

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 21, 2026

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.

\$20,000,000*
WALKER COUNTY SCHOOL DISTRICT (GEORGIA)
General Obligation Sales Tax Bonds, Series 2026

Dated: Date of Issuance

Due: October 1, as shown on inside cover

The WALKER COUNTY SCHOOL DISTRICT GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026 (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 April 1 and October 1 of each year (each an “**Interest Payment Date**”), beginning October 1, 2026. 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 Bonds” herein.

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

The Bonds are not subject to redemption prior to maturity.*

The Bonds are general obligations of the School District. Principal of and interest on the Bonds are payable first from the School District’s pro-rata share of the receipts of a special one percent (1%) sales and use tax for educational purposes. The School District reasonably expects that such receipts will be sufficient to pay all debt service on the Bonds. Nevertheless, if such receipts are insufficient, debt service on the Bonds will be paid, to the extent necessary, 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 Walker County, upon recommendation of the School District, will provide for the assessment and collection of an *ad valorem* tax on all property in the School District subject to taxation for school bond purposes, which, together with such sales and use tax collections, 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 LLC, Savannah, Georgia, Bond Counsel. Certain legal matters will be passed upon for the School District by its counsel, Womack, Rodham & Ray, P.C., LaFayette, Georgia. Gray Pannell LLC, 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 _____, 2026.



Official Statement dated: _____, 2026

*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

\$20,000,000*

WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026

<u>Maturity</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price/Yield</u>	<u>CUSIP</u> ¹
2027	\$3,620,000			
2028	3,800,000			
2029	3,990,000			
2030	4,190,000			
2031	4,400,000			

¹ CUSIP® 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.

WALKER COUNTY SCHOOL DISTRICT

Board of Education of Walker County

Phyllis Hunter, *District 5 and Chairperson*

Dr. Dennis Willerson, *District 1*

Karen Harden, *District 2*

Travis Middleton, *District 3*

Kevin Richardson, *District 4*

Appointed Officials

Damon Raines, *Superintendent*

Rachel Elliott, *Director of Financial Services*

SPECIAL SERVICES

Independent Auditor

State of Georgia Department of Audits and Accounts

Atlanta, Georgia

Attorney for the School District

Womack, Rodham & Ray, P.C.

LaFayette, Georgia

Bond Counsel and Disclosure Counsel

Gray Pannell LLC

Savannah, Georgia

Underwriter

Raymond James & Associates, Inc.

Atlanta, Georgia

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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.

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 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

\$20,000,000*

WALKER COUNTY SCHOOL DISTRICT (GEORGIA)
GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026

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 Walker County School District (the “**School District**”) of its WALKER COUNTY SCHOOL DISTRICT GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026 (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**”) and the affairs of the School District are managed by the Board of Education of Walker County (the “**Board of Education**”). The School District is coextensive with the territorial limits of Walker County except for the area located within the corporate limits of the City of Chickamauga. The City of Chickamauga has its own independent school system. Walker County is located in northwest Georgia, approximately 150 miles northwest of Atlanta, Georgia and 26 miles south of Chattanooga, Tennessee. 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. Principal of and interest on the Bonds are payable first from the School District’s *pro rata* share of the receipts of a special one percent (1%) sales and use tax for educational purposes (the “**Educational Sales Tax**”) collected within the territorial limits of Walker County for a period of time not to exceed 20 calendar quarters, which will begin being collected upon termination of the current one percent sales and use tax for educational purposes (presently anticipated to cease being collected on June 30, 2026), and then, if and to the extent necessary, from *ad valorem* taxes which may be levied, without limitation as to rate or amount, upon all taxable property subject to taxation for school bond purposes within the territorial limits of the School District. Prior to the issuance of the Bonds, the Board of Commissioners of Walker County, upon recommendation from the Board of Education, will provide for the assessment and collection of an *ad valorem* tax within the School District in an amount which, together with the Educational Sales Tax collections, 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. 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 finance the cost, in whole or in part, of acquiring, constructing, and equipping certain capital outlay projects in the School District, paying capitalized interest on the Bonds, and paying certain expenses relating to the sale and issuance of the Bonds. For more detailed information, see “THE BONDS -Estimated Sources and Uses of Funds” and “THE BONDS -The Projects.”

* The use of the asterisk (*) throughout this Preliminary Official Statement indicates information which is subject to change.

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 redemption by the School District prior to their respective maturities.*

Denominations. The Bonds will be issued in denominations 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 April 1 and October 1 of each year (each an “**Interest Payment Date**”), beginning October 1, 2026. 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 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.”

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 of the Board of Education of Walker County authorizing the issuance of the Bonds adopted on _____, 2026 (the “**Resolution**”). The issuance of the Bonds was approved by a majority of the votes cast in the School District in a sales and use tax referendum held in Walker County on March 18, 2025.

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 LLC, Bond Counsel.

Delivery. The Bonds in definitive form are expected to be delivered through DTC in New York, New York on or about _____, 2026.

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 Section 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 LLC, 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 for the School District by its counsel, Womack, Rodham & Ray, P.C., LaFayette, Georgia. Gray Pannell LLC, Savannah, Georgia, is serving as Disclosure Counsel. The general purpose financial statements of the School District as of June 30, 2025, and for the fiscal 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.

Continuing Disclosure

The Board of Education will sign a Continuing Disclosure Certificate on the date of the sale of the Bonds, which will allow the Underwriter of the Bonds to comply with Securities and Exchange Commission Rule 15c2-12(b)(5). See “Appendix C: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE.”

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, 3050 Peachtree Road, N.W., Suite 702, 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 Walker County, 301 N Cherokee Street, P. O. Box 29, LaFayette, Georgia 30728.

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THE BONDS

Description

The Bonds, dated the date of issuance and delivery, will bear interest at the rates per annum, calculated on the basis of a 360-day year of twelve 30-day months, and mature on October 1 in the years and amounts, set forth on the inside cover page hereof. Interest shall be payable on April 1 and October 1 of each year, beginning October 1, 2026.

Redemption

The Bonds are not subject to redemption prior to maturity.*

Book-Entry Only System of Delivery of 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, 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.

Payment of principal, premium, if any, and interest on Bonds not existing in Book-Entry Form shall be made as provided in such Bonds.

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 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 the Sales Tax for Educational Purposes, codified in Official Code of Georgia Annotated (“O.C.G.A.”) § 48-8-140 through § 48-8-143, and (iii) the Resolution. The Board of Education and the Board of Education of the City of Chickamauga adopted a concurrent resolution on December 19, 2024, reimposing the Educational Sales Tax within Walker County and authorizing, among other things, the issuance of general obligation debt of the School District in the maximum aggregate principal amount of \$20,000,000, conditioned upon approval by a majority of the qualified voters residing within Walker County voting in an election thereon called for March 18, 2025 (the “**Election**”). The resolution calling the Election and the notice of Election stipulated an interest rate for the Bonds not exceeding 6.0% per annum. The Election was held in accordance with Article 14 of Chapter 2 of Title 21 of O.C.G.A. The canvass of the Election showed 1,089 “Yes” votes and 497 “No” votes, a 68.6% approval rate county-wide, and 961 “Yes” votes and 465 “No” votes in the School District (not including the City of Chickamauga), a 67.4% approval rate. Subsequent to such approval, the Board of Education adopted the Resolution authorizing and regulating the issuance of the Bonds.

Validation of the Bonds

On July 17, 2025, the Superior Court of Walker 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 \$20,000,000, and the security therefor, in accordance with the procedures of Article 2 of Chapter 82 of Title 36 of Official Code of Georgia Annotated (Civil Action No. 2025SUCV000411).

Estimated Sources and Uses of Funds*

Sources of Funds:

Proceeds from Sale of Bonds¹ \$ _____
Total Sources of Funds: \$ _____

Uses of Funds:

Costs of Projects² \$ _____
Capitalized Interest \$ _____
Costs of Issuance³ \$ _____

Total Uses of Funds: \$ _____

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

²See “THE BONDS -The Projects.”

³Includes 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 construction fund (the “**Construction Fund**”) created by the Board of Education pursuant to the terms of the Resolution.

