years
Buildings and Improvements	\$ 10,000.00	25 to 80 years
Equipment	\$ 10,000.00	5 to 12 years
Intangible Assets	\$ 25,000.00	15 to 50 years

Intangible Right-To-Use Assets

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. An intangible right-to-use asset represents the School District's right to use an underlying asset for the lease term. Lease obligations represent the School District's liability to make lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line half year basis over the shorter of the lease term or useful life of the underlying asset.

Leases as Lessee

The School District is a lessee for noncancellable leases of vehicles for School Resource Officers owned by 3rd parties.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Due to the lease containing a bargain purchase option that is reasonably certain of being exercised, the lease asset is amortized on the straight-line half year basis over the useful life of the underlying asset.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

The lease agreements entered into by the School District as lessee do not all contain stated interest rates. Therefore, for those that do not contain stated interest rates, the School District has used its estimated incremental borrowing rate as the discount rate for the leases. The School District has estimated this incremental borrowing rate to be 4% for the leases in which the School District is currently involved as the lessee.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments the School District will make over the lease term.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the statement of net position.

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.

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.

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.

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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.

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 Grady Board of Commissioners adopted the property tax levy for the 2022 tax digest year (calendar year) on October 12, 2022 (levy date) based on property values as of January 1, 2022. Taxes were due on December 27, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The Grady 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, 2023, for maintenance and operations amounted to \$7,810,631.51.

The tax millage rate levied for the 2022 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>13.40</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$1,423,655.71 during fiscal year ended June 30, 2023.

GRADY COUNTY BOARD OF EDUCATION
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Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$3,540,275.41 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

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 fund. 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 0% 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 5% 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 \$10,000.00 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

GRADY COUNTY BOARD OF EDUCATION
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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.

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, 2023, the School District had deposits with a carrying amount of \$15,286,750.31, and a bank balance of \$16,879,964.79. The bank balances insured by Federal depository insurance were \$936,777.95 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$8,859,192.62.

At June 30, 2023, \$7,083,994.22 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.

**GRADY COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

Reconciliation of cash and cash equivalents balances to carrying value of deposits:

Cash and cash equivalents	
Statement of Net Position	\$ 15,189,666.57
Add:	
Deposits with original maturity of three months or more reported as investments	97,083.74
Total carrying value of deposits - June 30, 2023	\$ 15,286,750.31

NOTE 5: CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS

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

	Balances July 1, 2022	Increases	Decreases	Balances June 30, 2023
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 735,066.09	\$ -	\$ -	\$ 735,066.09
Construction in Progress	9,646,415.01	1,687,540.63	1,407,621.63	9,926,334.01
Total Capital Assets				
Not Being Depreciated	10,381,481.10	1,687,540.63	1,407,621.63	10,661,400.10
Capital Assets,				
Being Depreciated				
Buildings and Improvements (1)	85,625,919.19	1,283,127.15	-	86,909,046.34
Equipment	6,173,245.60	773,979.31	-	6,947,224.91
Land Improvements	3,945,384.42	671,971.00	-	4,617,355.42
Less Accumulated Depreciation:				
Buildings and Improvements (1)	18,623,554.09	1,568,828.16	-	20,192,382.25
Equipment	4,414,990.28	372,465.45	-	4,787,455.73
Land Improvements	2,871,955.75	140,724.53	-	3,012,680.28
Total Capital Assets,				
Being Depreciated, Net	69,834,049.09	647,059.32	-	70,481,108.41
Governmental Activities				
Capital Assets - Net	\$ 80,215,530.19	\$ 2,334,599.95	\$ 1,407,621.63	\$ 81,142,508.51

(1) Energy Solutions project was reclassified from intangible right to use reported in the prior year to capital assets.

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EXHIBIT "G"

Current year depreciation and amortization expense by function is as follows:

Instruction	\$	1,667,148.55
Support Services		
Pupil Services	\$	2,636.11
Educational Media Services		8,602.31
General Administration		3,367.24
Business Administration		2,126.40
Maintenance and Operation of Plant		73,725.98
Student Transportation Services		198,043.51
Central Support Services		9,311.02
Food Services		297,812.57
		<u>117,057.02</u>
	\$	<u>2,082,018.14</u>

The following is a summary of changes in the intangible right-to-use assets for governmental activities during the fiscal year:

	<u>Balances</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities				
Equipment (1)	\$ 58,974.03	\$ -	\$ -	\$ 58,974.03
Less Accumulated Amortization:				
Equipment (1)	<u>2,461.41</u>	<u>4,914.50</u>	<u>-</u>	<u>7,375.91</u>
Governmental Activities				
Intangible Right-to-Use Assets - Net	<u>\$ 56,512.62</u>	<u>\$ (4,914.50)</u>	<u>\$ -</u>	<u>\$ 51,598.12</u>

(1) Energy Solutions project was reclassified from intangible right-to-use reported in the prior year to capital assets.

Current year amortization expense by function is as follows:

Maintenance and Operation of Plant	\$	<u>4,914.50</u>
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NOTE 6: TRANSFERS

Interfund transfers for the year ended June 30, 2023, consisted of the following:

<u>Transfers to</u>	<u>Transfers From</u>	
	<u>General Fund</u>	<u>Capital Projects Fund</u>
Capital Projects Fund	\$ 167,922.18	\$ -
Debt Service Fund	<u>-</u>	<u>1,494,820.00</u>
Total	<u>\$ 167,922.18</u>	<u>\$ 1,494,820.00</u>

**GRADY COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

Transfers are used to move property tax revenues collected by the general fund to capital projects fund as required match or supplemental funding source for capital construction projects and to move sales tax revenues collected by the capital projects fund to the debt service fund to pay current year bond principal and interest as required in the bond resolution.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
General Obligation (G.O.) Bonds	\$ 5,425,000.00	-	\$ 1,275,000.00	\$ 4,150,000.00	\$ 1,325,000.00
Unamortized Bond Premiums	468,393.85	-	144,121.20	324,272.65	144,121.20
Leases	43,178.52	-	14,067.00	29,111.52	29,111.52
Financed Purchases	14,067,458.00	58,502.86	403,901.61	13,722,059.25	410,924.00
	<u>\$ 20,004,030.37</u>	<u>\$ 58,502.86</u>	<u>\$ 1,837,089.81</u>	<u>\$ 18,225,443.42</u>	<u>\$ 1,909,156.72</u>

General Obligation Bonds

The School District's bonded debt consists of general obligation bonds that are generally noncallable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved property 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, 2023. 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.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2019	3%-5%	8/14/2019	10/1/2025	\$ <u>6,650,000.00</u>	\$ <u>4,150,000.00</u>