The Projects

Description of the Projects. The proceeds of the Bonds will fund in part the following projects, as approved by the voters in the election (a) renovations, additions, improvements, and equipping of existing schools; (b) acquisition, constructing/enhancing, and equipping of CTAE (Career, Technical, and Agricultural Education), Fine Arts, and Athletic facilities; (c) acquisition and equipping of safety and security equipment for educational and central office services building and/or facilities; (d) acquisition, construction, and equipping of auxiliary gymnasiums at Chattanooga Valley, LaFayette, Rossville, and Saddle Ridge Middle Schools; (e) acquisition and equipping of school buses, and maintenance vehicles and equipment; (f) paving and repairing of parking lots and entrance roads; (g) acquisition and upgrading of technology, computers and e-books, including expansion of the technology plan to improve student to device ratio; (h) acquisition of any property, both real and personal, and equipment necessary in connection with the above-described capital outlay projects, and future school, facilities, administrative offices, support services, and other purposes of the Walker County School District (collectively, the “**Projects**”).

All plans and specifications for major construction projects are approved by the Board of Education and, when required, submitted to the Facilities Services Unit of the State of Georgia Department of Education for approval. After the plans and specifications are approved, the Board of Education will solicit bids for general contractors. After this selection and approval, the general contractors will select the construction subcontractors.

Contractors engaged in the construction of the Projects will be required to obtain performance and payment bonds, a certificate of insurance for general liability, a certificate of insurance for workers’ compensation, a certificate of insurance/auto liability and excess liability, and evidence of property insurance for builder’s risk.

The Board of Education anticipates that the primary construction related projects to be financed with proceeds from the sale of the Bonds will be completed by no later than September 1, 2027. Although

the Board of Education believes it can achieve this construction schedule, unforeseen circumstances can occur which may delay completion of the Projects.

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, proceeds of the Educational Sales Tax above the amount required for payment of principal of and interest on the Bonds, together with investment earnings thereon, 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. See “THE BONDS -Estimated Sources and Uses of Funds” herein.

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. Currently, the School District has qualified for reimbursement under the State capital outlay program for \$3,858,527.

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 in the Resolution and will be disbursed by the School District 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, and no others:

(a) investments and reinvestments in the local government investment pool created in O.C.G.A. § 36-83-8; or

(b) investment in the following securities and no others:

(1) bonds or other obligations of the issuer, or bonds or obligations of the State of Georgia or other states or other counties, municipal corporations, and political subdivisions of the State of Georgia;

(2) bonds or other obligations of the United States or of subsidiary corporations of the United States government, which are fully guaranteed by such government;

(3) 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 a nationally recognized rating service of at least one of the three highest rating categories available and have a nationally recognized market;

(4) 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;

(5) certificates of deposit of national or state banks located within the State of Georgia 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 of Georgia 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 of Georgia or with a trust office within the State of Georgia, 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 of Georgia or other states or any county or municipal corporation in the State of Georgia, obligations of the United States or subsidiary corporations included in paragraph (2) above, obligations of the agencies and instrumentalities of the United States government included in paragraph (3) above, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (4) above;

(6) 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:

(A) the portfolio of such investment company or investment trust or common trust fund is limited to the obligations referenced in paragraphs (2) and (3) above and repurchase agreements fully collateralized by any such obligations;

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

(C) 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

(D) 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 of Georgia; and

(7) 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. The proceeds of the Educational Sales Tax and the proceeds of any *ad valorem* tax assessed to pay the principal of and interest on the Bonds shall be placed in a Debt Service Account (the “**Debt Service Account**”) to be used exclusively for the purposes specified herein and in the Resolution. The beneficial interest in the money in the Debt Service Account shall be considered to be in the owners of the Bonds. Such money shall be held and kept separate and apart from all other revenues collected by the School District. The Debt Service Account shall be in the custody of the Debt Service Account Custodian designated in the Resolution, but in the name of the Board of Education. Money in the Debt Service Account shall be invested pursuant to O.C.G.A. § 36-80-3 and O.C.G.A. § 36-83-4.

O.C.G.A. § 36-80-3 provides that the governing body of the School District, or the financial officer to whom the Board of Education has delegated investment authority pursuant to O.C.G.A. § 36-80-4, in addition to other legal investments, may invest and reinvest money subject to its control and jurisdiction in:

(a) obligations of the United States and of its agencies and instrumentalities;

(b) bonds or certificates of indebtedness of the State of Georgia and of its agencies and instrumentalities; and

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

O.C.G.A. § 36-83-4 provides that the governing body of the School District, or the financial officer to whom the Board of Education has delegated investment authority, may invest and reinvest money subject to its control and jurisdiction in:

- (a) obligations of the State of Georgia or of other states;
- (b) obligations issued by the United States government;
- (c) obligations fully insured or guaranteed by the United States government or by one of its agencies;
- (d) obligations of any corporation of the United States government;
- (e) prime bankers’ acceptances;
- (f) the local government investment pool established by O.C.G.A. § 36-83-8;
- (g) repurchase agreements; and
- (h) obligations of other political subdivisions of the State of Georgia.

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 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 Walker 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 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 percent of the assessed value of taxable property within the territorial limits of the School District. Any liability on such debt which is not satisfied from the proceeds of the Educational Sales Tax shall be satisfied from the general fund of the School District, in which event the principal of and interest on the Bonds will be payable from *ad valorem* taxes levied, without limitation as to rate or amount, upon all taxable property within the School District which is subject to taxation for school bond purposes, in an amount sufficient to pay the principal of and interest on the Bonds.

Prior to the issuance of the Bonds, the Board of Commissioners of Walker County, 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 sufficient to pay the principal of and interest on the Bonds to the extent such principal of and interest is not satisfied from the Educational Sales Tax collections 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 Debt Service Account to be used exclusively for paying the principal of and interest on the Bonds.

Security From Educational Sales Tax. Payment of the principal of and interest on the Bonds is secured by, and will be first payable from, the School District’s *pro rata* share of the Educational Sales Tax. Said tax is expected to begin being levied in Walker County at the rate of 1% on July 1, 2026, and will be collected for a period of time not to exceed 20 calendar quarters and the raising of not more than \$62,000,000. The School District’s *pro rata* share (86.6%) of the Educational Sales Tax will be used to pay principal of and interest on the Bonds and may be used to pay certain costs of the Projects.

The School District has pledged the total receipts and credits of the Educational Sales Tax received by it for the payment of the Bonds. The School District 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. The Board of Education estimates that the receipts of the Educational Sales Tax will be sufficient to meet all debt service requirements on the Bonds.

All funds provided by the Educational Sales Tax and any amount required from the general fund of the School District are irrevocably pledged to and appropriated for the payment of the principal of and interest on the Bonds so that all of the Bonds, as to both principal and interest, shall be fully paid as the same mature and become due. The costs of the Projects may be paid from proceeds of the Educational Sales Tax and not from proceeds of the Bonds; provided, however, that no part of the proceeds from the Educational Sales Tax received by the School District in any year shall be used for payment of such purposes until all debt service requirements of the Bonds for that year have first been satisfied from the Debt Service Account.

Pursuant to Article VIII, Section VI, Paragraph IV of the Constitution of Georgia and Article 4 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 Walker 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 Walker 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 Walker 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 the Projects or purposes for education 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.

Under Georgia law, the net proceeds of a sales and use tax for educational purposes is distributed between a county school district and an independent school district located in such county according to the ratio the student enrollment in the county school district and the independent school district each bear to the total of such student enrollment. Student enrollment is based on the latest count prior to the election on the question of imposing such tax.

Historical Sales Tax Data. The Educational Sales Tax has been collected continuously in the County since July 1, 1997 and has been renewed by the voters six times. The net proceeds of the prior educational sales tax (the "**Prior Educational Sales Tax**") were distributed 86.4% to the School District and 13.6% to the City of Chickamauga School District. The Educational Sales Tax was approved by the majority of the voters of the County voting in an election held for such purposes on March 18, 2025, and will be distributed 86.6% to the School District and 13.4% to the City of Chickamauga School District. The Prior Educational Sales Tax is expected to cease being collected on June 30, 2026. The Educational Sales Tax will begin being collected upon the expiration of the Prior Educational Sales Tax.