**GRADY COUNTY BOARD OF EDUCATION
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The following schedule details debt service requirements to maturity for the School District's total general obligation bonds payable:

<u>Fiscal Year Ended June 30:</u>	<u>General Obligation Debt</u>		<u>Unamortized</u>
	<u>Principal</u>	<u>Interest</u>	<u>Bond Premium</u>
2024	\$ 1,325,000.00	\$ 167,750.00	\$ 144,121.20
2025	1,375,000.00	106,875.00	144,121.20
2026	<u>1,450,000.00</u>	<u>36,250.00</u>	<u>36,030.25</u>
Total Principal and Interest	<u>\$ 4,150,000.00</u>	<u>\$ 310,875.00</u>	<u>\$ 324,272.65</u>

Leases

The School District has acquired vehicles under the provisions of a contract that conveys control of the right to use another entity's asset for a period of time in an exchange-like transaction. This contract is classified as a lease for accounting purposes.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2023:

	<u>Governmental Activities</u>
Equipment	\$ 58,974.03
Less: Accumulated Amortizaion	<u>7,375.91</u>
	<u>\$ 51,598.12</u>

Leases currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Enterprise Vehicle Lease	4.00%	7/1/2021	11/21/2024	\$ <u>58,974.03</u>	\$ <u>29,111.52</u>

The following is a schedule of total lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 29,112.52	\$ 1,164.49

Obligations Under Financed Purchases

An energy efficiency lease agreement dated April 30, 2019 was executed by and between the School District, the lessee, and First Security Finance, Inc., the lessor. The agreement authorized the borrowing of \$14,760,544.00 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the School District's General Fund.

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The School District's outstanding obligations from an energy efficiency lease agreement related to governmental activities of \$13,684,213.00 contain a provision that in an event of default, the lessor has the option of declaring outstanding amounts immediately due and payable or they make take possession of project, equipment, machinery or supplies.

During the current fiscal year, the School District entered into an agreement dated June 1, 2023, between the School District and TEQ Lease, Inc. The agreement authorized the borrowing of \$58,502.86 for the purchase of computer technology equipment. Payments of the agreement shall be made from the School District's General Fund.

Debt currently outstanding is as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy Solutions Project	3.73%	4/30/2019	5/1/2040	\$ 14,760,544.00	\$ 13,684,213.00
Back-up Server	7.99%	6/1/2023	7/1/2026	58,502.86	37,846.25
				<u>\$ 14,819,046.86</u>	<u>\$ 13,722,059.25</u>

The following is a schedule of total finance purchase payments:

Fiscal Year Ended June 30:	Principal	Interest
2024	\$ 410,924.00	\$ 510,421.14
2025	459,384.18	498,117.60
2026	493,835.07	480,207.40
2027	510,075.00	460,950.27
2028	549,025.00	441,924.47
2029 - 2033	3,450,074.00	1,869,618.61
2034 - 2038	5,160,992.00	1,109,088.53
2039 - 2040	2,687,750.00	152,244.17
Total Principal and Interest	<u>\$ 13,722,059.25</u>	<u>\$ 5,522,572.19</u>

NOTE 8: RISK MANAGEMENT

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.

Georgia School Boards Association Risk Management Fund

The School District participates in the Georgia School Boards Association Risk Management Fund (the Fund), a public entity risk pool organized on August 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, errors and omissions liability, cyber risk and property damage, including safety engineering and other loss prevention and control techniques, and to administer the Fund including the processing and defense of claims brought against

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members of the Fund. The School District pays an annual contribution to the Fund for coverage. Reinsurance is provided to the Fund through agreements by the Fund with insurance companies according to their specialty for property (including coverage for flood and earthquake), machinery breakdown, general liability, errors and omissions, crime, cyber risk and automobile risks. Reinsurance limits and retentions vary by line of coverage.

Workers' Compensation

Georgia Education Workers' Compensation Trust

The School District participates in the Georgia Education Workers' Compensation Trust (the Trust), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School District pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers Liability claim with Safety National providing additional Employers Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund 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.

Changes in the unemployment compensation claims liability during the last two fiscal years are as follows:

		<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2022	\$	-	\$ 12,720.06	\$ 12,720.06	\$ -
2023	\$	-	-	-	-

Surety Bond

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 15,000.00

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NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2023:

Nonspendable			
Inventories		\$	99,536.48
Restricted			
Bus Replacement	\$ 154,440.00		
Continuation of Federal Programs	1,870,292.81		
Capital Projects	2,959,107.82		
Debt Service	1,550,800.62		
Scholarships	56,042.97		6,590,684.22
Committed			
School Activity Accounts			815,949.88
Unassigned			8,271,668.29
Fund Balance, June 30, 2023		\$	15,777,838.87

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.

NOTE 10: 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, 2023, together with funding available:

Project	Unearned Executed Contracts (1)	Payments through June 30, 2023 (2)	Funding Available From State (1)
Southside Cafeteria Renovation	\$ 174,867.78	\$ 1,601,390.85	\$ 117,150.56

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

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

NOTE 11: 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 12: 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 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 \$1,041,318.00 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2023, the School District reported a liability of \$26,307,407.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 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, 2022. At June 30, 2022, the School District's proportion was 0.265646%, which was a decrease of 0.009857% from its proportion measured as of June 30, 2021.

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For the year ended June 30, 2023, the School District recognized OPEB expense of (\$1,821,337.00). At June 30, 2023, 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	\$ 1,050,076.00	\$ 10,339,608.00
Changes of assumptions	4,006,672.00	5,320,710.00
Net difference between projected and actual earnings on OPEB plan investments	160,468.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	180,329.00	2,590,560.00
School District contributions subsequent to the measurement date	1,041,318.00	-
Total	\$ 6,438,863.00	\$ 18,250,878.00

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, 2024. 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
2024	\$ (3,454,360.00)
2025	\$ (2,856,197.00)
2026	\$ (2,360,252.00)
2027	\$ (2,654,599.00)
2028	\$ (1,364,016.00)
Thereafter	\$ (163,909.00)

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Actuarial Assumptions: The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 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, 2022:

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	
Pre-Medicare Eligible	6.50%
Medicare Eligible	5.00%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

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 Projections 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

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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 Projections scaled 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 adjust 104% for males and 99% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2021 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 changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 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%	2.00%
Equities	70.00%	9.40%
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 3.57% was used as the discount rate, as compared with last year's rate of 2.20%. 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 (3.54% 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

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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 2128.