Set forth below is the total amount of the Educational Sales Tax distributed by the Collection Agent, and the School District’s share thereof, as of December 31 in the years 2021 through 2025 and for January through March, 2026.

<u>Year</u>	<u>Total Distributions of the Educational Sales Tax</u>	<u>Walker County School District’s Share of the Educational Sales Tax</u>	<u>Percentage Change of Total Distributions</u>
2021	\$7,177,862	\$6,244,706	--
2022	8,238,558	7,139,903	14.78%
2023	8,922,711	7,717,478	8.30
2024	9,314,333	8,047,595	4.39
2025	10,031,004	8,666,814	7.69
2026	2,428,472	2,098,200	1.49 ¹

¹Percentage is based upon January through March total for calendar year 2025 compared to 2026.

Source: State of Georgia Department of Revenue.

The historical Educational Sales Tax data presented above should not be considered to represent future results that may be obtained by the School District from Educational Sales Tax collections. 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.

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 Debt Service Account Custodian is required to transfer 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) there shall not be on deposit in the Debt Service Account an amount sufficient to pay in full the interest 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 Debt Service Account Custodian 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 Debt Service Account Custodian not less than two business days prior to such payment date.

State Funding. Set forth below is the total amount of State funding received by the School District for fiscal years 2021 through 2025.

<u>Year</u>	<u>Amount</u>
2021	\$67,505,648.26
2022	69,125,171.72
2023	70,287,639.69
2024	78,163,144.85
2025	85,838,391.16

Source: State of Georgia Department of Education.

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.

Estimated Debt Service Schedule for the Bonds*

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

Payment Date	Principal*	Interest	Total Debt Service Requirements
10/01/2026	-		
04/01/2027	-		
10/01/2027	\$3,620,000		
04/01/2028	-		
10/01/2028	3,800,000		
04/01/2029	-		
10/01/2029	3,990,000		
04/01/2030	-		
10/01/2030	4,190,000		
04/01/2031	-		
10/01/2031	4,400,000		
TOTAL	\$20,000,000		

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THE SCHOOL DISTRICT

Introduction

The Walker County School District is a political subdivision of the State of Georgia, the boundaries of which comprise all of Walker County (the “**County**”) except the area located within the corporate limits of the City of Chickamauga. The City of Chickamauga has its own school system. The School District is separate from and legally and fiscally independent of Walker County, the City of Chickamauga School System, and all other political subdivisions of the State of Georgia. The School District is vested, pursuant to constitutional authority, with the power to conduct a system of public education within its boundaries. The School District operates public schools in unincorporated portions of the County and in the incorporated cities of LaFayette, Rossville, and Lookout Mountain, Georgia.

Board of Education

Under Georgia law, the organization, management, and control of the School District is vested in the Board of Education which was created by Article VIII, Section V, Paragraph I of the Constitution of the State of Georgia of 1945. Said constitutional provision was continued as a part of the Constitution of the State of Georgia of 1983, all pursuant to an Act of the General Assembly of the State of Georgia and has been modified by various acts of the Georgia General Assembly.

To be eligible to serve as a member of the Board of Education a person must be at least 21 years of age, a qualified and registered voter of Walker County entitled to vote for members of the Georgia General Assembly, and reside in the education district from which the person is seeking office.

The current method of electing the members of the Board of Education was established by a Local Act of the General Assembly (Ga. Laws 1968, p. 2235 *et seq.*, as amended by Ga. Laws 1972, p. 2647 *et seq.*). The legislation provides for a Board of Education consisting of five members, with one member being elected from each of the five education districts by the qualified voters of Walker County residing outside the corporate limits of the City of Chickamauga. Each member’s term is four years.

Vacancies occurring within the first two years of a term of office shall be filled by the remaining members electing a successor who shall be a resident of the education district from which the vacancy occurs to serve until the next general election. Vacancies occurring within the last two years of a term of office shall be filled by the remaining members electing a successor who shall be a resident of the education district from which the vacancy occurs to serve out the unexpired term of office.

The names and terms of all current Board members as of are set forth below.

<u>Name</u>	<u>Expiration Date of Current Term</u>	<u>Years in Office</u>	<u>Principal Occupation</u>
Phyllis Hunter, <i>Chair</i>	December 31, 2028	22	Accountant/CPA
Dr. Dennis Willerson	December 31, 2028	2	Retired School Psychologist
Karen Harden, <i>Vice Chair</i>	December 31, 2026	4	Retired
Travis Middleton	December 31, 2026	2	Supply Chain Coordinator
Kevin Richardson	December 31, 2028	1	Educator

Administration

School Superintendent. The Board of Education appoints the Superintendent of Schools of Walker County who is the executive officer of the Board of Education and the Secretary of the Board of Education. Damon Raines has been the School Superintendent since July 1, 2012. Mr. Raines is responsible for the day-to-day operations of the School District. Mr. Raines spent twelve years in retail management prior to entering the field of education. Mr. Raines began his career in education in 2001 as a special education teacher with Northwest Georgia RESA. Mr. Raines served Catoosa County Schools for eleven years as a special education teacher, elementary school assistant principal, elementary principal, and Director of Operations before coming to Walker County Schools to serve as School Superintendent in

2012. Mr. Raines received a Bachelor of Science degree from Covenant College, a Masters of Education degree from the University of Tennessee, and an Educational Specialist degree from Lincoln Memorial University.

Director of Financial Services. Rachel Elliott has been Director of Financial Services since July 2019, when she was appointed by the Board of Education. Mrs. Elliott came to Walker County Board of Education as Accounting Manager, November 5, 2018. She previously served over 32 years at the Hamilton County Department of Education, Tennessee, with almost 18 years in the Finance Department. Mrs. Elliott received her Bachelor of Science Degree in Business Administration: Accounting in 1996 and her Master’s of Accountancy in 2003 from the University of Tennessee at Chattanooga. She also holds her CPA license in Tennessee.

Operations

The School District serves all of the area within the County except the area located within the corporate limits of the City of Chickamauga. Funds for the general maintenance and operation 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 of the County, 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 of Georgia 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 Georgia, as established by the State of Georgia Department of Education. Funds received from the federal government are primarily for programs for disadvantaged and disabled students and for the school food service program. During fiscal years 2021 through 2025, approximately 30% of the School District’s general fund revenues were derived from local sources, 57% from state sources (including State of Georgia lottery proceeds), and 13% from federal sources.

Employees, Employee Relations, and Labor Organizations

The School District had approximately 1,483 employees as of October 30, 2025, in the following categories:

<u>Category</u>	<u>Employees</u>
Classroom teachers	729
Administrators and Supervisors	55
Librarians, Guidance Counselors, and Social Workers	49
Aides, Clerical Personnel and Other	349
Transportation and Maintenance Personnel	121
Food Service Personnel and Custodians	<u>180</u>
Total	<u>1,483</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.

2025-2026 School Term

The major capital improvements planned by the School District for the next five years and the anticipated sources of funds for these improvements are described in “THE BONDS - The Projects.”

There are currently 729 certificated personnel serving 8,261 students in the various schools. Specialists are available in the fields of speech, hearing, vision, learning disabilities, emotional and behavior support, physically impaired, mentally impaired, hospital/homebound, and gifted children. The 2025-2026 estimated pupil-classroom teacher ratio for all schools is 11:1 (this does not include non-teaching personnel such as counselors and librarians).

All teachers in the school system hold a bachelor’s degree, many have a master’s degree, and some have a specialist’s or doctoral degree. Most have a continuing interest in professional and personal growth through formal study and staff development workshops.

All schools in the school system are accredited by the Southern Association of Colleges and Schools and have met the requirements for Standard Schools as set forth by the Georgia Department of Education.