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 3.57%, 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 (2.57%) or 1-percentage-point higher (4.57%) than the current discount rate:

	1% Decrease (2.57%)	Current Discount Rate (3.57%)	1% Increase (4.57%)
School District's proportionate share of the Net OPEB liability	\$ 29,756,836.00	\$ 26,307,407.00	\$ 23,383,864.00

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	\$ 22,666,976.00	\$ 26,307,407.00	\$ 30,781,481.00

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>.

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.

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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 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll. For the current fiscal year, employer contributions to the pension plan were \$5,454,699.63 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.

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.

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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, 2023 was 31.01% of annual covered payroll for old and new plan members and 27.47% for GSEPS members. The rates include the annual actuarially determined employer contribution rate of 24.67% of annual covered payroll for old and new plan members and 21.59% for GSEPS members, plus 6.34% adjustment to the old and new plan and a 5.88% adjustment to the GSEPS plan for the commencement of cost-of-living adjustments (COLA) prefunding for certain retired ERS 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 \$37,278.16 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 \$15.75, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$88,906.00.

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

At June 30, 2023, the School District reported a liability of \$61,510,202.00 for its proportionate share of the net pension liability for TRS \$61,192,708.00 and ERS \$317,494.00.

The net pension liability for TRS and ERS was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 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, 2022.

At June 30, 2022, the School District's TRS proportion was 0.188448%, which was a decrease of 0.005555% from its proportion measured as of June 30, 2021. At June 30, 2022, the School District's ERS proportion was 0.004754%, which was an a decrease of 0.000043% from its proportion measured as of June 30, 2021.

At June 30, 2023, 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 \$484,766.00.

The PSERS net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 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, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$8,666,112.76 for TRS, \$66,826.00 for ERS and \$121,821.00 for PSERS and revenue of \$121,821.00 for PSERS. The revenue is support provided by the State of Georgia.

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At June 30, 2023, 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	\$ 2,540,125.00	\$ 318,522.00	\$ 682.00	\$ 2,880.00
Changes of assumptions	9,211,455.00	-	56,438.00	-
Net difference between projected and actual earnings on pension plan investments	12,022,626.00	-	36,890.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	130,022.00	1,182,951.00	705.00	917.00
School District contributions subsequent to the measurement date	5,454,699.63	-	37,278.16	-
Total	\$ 29,358,927.63	\$ 1,501,473.00	\$ 131,993.16	\$ 3,797.00

The School District 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, 2024. 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	
2024	\$ 6,078,079.00	\$ 48,196.00		
2025	\$ 4,486,287.00	\$ 13,432.00		
2026	\$ 3,212,432.00	\$ 920.00		
2027	\$ 8,625,957.00	\$ 28,370.00		

GRADY COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

EXHIBIT "G"

Actuarial Assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the investment rate of return and payroll growth assumption.

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

GRADY COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
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EXHIBIT "G"

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, 2021 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

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, 2021 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

GRADY COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2023

EXHIBIT "G"

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:

Asset Class	TRS/ERS/PSERS Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.20%
Domestic large stocks	46.30%	9.40%
Domestic small stocks	1.20%	13.40%
International developed market stocks	12.30%	9.40%
International emerging market stocks	5.20%	11.40%
Alternative	5.00%	10.50%
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 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:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Teachers Retirement System:			
School District's proportionate share of the net pension liability	\$ 92,319,528.00	\$ 61,192,708.00	\$ 35,773,539.00
Employees' Retirement System:			
School District's proportionate share of the net pension liability	\$ 422,644.00	\$ 317,494.00	\$ 229,072.00

GRADY COUNTY BOARD OF EDUCATION
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EXHIBIT "G"

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>.

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GRADY 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 proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.188448%	\$ 61,192,708.00	\$ -	\$ 61,192,708.00	\$ 25,479,327.46	240.17%	72.85%
2022	0.194003%	\$ 17,158,271.00	\$ -	\$ 17,158,271.00	\$ 25,234,080.88	68.00%	92.03%
2021	0.197488%	\$ 47,839,323.00	\$ -	\$ 47,839,323.00	\$ 25,461,816.13	187.89%	77.01%
2020	0.196179%	\$ 42,183,790.00	\$ -	\$ 42,183,790.00	\$ 23,941,933.54	176.19%	78.56%
2019	0.195071%	\$ 36,209,356.00	\$ -	\$ 36,209,356.00	\$ 23,234,197.31	155.85%	80.27%
2018	0.194417%	\$ 36,132,998.00	\$ -	\$ 36,132,998.00	\$ 22,367,930.24	161.54%	79.33%
2017	0.201345%	\$ 41,539,718.00	\$ -	\$ 41,539,718.00	\$ 22,089,299.47	188.05%	76.06%
2016	0.207395%	\$ 31,573,829.00	\$ -	\$ 31,573,829.00	\$ 21,891,715.06	144.23%	81.44%
2015	0.208192%	\$ 26,302,313.00	\$ -	\$ 26,302,313.00	\$ 21,239,710.51	123.84%	84.03%

GRADY 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
2023	\$ 5,454,699.63	\$ 5,454,699.63	\$ -	\$ 27,300,791.50	19.98%
2022	\$ 5,047,454.76	\$ 5,047,454.76	\$ -	\$ 25,479,327.46	19.81%
2021	\$ 4,809,616.24	\$ 4,809,616.24	\$ -	\$ 25,234,080.88	19.06%
2020	\$ 5,382,626.60	\$ 5,382,626.60	\$ -	\$ 25,461,816.13	21.14%
2019	\$ 5,003,865.48	\$ 5,003,865.48	\$ -	\$ 23,941,933.54	20.90%
2018	\$ 3,905,669.47	\$ 3,905,669.47	\$ -	\$ 23,234,197.31	16.81%
2017	\$ 3,191,899.74	\$ 3,191,899.74	\$ -	\$ 22,367,930.24	14.27%
2016	\$ 3,151,764.83	\$ 3,151,764.83	\$ -	\$ 22,089,299.47	14.27%
2015	\$ 2,878,764.60	\$ 2,878,764.60	\$ -	\$ 21,891,715.06	13.15%
2014	\$ 2,608,232.74	\$ 2,608,232.74	\$ -	\$ 21,239,710.51	12.28%