Schools

The present facilities of the School District’s school system consist of nine elementary schools, three middle schools, one school with both elementary school and middle school grades (PreK-8th), and two high schools. In addition, the School District has one maintenance facility, two transportation facilities, and three office facilities. Set forth below is information concerning the schools in the School District¹:

<u>Schools</u>	<u>Grades</u>	<u>Enrollment</u> ²	<u>Site (Acres)</u>	<u>Year Occupied</u> ³	<u>Number of Classrooms</u>	<u>Special Rooms</u> ⁴	<u>Portable Rooms</u>
Chattanooga Valley Elementary	PreK-5	422	9.0	1950	40	13	0
Cherokee Ridge Elementary	PreK-5	561	22.5	1998	35	9	2
Fairyland Elementary	PreK-5	295	9.4	1931	26	6	0
Gilbert Elementary	PreK-5	479	14.0	1994	29	9	0
Naomi Elementary	PreK-5	327	10.0	1950	32	6	0
North LaFayette Elementary	PreK-5	407	15.8	1999	34	11	0
Rock Spring Elementary	PreK-5	395	18.7	2000	36	9	0
Rossville Elementary	PreK-5	413	11.0	1992	34	9	0
Stone Creek Elementary	PreK-5	453	15.1	1969	26	9	0
Saddle Ridge Elem & Middle	PreK-8	751	94.5	2013	35	12	0
Chattanooga Valley Middle	6-8	435	37.6	2005	22	21	0
LaFayette Middle	6-8	499	29.0	1977	33	11	0
Rossville Middle	6-8	468	31.4	2008	23	22	0
LaFayette High	9-12	1,080	92.0	1998	44	21	1
Ridgeland High	9-12	<u>1,250</u>	47.0	1989	<u>53</u>	<u>26</u>	<u>0</u>
TOTALS		<u>8,235</u>			<u>502</u>	<u>194</u>	<u>3</u>

¹ The central office moved into its newly renovated facility (October-December 2023). Currently one transportation facility and the prior office facility are not being used. The buildings are still owned by the School District and could be repurposed or sold in the future. Beginning with the 2024-2025 school year, the downstairs portion of the old Central Office building is being used for the special education Project Search Program. The upstairs portion of the building is being rented by the Magistrate Court, effective February 2025.

² For the 2025-2026 School Year, as of the FTE Count March 5, 2026.

³ Dates given refer to the earliest construction. Classrooms and/or buildings may have been added in subsequent years.

⁴ Special Rooms include cafeterias, libraries, shops, gymnasiums, auditoriums, and art, music, and special education classrooms.

Enrollment

Set forth below is information concerning enrollment in the School District over the past five school years, including the current school year, based on FTE counts conducted in March of each school year. FTE reports are taken on the first Tuesday in October and March 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>Totals</u>
2021-2022	318	681	676	617	625	587	617	582	663	639	695	561	528	552	8,341
2022-2023	347	639	682	677	632	629	578	579	577	647	707	609	532	520	8,355
2023-2024	346	672	649	669	656	640	626	573	582	583	730	605	560	543	8,434
2024-2025	333	624	659	637	655	668	632	618	569	572	647	631	556	596	8,397
2025-2026	316	595	618	642	633	661	655	622	597	566	587	566	599	578	8,235

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

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 June 30, 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, 2026</u>	<u>Amount to be Outstanding Upon Issuance of the Bonds</u>
<i>General Obligation Bonds</i> ¹			
The Bonds	\$20,000,000*	\$-0-	\$20,000,000*
Series 2021 Bonds	<u>16,500,000</u>	<u>6,750,000</u>	<u>6,750,000</u>
Totals:	<u>\$36,500,000*</u>	<u>\$6,750,000</u>	<u>\$26,750,000*</u>

¹ These are general obligations of the School District to which its full faith and credit and taxing power are pledged. Debt service on the Series 2021 Bonds is payable first from the School District receipts of the Prior Educational Sales Tax, and the Bonds are payable first from the School District's receipts of the Educational Sales Tax.

Long and Short-Term Indebtedness

The School District has no plans to issue any other short term obligations and no plans to issue any long term indebtedness other than the Bonds.

Estimated Aggregate Debt Service Schedule*

Set forth below are the principal and interest payment requirements of the School District with respect to the Series 2021 Bonds and the Bonds.

Payment Date	Series 2021 Bonds		Series 2026 Bonds*		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	
10/01/2026	\$3,350,000.00	\$168,750.00	-	-	
04/01/2027	-	85,000.00	-	-	
10/01/2027	3,400,000.00	85,000.00	\$3,620,000.00	-	
04/01/2028	-	-	-	-	
10/01/2028	-	-	3,800,000.00	-	
04/01/2029	-	-	-	-	
10/01/2029	-	-	3,990,000.00	-	
04/01/2030	-	-	-	-	
10/01/2030	-	-	4,190,000.00	-	
04/01/2031	-	-	-	-	
10/01/2031	-	-	4,400,000.00	-	
TOTAL	\$6,750,000.00	\$338,750.00	\$20,000,000.00	-	

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, 2025, the School District could incur, upon necessary voter approval, immediately after the issuance of the Bonds, approximately \$246,903,620* of long-term obligations payable out of general property taxes. Assessments for the year 2026 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 2025.

Computation of Legal Debt Margin

Gross Tax Digest for the School District as of January 1, 2025	\$3,051,758,561
Less Bond Exemptions	<u>(315,222,360)</u>
Net Bond Tax Digest	\$2,736,536,201
Debt Limit (10% of Net Bond Tax Digest).....	\$273,653,620
Less Amount of Debt Outstanding, after Issuance of the Bonds, Applicable to Debt Limit	<u>(26,750,000)*</u>
Legal Debt Margin.....	<u>\$ 246,903,620*</u>

Source: Walker County Tax Commissioner.

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.

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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 debt obligations of Overlapping Entities. Such data also includes revenue bonds or other debt obligations supported by utility revenues that are not supported or secured by property taxes. 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>Name of Overlapping Entity and Type of Overlapping Obligation</u>	<u>Outstanding Debt</u>
Walker County ¹	\$-0-
City of Fort Oglethorpe ² <i>Revenue Bonds</i>	11,470,000
City of LaFayette ³ <i>Notes Payable</i>	10,603,437
<i>Revenue Bonds</i>	3,575,000
City of Rossville ³	<u>-0-</u>
Total	<u>\$ 25,648,437</u>

¹ As of September 30, 2025.

² As of December 31, 2025.

³ As of September 30, 2024.

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SCHOOL DISTRICT FINANCIAL INFORMATION

Five-Year 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 five fiscal years. Information in the following table for fiscal years 2021 to 2025 has been extracted from audited financial statements of the School District for the years ended June 30, 2021 to June 30, 2025. 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 2025, which are included in this Official Statement as Appendix A, and to the audited financial statements of the School District for fiscal years 2021 to 2024, copies of which are available from the School District upon request.

	2021	2022	2023	2024	2025
Revenues					
Property Taxes	\$23,922,374.70	\$27,054,679.02	\$30,163,220.88	\$35,819,784.83	\$39,108,202.33
Sales Tax	872,466.44	956,359.46	558,150.13	780,437.56	1,059,941.93
State Funds	67,506,648.26	69,125,171.72	70,287,639.69	78,163,144.85	85,838,391.16
Federal Funds	14,034,563.56	26,465,283.35	21,207,695.82	19,037,143.55	15,808,834.30
Charges for Services	771,192.38	918,295.36	1,662,563.94	1,534,461.29	972,188.40
Investment Earnings	120,455.80	193,983.73	706,012.75	903,398.12	984,307.93
Miscellaneous	2,653,072.29	4,070,296.39	4,440,933.14	4,521,081.21	4,577,488.95
Total Revenues	109,879,773.43	128,784,069.03	129,026,216.35	140,759,451.41	148,349,355.00
Expenditures					
Instruction	64,629,129.55	75,762,657.55	78,087,940.19	84,499,528.43	89,145,042.44
Support Services					
Pupil Services	4,775,160.53	5,466,390.55	6,225,034.75	6,575,160.56	7,430,068.91
Improvement of Instruct Services	2,463,774.46	3,882,755.06	4,119,889.12	4,389,505.53	4,178,067.98
Educational Media Services	1,391,716.65	1,703,567.60	1,788,094.31	1,848,172.59	1,974,622.44
General Administration	491,573.28	524,549.76	673,086.00	653,674.51	718,913.38
School Administration	6,552,627.43	7,327,780.52	7,768,898.39	8,287,789.86	8,909,881.80
Business Administration	560,816.79	664,645.80	1,023,750.26	1,128,323.46	1,307,309.05
Maintenance and Operation of Plant	7,351,468.73	8,074,948.77	9,060,687.12	10,322,174.30	10,097,940.90
Student Transportation Services	4,930,729.70	5,888,088.90	6,518,704.93	7,339,808.18	6,846,327.71
Central Support Services	361,419.15	420,452.62	484,202.14	483,042.46	574,932.05
Other Support Services	371,498.06	401,188.93	409,709.79	398,433.76	426,330.07
Community Services	135,778.53	132,747.44	198,931.74	208,479.59	167,366.88
Food Services Operation	5,526,764.94	6,592,820.79	7,672,920.75	7,707,704.25	8,149,521.95
Capital Outlay	--	--	--	--	62,634.15
Debt Service					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Total Expenditures	99,542,457.80	116,842,594.29	124,031,849.49	133,841,797.48	139,988,959.51
Excess of Revenues over (under) Expenditures	10,337,315.63	11,941,474.74	4,994,366.86	6,917,653.93	8,360,395.49
Other Financing Source (Uses)					
Transfers In	--	--	--	--	--
Transfers Out	--	--	(75,192.58)	(5,195,399.26)	(757,021.80)
Total Other Financing Sources	--	--	(75,192.58)	(5,195,399.26)	(757,021.80)
Net Change in Fund Balances	10,337,315.63	11,941,474.74	4,919,174.28	1,722,254.67	7,603,373.69
Fund Balance Beginning of Year	10,321,663.13	20,658,978.76	32,600,453.50	37,519,627.78	39,241,882.45
Fund Balance End of Year	\$20,658,978.76	\$32,600,453.50	\$37,519,627.78	\$39,241,882.45	\$46,845,256.14

Budgetary Process

General Description. The School District’s 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 process begins when the School District’s administration prepares a tentative, aggregated budget for the Board of Education’s approval. After approval of this tentative budget by the Board of Education, such budget is advertised at least once in a newspaper of general circulation in the County. At the next regular meeting of the Board of Education after advertisement, the Board of Education receives comments on the tentative budget, makes revisions as necessary, and adopts a final school budget. This final budget is then submitted, in accordance with provisions of the Quality Basic Education Act, O.C.G.A. § 20-2-167, to the State Board of Education.

The Board of Education prepares its budget on the modified accrual basis, which is the same basis on which it presents its financial statements.

For further discussion on the School District’s budgetary process and data, see Note 3 of the general purpose financial statements of School District included as Appendix A to this Official Statement.

Current General Fund Budget. Set forth below is a summary of the School District’s General Fund budget for the fiscal year ending June 30, 2026, as originally adopted and as of the December 2025 amendment. 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 this budget will depend upon implementation by management of policies and procedures consistent with the assumptions. Accordingly, the actual results achieved could materially vary from those projected in the budget shown.

Adopted General Fund Budget for the Fiscal Year Ending June 30, 2026

<i>Revenues</i>	<u>Original</u>	<u>Amended</u>
Local Revenue	\$42,258,300	\$42,258,300
State Sources (QBE & Grants)	77,085,575	77,185,575
Other Sources (Grants & Other Agencies) .	<u>2,258,250</u>	<u>2,256,250</u>
Total Revenues.....	<u>\$121,600,125</u>	<u>\$121,700,125</u>
<i>Expenditures</i>		
Current		
Instruction	\$85,429,465	\$83,235,832
Pupil Services	6,782,549	9,655,883
Instructional Services.....	2,967,121	2,990,070
Instructional Staff Training.....	375,530	503,232
Media Services.....	2,032,232	2,360,005
General Administration.....	610,637	631,064
School Administration	9,068,780	9,221,635
Business Services.....	1,515,610	1,522,206
Maintenance and Operations.....	11,103,339	10,932,881
School Safety & Security.....	1,031,385	1,031,385
Transportation.....	8,465,054	8,876,265
Support Services	622,433	573,163
Other Support Service.....	469,776	454,625
School Nutrition & On-Behalf	=	191,779
Outgoing Transfers & Debt Service	<u>685,379</u>	<u>601,250</u>
Total Expenditures.....	<u>\$131,159,290</u>	<u>\$132,781,275</u>

Source: Board of Education of Walker County.

Accounting Policies

The financial statements of the School District are 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 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.

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.

Independent Auditor’s Reports

Fiscal Years 2021 - 2025. The auditors state that the general purpose financial statements of the School District for the fiscal years ended June 30, 2021 through June 30, 2025, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary activities of the School District as of each respective fiscal year, and the respective changes in financial position thereof for each respective year then ended in conformity with accounting principles generally accepted in the United States of America.

Retirement Plans

The School District participates in various retirement plans administered by the State of Georgia as further explained in “Note 14: Retirement Plans” of the general purpose financial statements of School District included as Appendix A to this Official Statement. Reference is made to Note 14 of the general purpose financial statements of the School District included as Appendix A for a description of the School District’s retirement plans which describes, among other things, the benefits provided, contributions required, pension liability and expense and actuarial assumptions.

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 13 of the basic financial statements of the School District included as Appendix A for a description of the School District’s post-employment benefits which describes, among other things, the benefits provided, contributions required, OPEB liability and OPEB expense and actuarial assumptions.

Other Employee Benefits

The School District offers participation in group benefit plans for health insurance, life insurance, long-term and short-term disability insurance, dental and cancer insurance, personal days off for holidays, and educational opportunities. Vacation leave of 10 days is awarded on a fiscal year basis to all full time personnel employed on a 12-month basis. Five days of vacation is awarded on a fiscal year basis to all 11-month employees. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation does not exceed 30 days. Employees covered by Teachers Retirement System of Georgia (TRS) may apply unused personal and sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the School District. Otherwise, sick leave does not vest with the employee. Some employees are also covered under statutory plans for social security and all employees are covered under plans for workers’ compensation.

Governmental Immunity and Insurance Coverage

Governmental 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. Except as described below, the School District carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Worker’s Compensation. The School District has established a limited risk management program for workers’ compensation claims. Prior to August 1, 2022, the School District was self-insured for workers’ compensation. In connection with this program, a self-insurance reserve has been established within the general fund by the School District. 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. An excess coverage insurance policy covers individual claims in excess of \$1,000,000.00 loss per occurrence, up to the statutory limit.

Effective August 1, 2022, the School District became fully insured for workers’ compensation. 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 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. The Trust currently self-funds aggregate excess insurance as approved by the Department of Insurance annually.

See Note 8 of the general purpose financial statements of School District included as Appendix A to this Official Statement for a summary of changes in the workers’ compensation claims liability during the last two fiscal years.

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 changes in the unemployment compensation claims liability during the last two fiscal years.

The School District purchased a surety bond to provide additional insurance coverage in the amount of \$50,000 for the Superintendent.

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SCHOOL DISTRICT AD VALOREM TAXATION

Introduction

Ad valorem property taxes accounted for an annual average of approximately 23.6% of the general fund revenues of the School District for the fiscal years ended June 30, 2021, through June 30, 2025. *Ad valorem* property taxes are levied annually in mills (one tenth of one percent) upon each dollar of assessed property value. The School District uses county-assessed valuations for real and personal property.

County and county school *ad valorem* taxes are collected by the county tax commissioner. Even though the official due date for *ad valorem* tax payment is December 20th, the local governing authority may adopt a resolution changing the official due date for tax payment to December 1st or November 15th, or may implement installment billing with multiple due dates. Each taxpayer shall be afforded 60 days from date of postmark of the tax bill to make full payment of taxes due before the interest accrues. In addition to interest, delinquent taxes may accrue penalties on unpaid balances. Municipal governing authorities also levy *ad valorem* tax and the city clerk is responsible for billing and collecting the city tax. In some counties, the municipal and county governments have entered an agreement to have the county tax commissioner collect all taxes in a single billing. In all counties, only the county tax commissioner is authorized to collect tax on motor vehicles.

Property Subject to Taxation

Ad valorem property taxes are levied, based upon value, on real and personal property within the School District subject to taxation for school bond purposes. The boundaries of the School District are coextensive with the territorial limits of the County excluding the area located within the corporate limits of the City of Chickamauga. 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, mobile 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. Taxpayers can make application for the statewide homestead exemptions, which are as follows:

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.

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.

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 unmarried 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 unmarried 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.