GRADY 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
2023	0.004754%	\$ 317,494.00	\$ 116,378.18	272.81%	67.44%
2022	0.004797%	\$ 112,197.00	\$ 114,978.40	97.58%	87.62%
2021	0.004694%	\$ 197,850.00	\$ 123,428.27	160.30%	76.21%
2020	0.005924%	\$ 244,456.00	\$ 149,333.04	163.70%	76.74%
2019	0.005795%	\$ 238,234.00	\$ 147,822.74	161.16%	76.68%
2018	0.005439%	\$ 220,896.00	\$ 133,399.29	165.59%	76.33%
2017	0.004076%	\$ 192,812.00	\$ 94,779.08	203.43%	72.34%
2016	0.003791%	\$ 153,588.00	\$ 86,669.04	177.21%	76.20%
2015	0.004433%	\$ 166,265.00	\$ 91,075.10	182.56%	77.99%

GRADY 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
2023	\$ 37,278.16	\$ 37,278.16	\$ -	\$ 120,213.51	31.01%
2022	\$ 28,664.00	\$ 28,664.00	\$ -	\$ 116,378.18	24.63%
2021	\$ 28,353.70	\$ 28,353.70	\$ -	\$ 114,978.40	24.66%
2020	\$ 30,437.38	\$ 30,437.38	\$ -	\$ 123,428.27	24.66%
2019	\$ 37,004.76	\$ 37,004.76	\$ -	\$ 149,333.04	24.78%
2018	\$ 36,674.81	\$ 36,674.81	\$ -	\$ 147,822.74	24.81%
2017	\$ 33,096.31	\$ 33,096.31	\$ -	\$ 133,399.29	24.81%
2016	\$ 23,429.42	\$ 23,429.42	\$ -	\$ 94,779.08	24.72%
2015	\$ 19,032.57	\$ 19,032.57	\$ -	\$ 86,669.04	21.96%
2014	\$ 16,812.38	\$ 16,812.38	\$ -	\$ 91,075.10	18.46%

GRADY 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
2023	0.00%	\$ -	\$ 484,766.00	\$ 484,766.00	\$ 841,294.15	N/A	81.21%
2022	0.00%	\$ -	\$ 65,378.00	\$ 65,378.00	\$ 1,008,432.91	N/A	98.00%
2021	0.00%	\$ -	\$ 487,727.00	\$ 487,727.00	\$ 1,102,559.32	N/A	84.45%
2020	0.00%	\$ -	\$ 462,883.00	\$ 462,883.00	\$ 1,038,682.83	N/A	85.02%
2019	0.00%	\$ -	\$ 474,718.00	\$ 474,718.00	\$ 1,163,206.05	N/A	85.26%
2018	0.00%	\$ -	\$ 432,935.00	\$ 432,935.00	\$ 1,152,706.28	N/A	85.69%
2017	0.00%	\$ -	\$ 567,725.00	\$ 567,725.00	\$ 1,167,815.79	N/A	81.00%
2016	0.00%	\$ -	\$ 388,378.00	\$ 388,378.00	\$ 1,224,807.01	N/A	87.00%
2015	0.00%	\$ -	\$ 323,496.00	\$ 323,496.00	\$ 1,147,302.40	N/A	88.29%

GRADY 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
2023	0.265646%	\$ 26,307,407.00	\$ -	\$ 26,307,407.00	\$ 24,047,135.41	109.40%	6.17%
2022	0.275503%	\$ 29,839,254.00	\$ -	\$ 29,839,254.00	\$ 23,202,327.07	128.60%	6.14%
2021	0.285497%	\$ 41,932,860.00	\$ -	\$ 41,932,860.00	\$ 23,126,573.52	181.32%	3.99%
2020	0.289424%	\$ 35,518,534.00	\$ -	\$ 35,518,534.00	\$ 22,021,902.61	161.29%	4.63%
2019	0.289721%	\$ 36,822,650.00	\$ -	\$ 36,822,650.00	\$ 21,910,911.11	168.06%	2.93%
2018	0.284629%	\$ 39,990,260.00	\$ -	\$ 39,990,260.00	\$ 20,952,157.40	190.86%	1.61%

GRADY 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
2023	\$ 1,041,318.00	\$ 1,041,318.00	\$ -	\$ 22,749,673.53	4.58%
2022	\$ 960,510.00	\$ 960,510.00	\$ -	\$ 24,047,135.41	3.99%
2021	\$ 1,024,827.00	\$ 1,024,827.00	\$ -	\$ 23,202,327.07	4.42%
2020	\$ 965,483.00	\$ 965,483.00	\$ -	\$ 23,126,573.52	4.17%
2019	\$ 1,558,744.00	\$ 1,558,744.00	\$ -	\$ 22,021,902.61	7.08%
2018	\$ 1,501,597.00	\$ 1,501,597.00	\$ -	\$ 21,910,911.11	6.85%
2017	\$ 1,484,075.00	\$ 1,484,075.00	\$ -	\$ 20,952,157.04	7.08%

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, 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, and to 2.22% as of June 30, 2020.

GRADY COUNTY BOARD OF EDUCATION
GENERAL FUND

SCHEDULE "9"

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 8,989,515.00	\$ 8,989,515.00	\$ 9,234,287.22	\$ 244,772.22
Sales Taxes	145,000.00	145,000.00	115,509.86	(29,490.14)
State Funds	32,513,100.00	32,616,106.00	33,818,456.57	1,202,350.57
Federal Funds	21,901,059.00	23,032,726.00	15,436,176.60	(7,596,549.40)
Charges for Services	23,850.00	23,850.00	425,406.96	401,556.96
Investment Earnings	4,300.00	4,300.00	60,363.16	56,063.16
Miscellaneous	7,800.00	7,800.00	1,912,381.81	1,904,581.81
Total Revenues	<u>63,584,624.00</u>	<u>64,819,297.00</u>	<u>61,002,582.18</u>	<u>(3,816,714.82)</u>
EXPENDITURES				
Current				
Instruction	43,044,082.00	44,059,517.00	36,583,948.10	7,475,568.90
Support Services				
Pupil Services	1,821,375.00	1,920,247.00	2,623,453.39	(703,206.39)
Improvement of Instructional Services	2,371,009.00	2,836,661.00	2,732,153.72	104,507.28
Educational Media Services	981,450.00	1,040,450.00	885,314.70	155,135.30
General Administration	452,649.00	507,277.00	487,191.12	20,085.88
School Administration	3,346,918.00	3,454,196.00	3,585,610.59	(131,414.59)
Business Administration	434,550.00	434,550.00	486,360.02	(51,810.02)
Maintenance and Operation of Plant	5,190,731.00	4,529,325.00	4,842,451.06	(313,126.06)
Student Transportation Services	1,831,799.00	2,025,805.00	2,010,639.44	15,165.56
Central Support Services	176,600.00	230,570.00	523,790.05	(293,220.05)
Food Services Operation	2,821,500.00	2,821,500.00	3,647,726.35	(826,226.35)
Community Services	-	-	60,825.23	(60,825.23)
Debt Service	907,961.00	907,961.00	944,515.76	(36,554.76)
Total Expenditures	<u>63,380,624.00</u>	<u>64,768,059.00</u>	<u>59,413,979.53</u>	<u>5,354,079.47</u>
Excess of Revenues over (under) Expenditures	<u>204,000.00</u>	<u>51,238.00</u>	<u>1,588,602.65</u>	<u>1,537,364.65</u>
OTHER FINANCING SOURCES(USES)				
Other Sources	-	-	58,502.86	58,502.86
Other Uses	-	-	(167,922.18)	(167,922.18)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(109,419.32)</u>	<u>(109,419.32)</u>
Net Change in Fund Balances	204,000.00	51,238.00	1,479,183.33	1,427,945.33
Fund Balances - Beginning	<u>9,188,946.54</u>	<u>9,288,483.02</u>	<u>9,788,747.10</u>	<u>500,264.08</u>
Fund Balances - Ending	<u>\$ 9,392,946.54</u>	<u>\$ 9,339,721.02</u>	<u>\$ 11,267,930.43</u>	<u>\$ 1,928,209.41</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 \$1,691,990.75 and \$1,580,169.64, 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.