Local Homestead Exemptions. Walker County allows various reductions in assessed value and certain exemptions from *ad valorem* taxation for school purposes, including an exemption on M&O school taxes for persons 75 years of age or older with adjusted gross income of \$15,000 or less up to the value of the homestead and an exemption on M&O taxes for persons 70 years of age or older for \$50,000 of the assessed value of the homestead. These local exemptions apply to county school taxes on the home and up to 5 contiguous acres of land. The exemptions do not apply to taxes levied for school bond purposes.

Additionally, The School District is subject to the Save Our Homes Act local option floating homestead exemption. 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 by limiting increases in taxable value of the homestead. 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 in lieu of market increases. The floating homestead exemption took effect for all taxable years on and after January 1, 2025. The School District cannot predict at this time what impact the new exemption will have on the School District's ad valorem tax revenues in future years.

Freeport Exemptions. 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. 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 is also subject to tax incentive agreements, usually in the form of property tax abatements, that the County'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. For the year ended June 30, 2025, the School District property tax revenues were reduced by \$2,234,970.38 under agreements entered into by the County's development authority.

Annual Tax Levy

The School District does not have the power to levy *ad valorem* property taxes. The Board of Commissioners of Walker County annually levies the *ad valorem* property taxes for the School District. The Board of Education is required by Georgia law to certify annually to the Board of Commissioners of Walker County 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 Georgia law, the Board of Commissioners of Walker County 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, except where a school system had in effect on June 30, 1983, a millage rate in excess of 20 mills. On June 30, 1983, the rate of levy in effect for support and maintenance of the School District was 30 mills and that is the School District's present millage limitation for support and maintenance. The millage limitation for a school system may be increased or removed by action of the board of education of the affected school system, but only after such action has been approved by a majority of the qualified voters of the school system.

Under Georgia 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 20, 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 tax 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 sheriff may issue an execution for nonpayment of taxes. The sheriff 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 sheriff at the Walker 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.

Property 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. A re-evaluation was completed by the Tax Assessor's office in 2023, which significantly increased some of the assessed values.

<u>Categories¹</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Agriculture	\$132,216,619	\$161,490,973	\$227,491,269	251,230,353	\$292,578,841
Commercial	156,011,737	166,618,208	197,235,131	222,208,150	251,660,310
Industrial	80,731,195	83,249,804	96,023,768	113,573,945	86,942,824
Forest Land Cons Use	189,453	189,453	271,022	303,546	349,587
Preferential	370,237	392,323	641,161	825,179	867,786
Qualified Timberland	316,645	63,565	0	33,737	35,362
Residential	1,112,178,083	1,432,086,837	1,814,969,150	1,969,796,969	2,107,547,103
Residential Transitional	254,311	264,922	274,098	340,825	0
Conservation Use	85,537,552	85,310,542	155,582,798	199,222,413	215,659,958
Public Utility ²	40,933,300	43,864,727	47,732,578	53,608,132	57,217,769
Motor Vehicles ³	21,743,600	19,585,190	19,697,480	18,871,040	18,413,540
Mobile Homes ⁴	15,196,920	17,278,669	18,900,500	18,797,566	20,267,171
Timber (100%)	370,864	535,539	831,100	327,154	83,293
Heavy Equipment	0	0	0	0	135,017
Gross Tax Digest	1,646,050,516	2,010,930,752	2,579,650,055	2,849,139,009	3,051,758,561
Less Bond Exemptions	N/A	N/A	N/A	N/A	(315,222,360)
Net Bond Tax Digest ⁵	N/A	N/A	N/A	N/A	2,697,637,180
Gross Tax Digest	1,646,050,516	2,010,930,752	2,579,650,055	2,849,139,009	3,051,758,561
Less M&O Exemptions	(299,074,047)	(343,734,817)	(469,696,131)	(532,897,892)	(641,973,928)
Net M&O Tax Digest ⁶	1,346,976,469	1,667,195,935	2,109,953,924	2,316,241,117	2,409,784,633
Estimated Actual Value ⁷	\$4,114,569,994	\$5,026,523,572	\$6,447,878,488	\$7,122,356,792	\$7,629,271,463

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 School District's general obligation bonds. N/A indicates years in which no bond tax digest is available.

⁶ Total assessed value, after deducting exemptions, for purposes of levying tax for the M&O of the School District.

⁷ 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 for 2021 – 2024. Walker County Tax Commissioner for 2025.

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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 within the territorial limits of the School District for the past five calendar years. Since 2016, there has been no State levy for *ad valorem* taxation.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>School District</u>					
School M&O ¹	17.404	16.404	14.982	14.982	14.418
School Bond ²	0.000	0.000	0.000	0.000	0.000
<u>County</u>					
County Incorporated	11.963	9.921	7.390	7.027	6.645
County Unincorporated	8.313	6.828	5.735	5.328	5.151
<u>Municipalities³</u>					
Fort Oglethorpe	5.705	4.509	3.856	3.657	3.695
LaFayette	2.770	2.240	2.175	1.807	1.721
Lookout Mountain	9.000	8.000	6.500	6.400	6.200
Rossville	10.960	10.960	10.640	10.137	9.525

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.

³Millage rates for municipalities exclude the City of Chickamauga which is the same territorial limits as the City of Chickamauga School District.

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

Ten Largest Taxpayers

Set forth below is information concerning the ten largest taxpayers in the School District in calendar year 2025

Taxpayer	Type of Business	2025 Taxable Assessed Value	Assessed Value as a Percent of 2025 Gross Assessed Values ¹	2025 Taxes Levied for the School District
North Georgia EMC	Utilities	\$21,502,680	0.70%	\$310,026
Hitachi Astemo Rock Spring Inc.	Manufacturing	18,767,948	0.61	238,914
Georgia Power Company	Utilities	16,215,729	0.53	219,783
CS1031 Valley Ridge BFR				
Housing Dst.	Real Estate Developer	15,314,588	0.50	220,806
Electric Power Board of Chattanooga	Utilities	7,762,927	0.25	111,926
Mclemore Holdings	Golf Course & Hotel	7,126,462	0.23	102,749
Comcast of the South	Utilities	5,891,965	0.19	82,800
Gateway at Rossville LP	Apartment Complex	5,600,222	0.18	80,744
See Rock City Inc.	Tourism	4,869,879	0.16	70,214
D R Horton Inc.	Construction	4,904,553	0.16	58,314
Total		\$107,956,953	3.54%	\$1,496,277

¹ Based on calendar year 2025 gross tax digest of \$3,051,758,561.

Source: Walker County Tax Commissioner.

A determination of the largest taxpayers within the School District can be made only by manually reviewing individual tax records. Therefore, it is possible that owners of several small parcels may have an aggregate assessment in excess of those set forth in the table on the previous page. Furthermore, the taxpayers shown in the table may own additional parcels within the School District. No independent investigation has been made of, and consequently no representation can be made as to, the financial condition of any of the taxpayers listed above or whether such taxpayers will continue to maintain their status as major taxpayers in the School District.

M&O Tax Levies and Collections

Set forth below is information concerning total property tax collections of the School District reported as of the School District's fiscal years ending June 30, 2021 through June 30, 2025, for the prior calendar year's M & O tax levy. Taxes levied by the County, on behalf of the School District, on January 1 are normally billed by October 20 and are normally payable on or before December 20.