GRADY COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

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	225GA324N1199	\$ 687,845.40
National School Lunch Program	10.555	225GA324N1199	2,521,685.20
COVID-19 - National School Lunch Program	10.555	225GA324N1099	134,024.51
Fresh Fruit and Vegetable Program	10.582	235GA324L1603	<u>62,792.16</u>
Total Child Nutrition Cluster			<u>3,406,347.27</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	225GA904N2533	<u>15,661.16</u>
Total U. S. Department of Agriculture			<u>3,422,008.43</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	6,295,963.18
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	<u>2,167.12</u>
Total Education Stabilization Fund			<u>6,298,130.30</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A210073	218,201.00
Grants to States	84.027A	H027A220073	697,440.90
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X210073	236,175.00
Preschool Grants	84.173A	H173A220081	35,113.00
COVID-19 - American Rescue Plan - Preschool	84.173X	H173X210081	<u>15,245.00</u>
Total Special Education Cluster			<u>1,202,174.90</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	72,065.00
Comprehensive Literacy Development	84.371C	S371C190016-19A	1,092,709.17
English Language Acquisition State Grants	84.365A	S365A210010	39,135.51
English Language Acquisition State Grants	84.365A	S365A220010	34,883.48
Migrant Education - State Grant Program	84.011A	S011A210011	30,000.00
Migrant Education - State Grant Program	84.011A	S011A220011	95,245.66
Rural and Low-Income School Program	84.358B	S358B210010	5,593.00
Rural and Low-Income School Program	84.358B	S358F220010	121,808.02
Student Support and Academic Enrichment Program	84.424A	S424A2100011	180.00
Student Support and Academic Enrichment Program	84.424A	S424A220011	139,718.00
Supporting Effective Instruction State Grants	84.367A	S367A210001	43,777.83
Supporting Effective Instruction State Grants	84.367A	S367A220001	228,574.17
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	299,940.98
Title I Grants to Local Educational Agencies	84.010A	S010A220010	<u>1,995,487.80</u>
Total Other Programs			<u>4,199,118.62</u>
Total U. S. Department of Education			<u>11,699,423.82</u>

GRADY COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Defense, U. S. Department of Direct Department of the Air Force R.O.T.C. Program	12. UNKNOWN		<u>86,851.84</u>
Total Expenditures of Federal Awards			<u>\$ 15,208,284.09</u>

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 Grady County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2023. 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 not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4. Elementary and Secondary School Emergency Relief Fund Activity

For the year ended 2023, the amount reflected on the American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ALN 84.425U) includes \$301,571.95 of approved eligible expenditures that were incurred in a prior fiscal year.

GRADY COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2023

SCHEDULE "11"

<u>AGENCY/FUNDING</u>	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL	CAPITAL PROJECTS	
	FUND	FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 981,662.89	\$ -	\$ 981,662.89
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	1,826,339.00	-	1,826,339.00
Kindergarten Program - Early Intervention Program	(4,808.00)	-	(4,808.00)
Primary Grades (1-3) Program	3,973,829.00	-	3,973,829.00
Primary Grades - Early Intervention (1-3) Program	214,793.00	-	214,793.00
Upper Elementary Grades (4-5) Program	2,027,511.00	-	2,027,511.00
Middle School (6-8) Program	3,602,509.00	-	3,602,509.00
High School General Education (9-12) Program	2,834,069.00	-	2,834,069.00
Vocational Laboratory (9-12) Program	1,332,204.00	-	1,332,204.00
Students with Disabilities	3,449,849.00	-	3,449,849.00
Gifted Student - Category VI	844,150.00	-	844,150.00
Remedial Education Program	9,316.00	-	9,316.00
English Speakers of Other Languages (ESOL)	1,040,044.00	-	1,040,044.00
Media Center Program	578,408.00	-	578,408.00
20 Days Additional Instruction	181,572.00	-	181,572.00
Staff and Professional Development	99,578.00	-	99,578.00
Indirect Cost			
Central Administration	680,687.00	-	680,687.00
School Administration	1,255,515.00	-	1,255,515.00
Facility Maintenance and Operations	1,163,025.00	-	1,163,025.00
Mid-term Adjustment Hold-Harmless	220,574.00	-	220,574.00
Amended Formula Adjustment	917,160.00	-	917,160.00
Categorical Grants			
Pupil Transportation			
Regular	605,589.77	-	605,589.77
Nursing Services	100,126.00	-	100,126.00
Vocational Supervisors	28,667.00	-	28,667.00
Education Equalization Funding Grant	5,126,331.00	-	5,126,331.00
Other State Programs			
Food Services	116,250.00	-	116,250.00
Hygiene Products	3,536.10	-	3,536.10
Math and Science Supplements	26,147.52	-	26,147.52
Preschool Disability Services	56,881.00	-	56,881.00
Alternative Program	259,553.00	-	259,553.00
Apprenticeship Program	18,445.00	-	18,445.00
School Safety Grant	18,088.20	-	18,088.20
Vocational Education	141,949.09	-	141,949.09
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	730,268.44	730,268.44
Office of the State Treasurer			
Public School Employees Retirement	88,906.00	-	88,906.00
	<u>\$ 33,818,456.57</u>	<u>\$ 730,268.44</u>	<u>\$ 34,548,725.01</u>

GRADY COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "12"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
SPLOST IV			
Southside Elementary cafeteria renovation	\$ 500,000.00	\$ 1,641,546.92	Completed
Shiver gymnasium addition	810,678.91	42,000.00	6/30/2024
Subtotal	<u>1,310,678.91</u>	<u>1,683,546.92</u>	
SPLOST V			
Eastside Elementary modification and addition	3,000,000.00	8,929,042.36	7/6/2023
Shiver gymnasium addition	-	980,962.50	6/30/2024
Athletic facility improvements	-	2,000,000.00	6/30/2025
Cairo High School pool addition	807,567.86	811,000.00	7/31/2023
New playground equipment	-	139,665.30	Completed
Interest and fees on bonds	1,254,066.67	1,254,066.67	10/1/2025
Funds for educational purposes not yet allocated to specific projects	5,280,937.85	1,042,512.25	6/30/2025
Subtotal	<u>10,342,572.38</u>	<u>15,157,249.08</u>	
Total	<u>\$ 11,653,251.29</u>	<u>\$ 16,840,796.00</u>	

GRADY COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2023

SCHEDULE "12"

<u>PROJECT</u>	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
SPLOST IV				
Southside Elementary cafeteria renovation	\$ 1,224,998.22	\$ 416,548.70	\$ 1,641,546.92	\$ -
Shiver gymnasium addition	7,312.50	34,687.50	-	-
Subtotal	<u>1,232,310.72</u>	<u>451,236.20</u>	<u>1,641,546.92</u>	<u>-</u>
SPLOST V				
Eastside Elementary modification and addition	506,352.62	8,422,689.74	-	-
Shiver gymnasium addition	-	-	-	-
Athletic facility improvements	231,830.00	1,441,010.99	-	-
Cairo High School pool addition	-	5,550.00	-	-
New playground equipment	139,665.30	-	139,665.30	-
Interest and fees on bonds	227,895.00	794,079.16	-	-
Funds for educational purposes not yet allocated to specific projects	-	-	-	-
Subtotal	<u>1,105,742.92</u>	<u>10,663,329.89</u>	<u>139,665.30</u>	<u>-</u>
Total	<u>\$ 2,338,053.64</u>	<u>\$ 11,114,566.09</u>	<u>\$ 1,781,212.22</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 Grady 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. Eric McFee, Superintendent and Members of the
Grady County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Grady County Board of Education (School District) as of and for the year ended June 30, 2023, 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 November 5, 2024. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in finding FS 2023-001 that we consider to be a material weakness.

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*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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,



Greg S. Griffin
State Auditor

November 5, 2024



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. Eric McFee, Superintendent and Members of the
Grady County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Grady 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, 2023. 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 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, 2023.

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, appearing to read "Greg S. Griffin". The signature is written in a cursive, flowing style.

Greg S. Griffin
State Auditor

November 5, 2024

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

**GRADY COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

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

GRADY COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2023

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	
Governmental Activities and Each Major Fund	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	Yes
▪ 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>
84.027, 84.173	Special Education Cluster
84.425	Education Stabilization Fund
84.010	Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000.00
Auditee qualified as low-risk auditee?	No

GRADY COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

II FINANCIAL STATEMENT FINDINGS

FS 2023-001 Internal Controls over Financial Reporting

Internal Control Impact: Material Weakness

Description:

The School District did not have adequate internal controls in place over the financial statement reporting process.

Criteria:

Management is responsible for having adequate controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). The School District's internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge, skills, and experience to prepare GAAP based financial statements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* (Statement), requires governments to present government-wide and fund financial statements as well as a summary reconciliation of the (a) total governmental fund balances to the net position of governmental activities in the Statement of Net Position, and (b) total change in governmental fund balances to the change in the net position of governmental activities in the Statement of Activities. In addition, the statement requires information about the government's major and nonmajor funds in the aggregate to be provided in the fund financial statements.

Chapter II - 2 *Annual Financial Reporting of the Financial Management for Georgia Local Units of Administration* provides that School Districts must prepare their financial statements in accordance with generally accepted accounting principles.

Condition:

- A material audit adjustment of \$3,664,924.23 was proposed and accepted by the School District to correct the overstatement of Accounts Receivable – State and State Revenue in the general fund and government-wide financial statements.
- The SPLOST Schedule expenditures were overstated by \$719,421.02. An audit adjustment was proposed by the auditors and accepted by the School District to correct the schedule.
- Other audit adjustments were proposed by the auditors and accepted by the School District to properly present the financial statements, note disclosures and supplemental information.

Cause:

In discussing these issues with the School District, they indicated the errors occurred due to oversight in preparing the financial statements.

GRADY COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Effect:

Material and significant misstatements were included in the financial statements presented for audit. The lack of controls and monitoring over the financial statement process could impact the reporting of the School District's financial position and results of operations.

Recommendation:

The School District should strengthen their internal controls and review procedures over the financial reporting process to ensure that the financial statements presented for audit are complete and accurate. These procedures should be performed by a properly trained individual possessing a thorough understanding of the applicable GAAP statements, GASB pronouncements and the School District's operations. The School District should also consider implementing the use of a review checklist to assist in the review process over the financial statements.

Views of Responsible Officials:

We concur with this finding.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section V

Management's Corrective Action

122 North Broad Street
Cairo, Georgia 39828
Phone: (229) 377-3701
Fax: (229) 377-3437

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDING

FS 6651-001 Internal Controls over Financial Reporting

Internal Control Impact: Material Weakness

Description:

The School District did not have adequate internal controls in place over the financial statement reporting process.

Corrective Action Plans:

The Grady County Board of Education will implement the following corrective actions to remediate the finding and to address the causes.

1. The Finance Director will review the Accounts Receivable as of 6/30 to verify all prior year A/R have been canceled and current year A/R are accurate.
2. The Finance Director will reconcile the SPLOST Schedule with SPLOST capital outlay expenditures on the general ledger prior to submission.
3. The Finance Director will review all schedules and exhibits prepared by the external consultant and prepare the Notes accordingly, prior to submission of financial statements to the Department of Audits.

Estimated Completion Date: 12/31/2024

Contact Person: Kimberly NeSmith, Finance Director
Telephone: 229-377-3701
Email: k.nesmith@grady.k12.ga.us



Appendix B

PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL

The form of Legal Opinion included in this Appendix B has been prepared by Gray Pannell & Woodward LLP, Savannah, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Bonds.