	<u>Fiscal Years Ending June 30</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Current Year's M&O Tax Levy ¹	\$19,698,281	\$20,534,240	\$27,378,690	\$31,648,271	\$34,737,392
Less 2.5% Collection Fee	(492,457)	(513,356)	(684,467)	(791,207)	(868,435)
Current Year's Net M&O Tax Levy	<u>\$20,190,738</u>	<u>\$21,047,596</u>	<u>\$28,063,157</u>	<u>\$32,439,478</u>	<u>\$35,605,827</u>
Tax Collections					
Collection of Current Year's Taxes	\$18,558,083	\$21,453,024	\$24,689,625	\$27,152,876	\$32,932,683
Collection of Prior Years' Taxes	957,412	1,059,585	1,152,262	1,732,946	1,555,736
Total Tax Collections	<u>\$19,515,495</u>	<u>\$22,512,609</u>	<u>\$25,841,887</u>	<u>\$28,885,822</u>	<u>\$34,488,419</u>
Current Year's Tax Collections as a Percent of Current Year's M&O Tax Levy	94.2%	104.5%	90.2%	85.8%	94.8%
Total Tax Collections as a Percent of Current Year's M&O Tax Levy	99.1%	109.6%	94.4%	91.3%	99.3%
Uncollected Current Year's M&O Property Taxes ²	\$1,615,453	\$1,667,378	\$2,576,373	\$1,270,448	\$1,351,108
Due Date of Taxes	12/20/20	12/20/21	12/20/22	12/20/23	12/31/24
Fiscal Year Begins	07/01/20	07/01/21	07/01/22	07/01/23	07/01/24
Fiscal Year Ends	06/30/21	06/30/22	06/30/23	06/30/24	06/30/25

1. Current year's M & O Tax Levy is derived from the School District's five year history of the tax digest and current year's digest values published pursuant to O.C.G.A. § 48-5-32 and is prior to adjustments and taxes on property not on the digest. Tax levy relates to the preceding calendar year tax digest. For example, the School District fiscal year 2025 tax levy relates to the calendar year 2024 tax digest.

2. Includes uncollected property taxes plus penalties and interest accrued thereon.

Source: Walker County Tax Commissioner.

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 usually for personal property, which are more difficult to collect than taxes on real property.

WALKER COUNTY

Introduction

Formed in 1833, Walker County was named after Freeman Walker, a U.S. Senator from Augusta. Walker County is located in northwest Georgia, approximately 150 miles northwest of Atlanta, Georgia and 26 miles south of Chattanooga, Tennessee. The County is bordered on the north by Tennessee, on the east by Catoosa and Whitfield Counties, on the south by Gordon, Floyd, and Chattooga Counties, and on the west by Dade County and the State of Alabama. The City of LaFayette is the county seat and serves as the economic and retail center for the surrounding area.

Major highways in the County are anchored by U.S. Route 27, running north-south through the City of LaFayette, along with several state routes including SR 151, SR 193, SR 136, and SR 341. While no interstate passes directly through the County, there is easy access available to I-24, I-59, and I-75. A variety of national and international businesses have operations in the County, including the Roper Corporation, Shaw Industries, Audia Plastics, Hitachi Astemo Rock Spring. Georgia Northwestern Technical College (GNTC), a unit of the Technical College System of Georgia (TCSG), is a higher education institution located in the County. GNTC provides occupational education, skills training, and workforce development to support educational, economic, and community development. CHI Memorial Hospital Georgia, located in the City of Fort Oglethorpe, and provides healthcare services such as emergency, laboratory, radiology, pharmacy, outpatient treatments, and medical and surgical services to County residents.

County residents and visitors alike enjoy the community's natural assets and attractions such as the Chickamauga and Chattanooga National Military Park and Rock City Gardens. One of the County's newest attractions, McLemore, sits atop Lookout Mountain and features a championship golf course, a gated community that houses both residents and guests, a clubhouse, restaurant and beautiful scenic views. Outdoor enthusiasts often take advantage of camping, caving, fishing, hiking, kayaking, mountain biking, and rock climbing throughout the County's mountain and recreational areas such as Crockford-Pigeon Mountain.

Government Format and Services

The County is a political subdivision of the State of Georgia. The County's affairs are administered by the Board of Commissioners consisting of five members. For the purposes of electing the members of the Board of Commissioners, the County is divided into four commissioner districts. The Chairman of the Board of Commissioners is elected at-large by the voters of the entire County and must reside within the County during that person's term of office. Each candidate for the other four positions must be a resident of the commissioner district which such person offers to represent and is elected by the voters of the commissioner district to which such candidate seeks election. Members of the Board of Commissioners are elected to serve staggered four-year terms of office. Other elected officials include the Sheriff, Tax Commissioner, Clerk of Superior Court, Coroner, and judges. The County provides a full range of services including public safety, court systems, public works, public health and welfare, and general administrative services.

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Land Use

The land area of the County is approximately 446 square miles. 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 2021 through 2025.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Agricultural	33.1%	33.9%	34.1%	32.2%	31.4%
Commercial	1.2	1.2	1.2	1.2	1.2
Industrial	0.5	0.5	0.5	0.5	0.5
Residential	27.6	27.3	27.0	26.3	25.9
Conservation Use	36.9	36.7	36.9	39.6	40.7
Other	<u>0.5</u>	<u>0.3</u>	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: State of Georgia Department of Revenue

Population

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, 2025.

<u>Year</u>	<u>Walker County</u>	<u>Percentage Change</u>	<u>Georgia</u>	<u>Percentage Change</u>	<u>United States</u>	<u>Percentage Change</u>
1980	56,470	--	5,462,982	--	226,505,000	--
1990	58,340	3.3%	6,478,149	18.6%	248,710,000	9.8%
2000	61,053	4.7	8,186,453	26.4	281,421,906	13.2
2010	68,756	12.6	9,687,653	18.3	308,745,538	9.7
2020	67,654	(1.6)	10,711,908	10.6	331,449,281	7.4
2025	70,250	3.8	11,302,748	5.5	341,784,857	3.1

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 Walker County, the State of Georgia, and the United States for the years 2020 through 2024.

<u>Year</u>	<u>Walker County</u>	<u>Georgia</u>	<u>United States</u>
2020	\$37,787	\$51,496	\$59,151
2021	41,554	56,262	64,692
2022	42,914	57,396	66,298
2023	44,506	60,006	70,002
2024	46,959	63,006	73,204

Source: U.S. Bureau of Economic Analysis, last updated February 6, 2026.

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Median Household Income

The following table sets forth the median household income for the County, the State, and the United States for the years 2020 through 2024.

<u>Year</u>	<u>Walker County</u>	<u>Georgia</u>	<u>United States</u>
2020	\$46,601	\$61,224	\$64,994
2021	48,633	65,030	69,021
2022	52,276	71,355	75,149
2023	55,887	74,664	78,538
2024	59,469	77,353	80,734

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

Median Home Values

The following table shows the median home values for the County, the State, and the United States for the years 2020 through 2024.

<u>Year</u>	<u>Walker County</u>	<u>Georgia</u>	<u>United States</u>
2020	\$121,600	\$190,200	\$229,800
2021	127,500	206,700	244,900
2022	149,600	245,900	281,000
2023	173,900	272,900	303,400
2024	197,100	303,300	332,700

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

Building Permits

The following table shows a summary of annual new building permits for housing units in the County for years 2020 through 2024.

<u>Year</u>	<u>Building Permits</u>	<u>Value</u>
2020	231	\$43,414,334
2021	342	50,271,000
2022	178	51,125,145
2023	416	97,035,508
2024	344	81,793,855

Source: Georgia Department of Labor, Georgia Labor Market Explorer.

Bank Deposits

As of June 30, 2025, 7 financial institutions with a total of 10 branch 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 2021 through 2025.

<u>Year</u>	<u>Amount</u>
2021	\$569,000,000
2022	656,000,000
2023	642,000,000
2024	646,000,000
2025	644,000,000

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

Industry and Employment

Civilian Employment Statistics of Walker 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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Employment	29,602	30,277	31,528	32,110	32,001
Unemployment	<u>972</u>	<u>951</u>	<u>950</u>	<u>1,017</u>	<u>1,078</u>
Total Labor Force	<u>30,574</u>	<u>31,228</u>	<u>32,478</u>	<u>33,127</u>	<u>33,079</u>
County Unemployment Rate	3.2%	3.0%	2.9%	3.1%	3.3%
State Unemployment Rate	3.9%	3.2%	3.3%	3.5%	3.5%
U.S. Unemployment Rate	5.3%	3.6%	3.6%	4.0%	4.2%

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

The County had a 3.1% unemployment rate according to Georgia Department of Labor preliminary estimates for December 2025 (not seasonally adjusted).

Economic Sector Distribution. The following table shows the average percentage of persons who worked in each major sector of the local economy in the County in the years 2021 through 2024 and for the third quarter of 2025. Data are average monthly percent for each respective year. Figures are based on employees covered under the State unemployment insurance program.