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[Date of Closing]

Grady County School District
Cairo, Georgia

Re: \$14,835,000* GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS,
SERIES 2025

To the Addressee:

We have acted as bond counsel in connection with the issuance by the Grady County School District (the “School District”) of \$14,835,000* in aggregate principal amount of GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025 (the “Bonds”), dated as of the date of issuance and delivery thereof. In this capacity we have examined (i) the Constitution and general laws of the State of Georgia; (ii) certified copies of proceedings of the Board of Education of the Grady County School District (the “Board of Education”), acting for and on behalf of the School District, which School District comprises all of Grady County, Georgia, including a resolution adopted by the Board of Education on August 8, 2023, calling a general obligation bond and reimposition of educational sales and use tax election held in Grady County on November 7, 2023 (the “Election”); (iii) a certified copy of a bond resolution adopted by the Board of Education on _____, 2025 (the “Resolution”); (iv) a certified copy of the proceedings in and the judgment of the Superior Court of Grady County, Georgia by which the Bonds were validated; and (v) other proofs authorizing and relating to the issuance of the Bonds, including a copy of the consolidated returns of the Election.

As to questions of fact material to our opinion, we have relied upon representations of the Board of Education contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are subject to transfer and exchange in the manner and on the terms specified in the Resolution. The Bonds are being issued pursuant to a book-entry system in fully-registered form. The principal of the Bonds matures on December 1 in the years and amounts set forth in the Resolution. Interest on each Bond is payable on June 1 and December 1 in each year, beginning on December 1, 2025, in the manner and at the rate of interest stated in each Bond and the Resolution until the obligation with respect to the payment of the principal of such Bond shall be discharged. The Bonds are not subject to redemption prior to their respective maturities.

The legal opinions expressed herein are based upon existing law, are subject to judicial discretion regarding usual equity principles, and do not relate to compliance by the School District,

the initial purchasers of the Bonds, or any other party with any statute, regulation, or ruling of the State of Georgia or the United States of America regarding the sale (other than the initial sale by the School District) or distribution of the Bonds.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. Non-compliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Pursuant to the Resolution, the Board of Education has covenanted to comply with the requirements of the Code in order to maintain the exclusion from federal gross income of interest on the Bonds.

In reliance upon and subject to the foregoing, we are of the opinion that:

1. The Bonds have been duly authorized and issued by the Board of Education, as the controlling and managing body acting for and on behalf of the School District, with the assent of a majority of the qualified voters of the School District voting in the Election held for that purpose and in accordance with the Constitution and laws of the State of Georgia.

2. The Bonds are general obligations of the School District and constitute a pledge of the full faith and credit of the School District. The principal of and interest on the Bonds shall be paid from the general fund of the School District or from an *ad valorem* tax to be levied, without limitation as to rate or amount, upon all property in the School District subject to taxation for school bond purposes. Although not pledged to the payment of the Bonds, the School District also plans to use certain receipts of a special one percent sales and use tax for educational purposes, to the extent available, to service a portion of the debt service on the Bonds.

3. All property subject to taxation for general obligation school bond purposes in the School District is subject to the levy of an *ad valorem* tax unlimited as to rate or amount for the purpose of paying the principal of and interest on the Bonds. Pursuant to the recommendation of the Board of Education, the Board of Commissioners of Grady County, as authorized and required by law, has provided for the levy on all of said property such *ad valorem* taxes as will produce funds sufficient in amount to pay the principal of and interest on the Bonds as the same become due and payable to the extent that proceeds of the sales and use tax for educational purposes are insufficient to pay the same.

4. The Bonds have been duly confirmed and validated by judgment of the Superior Court of Grady County entered on March 27, 2024, Civil Action No. 24-V-048, and no valid appeal may be taken from said judgment of validation.

5. The Board of Education has irrevocably authorized and directed the State of Georgia Board of Education to withhold from time to time, as necessary, State of Georgia appropriated funds to which the School District is entitled and to transfer to the Paying Agent (as defined in the Resolution) from such withheld funds the amount necessary to pay the principal of and interest on the Bonds.

6. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The interest on the Bonds is exempt from present State of Georgia income taxation.

Although we have rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, a bondholder's federal tax liability may otherwise be affected by the ownership or disposition of the Bonds. The nature and extent of these other tax consequences will depend upon the bondholder's other items of income or deduction. We express no opinion regarding any such other tax consequences.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours very truly,

GRAY PANNELL & WOODWARD LLP

By: _____
A Partner

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Appendix C

FORM OF THE CONTINUING DISCLOSURE CERTIFICATE

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the Board of Education of Grady County (the “Board of Education”), the managing and controlling body of the Grady County School District (the “School District”), a political subdivision of the State of Georgia, in connection with the issuance of the GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025, in the aggregate principal amount of \$14,835,000* (the “Bonds”). The Bonds are being issued pursuant to a bond resolution adopted by the Board of Education on April __, 2025 (the “Resolution”).

The Board of Education covenants and agrees, on behalf of the School District, as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board of Education for the benefit of the Holders and Beneficial Owners of the Bonds (together, the “Bondholders”) and in order to assist the Participating Underwriter (defined below) in complying with U.S. Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories, or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Board of Education” means the Board of Education of Grady County, and any successor or successors in office to the present Board of Education.

“Dissemination Agent” means Raymond James & Associates, Inc. or any successor Dissemination Agent designated in writing by the Board of Education and which has filed with the Board of Education a written acceptance of such designation.

“EMMA” means the MSRB’s Electronic Municipal Market Access System which became effective July 1, 2009, and which receives electronic submissions of the Annual Report on the EMMA website at <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means any period of 12 consecutive months adopted by the governing body of the School District as the School District’s fiscal year for financial reporting purposes. The School District’s current fiscal year began on July 1, 2024, and will end on June 30, 2025.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” has the meaning set forth in the Rule.

“Participating Underwriter” means Raymond James & Associates, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The School District will provide, or cause the Dissemination Agent (if other than the School District) to provide, electronically to EMMA, not later than one year after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2025, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Although the United States Securities and Exchange Commission has recommended that Annual Reports be submitted within 180 days after the end of each Fiscal Year, allowing the Annual Report to be submitted not later than one year after the end of the Fiscal Year allows the State of Georgia Department of Audits and Accounts additional time to complete and submit its annual audited financial statements. As of the date hereof, the general purpose financial statements of the School District for the Fiscal Year ending June 30, 2024, is not available. Within one year after the end of the Fiscal Year ended June 30, 2024, or if unavailable at that time then as soon thereafter as is available, the School District shall provide to EMMA the audited financial statements of the School District for the Fiscal Year ended June 30, 2024.

The Annual Report will be made to EMMA as PDF files configured to permit documents to be saved, viewed, printed, and retransmitted by electronic means. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. In such event, the audited financial statements will be submitted promptly to EMMA upon their availability. If the School District’s fiscal year changes, notice of such change shall be given in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 15 business days prior to the date specified in paragraph (a) of this Section 3 for providing the Annual Report to EMMA, the School District shall provide the Annual Report to the Dissemination Agent (if other than the School District). If the School District is unable to provide an Annual Report by the date required in paragraph (a), the Dissemination Agent shall send a notice to EMMA in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the manner of filing with EMMA; and

(ii) (if the Dissemination Agent is other than the School District) notify the School District that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to EMMA.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following items:

(a) The School District's general purpose financial statements of the School District for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as applicable to governmental entities from time to time by the Governmental Accounting Standards Board, except for (i) the variances and omissions disclosed in the Official Statement relating to the Bonds and (ii) such other minor deviations or omissions as are customary for school districts in the State of Georgia which do not materially misstate the financial position of the School District. Such financial statements will be accompanied by an audit report, if available at the time of submission of the Annual Report, resulting from an audit conducted by an independent certified public accountant or a firm of independent certified public accountants in conformity with generally accepted auditing standards. If such audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Official Statement relating to the Bonds, and the audited financial statements, together with the audit report thereon, shall be filed in the same manner as the Annual Report when they become available.

(b) If generally accepted accounting principles have changed since the last Annual Report was submitted pursuant to Section 3(a) hereof and if such changes are material to the School District, a narrative explanation describing the impact of such changes on the School District.

(c) Tabular information for the preceding Fiscal Year regarding the following categories of financial information and operating data of the School District: (i) the schools comprising the School District, (ii) the enrollment in the School District's school system, (iii) the employees of the School District, (iv) Educational Sales Tax collections of the School District, (v) the legal debt margin of the School District, (vi) the property tax digest of the School District, (vii) the millage rates of the School District, (viii) the property tax levies and collections of the School District, and (ix) the ten largest taxpayers of the School District.

Any or all of the items listed above may be incorporated by specific reference to other documents, including official statements of debt issues with respect to which the School District is an Obligated Person, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The School District shall provide or cause to be provided through the Dissemination Agent to EMMA, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders; if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership, or similar event of the Obligated Person. This event is considered to have occurred when any of the following have occurred: (i) appointment of receiver, fiscal agent, or similar officer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court of governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District;
13. The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action, or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

(b) Notwithstanding the foregoing, notice of Listed Events described in paragraph (a)(8) and (9) above need not be given under this Section 5 any earlier than the notice (if any) of the underlying event is given to the Bondholders of affected Bonds pursuant to the Resolution.

(c) The content of any notice of the occurrence of a Listed Event shall be determined by the School District and shall be in substantially the form attached as Exhibit B.

SECTION 6. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 7. Termination of Reporting Obligation. The School District reserves the right to terminate its obligations under this Disclosure Certificate if and when the School District no longer remains an Obligated Person with respect to the Bonds within the meaning of the Rule; in particular, upon the occurrence of the legal defeasance, prior redemption, or payment in full of all of the Bonds. If such termination or substitution occurs prior to the final maturity of the Bonds, the School District shall give notice of such termination or substitution to EMMA.

SECTION 8. Dissemination Agent. The School District from time to time may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. A Dissemination Agent other than the School District shall not be responsible in any manner for the content of any notice or report prepared by the School District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Raymond James & Associates, Inc.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate if:

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the School District on the Bonds or type of business conducted;

(b) such amendment is supported by an opinion of counsel expert in federal securities laws to the effect that the undertakings contained herein, as amended, would have complied with the requirements of the Rule on the date hereof, after taking into account any amendments or official interpretations of the Rule, as well as any change in circumstances; and

(c) such amendment does not materially impair the interests of the Bondholders as determined either by an unqualified opinion of nationally-recognized bond counsel filed with the School District or by the approving vote of the Bondholders pursuant to the terms of the Resolution at the time of such amendment.

If any provision of this Disclosure Certificate is amended, the first release of the Annual Report containing any amended financial information or operating data shall explain in narrative form the reasons for the amendment and the impact of the change in the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being provided. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5 and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Default. If the School District fails to comply with any provision of this Disclosure Certificate, any Bondholder's right to enforce the provisions of this undertaking shall be limited to a right to obtain mandamus or specific performance by court order of the School District's obligations pursuant to this Disclosure Certificate. Any failure by the School District to comply with the provisions of this Disclosure Certificate shall not be an event of default with respect to the Bonds.

SECTION 11. Duties, Immunities, and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and to the extent allowed by applicable law, the School District agrees to indemnify and save the Dissemination Agent (if other than itself), its officers, directors, employees, and agents, harmless against any loss, expense, and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the School District under this Section 11 shall survive resignation or removal of the Dissemination Agent (if other than itself) and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Dissemination Agent (if other than the School District), the Participating Underwriter, and the Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated as of _____, 2025.

BOARD OF EDUCATION
OF GRADY COUNTY

By: _____
Chair

(S E A L)

Attest: _____
Secretary

Exhibit A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Grady County School District (Georgia)

Name of Bond Issue: \$14,835,000* GRADY COUNTY SCHOOL DISTRICT GENERAL OBLIGATION BONDS, SERIES 2025

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate executed by the Board of Education of Grady County, on behalf of the Issuer, as of _____, 2025. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

BOARD OF EDUCATION OF
GRADY COUNTY

Exhibit B

NOTICE OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]
relating to

\$14,835,000* GRADY COUNTY SCHOOL DISTRICT (GEORGIA)
GENERAL OBLIGATION BONDS, SERIES 2025 (the "Bonds")

CUSIP NUMBERS¹:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

[Notice of a Listed Event constituting defeasance shall include the following:

The School District hereby expressly reserves the right to redeem such refunded or defeased bonds prior to their stated maturity date in accordance with the optional/extraordinary redemption provisions of said defeased Bonds.

OR

The School District hereby covenants not to exercise any optional or extraordinary redemption provisions under the Bond Resolution; however, the sinking fund provision will survive the defeasance.

AND

The Bonds have been defeased to [maturity/the first call date, which is _____]. This notice does not constitute a notice of redemption and no Bonds should be delivered to the School District or the Paying Agent as a result of this mailing. A Notice of Redemption instructing you where to submit your Bonds for payment will be mailed _____ to _____ days prior to the redemption date.]

Dated: _____, 20__

BOARD OF EDUCATION OF
GRADY COUNTY

¹ No representation is made as to the correctness of the CUSIP number either as printed on the Bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.