<u>Industry or Service</u>	<u>Industry Mix</u>				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>3rd Q 2025</u>
Agriculture, Forestry, and Fishing	0.1%	0.1%	0.1%	0.1%	0.2%
Construction	2.4	2.7	3.0	3.9	3.1
Manufacturing	35.6	36.8	34.5	34.1	33.8
Wholesale Trade	1.3	1.4	2.0	2.3	2.4
Retail Trade	9.8	9.6	9.7	10.4	10.8
Transportation and Warehousing	1.1	1.1	1.2	0.6	0.6
Information	0.3	0.3	0.3	0.3	0.3
Finance and Insurance	6.6	*	*	*	*
Real Estate and Rental and Leasing	0.3	0.3	0.4	0.4	0.4
Professional, Scientific and Technical	1.4	1.6	1.7	1.9	1.9
Management of Companies and Enterprises	*	*	*	*	*
Admin., Support, Waste Mgmt., Remediation	3.0	2.6	2.2	2.1	2.2
Education Services	*	*	*	*	*
Healthcare and Social Assistance	7.2	6.6	6.8	6.7	7.4
Arts, Entertainment and Recreation	2.1	2.0	2.2	2.4	3.0
Accommodation and Food Services	6.0	6.2	6.6	5.6	5.4
Other Industries and Services	2.1	1.7	1.7	1.5	1.4
Federal, State, and Local Government	20.5	19.8	20.0	20.3	19.9
Totals	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note: *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 principal employers located in Walker County as of December 31, 2025, and their type of business or service. The approximate number of employees is unavailable at this time. There can be no assurance that any employer listed below will continue to be located in the County. 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>
BlueCross BlueShield of Tennessee	Insurance Provider
Food City	Retail
Five Star Food Service	Food Services
Roper Corporation	Manufacturer
Nissan Brake Georgia	Manufacturer
See Rock City, Inc.	Tourist Attraction
Shaw Industries, Inc.	Manufacturer
Syntec Industries	Manufacturer
Walker County Board of Education	PK-12 Public Education
Walker County	County Government
Walmart	Retail
Georgia Northwestern Technical	Education

Source: Georgia Department of Labor. Data represents employment covered by unemployment insurance. Employers are listed alphabetically by area, not by the number of employees.

Chattanooga, TN-GA Metro Statistical Area – Largest Employers. Set forth below are the largest employers located in the Chattanooga, TN-GA MSA as of December 31, 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>Number of Employees</u>
BlueCross BlueShield of Tennessee	Insurance Provider	6,303
Erlanger Health	Health System	5,681
Hamilton County Schools	Public Schools	5,605
Volkswagen Group of America, Inc.	Manufacturer	3,937
Tennessee Valley Authority	Utility - Electric Service	3,748
CHI Memorial	Health Care	3,645
Unum Group	Insurance	3,219
Roper Corporation	Manufacturing	3,574
City of Chattanooga	Government	2,437
Hamilton County Government	Government	1,942

Source: Chattanooga Chamber of Commerce.

The Chattanooga Metropolitan Statistical Area (MSA) is a six-county region in Southeast Tennessee and Northwest Georgia, anchored by the City of Chattanooga. As of 2026, it includes Hamilton, Marion, and Sequatchie counties in Tennessee, and Catoosa, Dade, and Walker counties in Georgia.

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, Womack, Rodham & Ray, P.C, LaFayette, Georgia, believes that, while the outcome of litigation cannot be predicted, the final settlement of lawsuits which 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 imposition of the Educational Sales Tax, the assessment and collection of an *ad valorem* tax for payment of debt service on the Bonds, 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 the Superior Court of Walker County on July 17, 2025, Civil Action No. 2025SUCV000411. 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 thereof.

Opinions of Counsel. All legal matters incidental to authorization and issuance of the Bonds are subject to the approval of Gray Pannell LLC, 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, Womack, Rodham & Ray, P.C., LaFayette, 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.

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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.

Ad Valorem Property Taxes

State and local laws, regulations, or judicial interpretations relating to the assessment, levy, collection, or limitation of *ad valorem* property taxes (including, but not limited to, changes affecting assessment practices, exemptions, homestead or other relief measures, millage rate caps, rollback provisions, or voter approval requirements) are subject to change and could adversely affect the School District's capacity to generate *ad valorem* tax revenues if adopted. No assurance can be given as to the nature or extent of any future legislative, regulatory, or judicial actions affecting *ad valorem* property taxation.

The School District's *ad valorem* tax revenues are derived from the assessed value of taxable property within its jurisdiction. Assessed values and collection of taxes may be adversely affected by unfavorable economic conditions, including declines in real estate market values, reduced new development, business closures, changes in industry composition, population shifts, or other economic disruptions. Such conditions could result in a reduction in the taxable digest or slower growth than anticipated. A material decrease in the tax base may require the School District to increase millage rates or reduce expenditures in order to maintain financial balance.

Educational Sales Tax

Collections from the Educational Sales Tax are dependent on the level of retail sales and other taxable transactions within the jurisdiction. Sales tax revenues are sensitive to general economic conditions, including employment levels, population growth, consumer confidence, inflation, tourism activity, and regional or national economic downturns. Adverse economic conditions may reduce consumer spending and business activity, which could result in lower than anticipated sales tax collections. Any sustained decline or volatility in sales tax revenues could adversely affect the School District's ability to fund planned capital projects and require the School District to identify alternative funding sources, defer or reduce planned projects, or otherwise adversely affect the School District's financial position. No assurance can be given regarding the stability or future growth of sales tax collections.

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.

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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, Public Finance Department, 99 Church Street - 10th Floor, New York, New York 10007, telephone (212) 553-0300.

Underwriting

Pursuant to a Bond Purchase Agreement executed by and between the School District and the Underwriter on _____, 2026, 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 expense) [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 inside 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 imposes continuing disclosure obligations on the issuers of certain state and municipal securities to permit participating underwriters to offer and sell the issuer's securities. In order to assist the Underwriter of the Bonds in complying with the Rule, the Board of Education 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, if material. The Annual Report and the notices of material 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, 2025 and will end June 30, 2026. The specific nature of the information to be contained in the Annual Report or in the notices of material events is in "Appendix C: FORM OF THE CONTINUING DISCLOSURE CERTIFICATE."

Over last five years, the School District had been responsible for filing continuing disclosure under the Rule for its previously outstanding WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION SALES TAX BONDS, SERIES 2021 (the "Series 2021 Bonds") and WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION SALES TAX BONDS, SERIES 2017 (the "Series 2017 Bonds" and together with the Series 2021 Bonds, the "Prior Undertakings"). The School District believes it is

currently in compliance with its continuing disclosure obligations related to the Prior Undertakings. The School District has engaged Raymond James & Associates, Inc. as dissemination agent for the continuing disclosure obligations related to the Bonds to ensure future continuing disclosure filings are completed and filed with EMMA in a timely manner.

Financial Statements

The general purpose financial statements of the Walker County Board of Education as of June 30, 2025, 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 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 Walker County Board of Education financial statements.

Miscellaneous

The references herein to the Bonds and the Resolution are brief outlines of certain provisions thereof. Such outlines do not purport to be complete. For full and complete statements of such provisions, reference is made to the Bonds and the Resolution. A copy of the Resolution is on file in the offices of the School District and following the delivery of the Bonds will be on file at the designated corporate trust office of the Paying Agent.

The agreement of the School District with the holders of the Bonds is fully set forth in the Bonds and the Resolution, and neither any advertisement of the Bonds nor this Official Statement is to be construed as constituting an agreement by the School District with the purchasers of the Bonds.

The attached Appendices are integral parts of this Official Statement and should be read together with all of the foregoing statements. All estimates and other statements in this Official Statement, including the Appendices attached hereto, involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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.

WALKER COUNTY SCHOOL DISTRICT

By: _____
Chairperson
Board of Education of Walker County

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Appendix A

FINANCIAL STATEMENTS OF THE WALKER COUNTY SCHOOL DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2025

The general purpose financial statements of the Walker County School District as of June 30, 2025, 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 School District's financial statements.

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**WALKER COUNTY
BOARD OF EDUCATION
LAFAYETTE, GEORGIA**

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

(Including Independent Auditor's Reports)

Walker County Board of Education

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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
Mr. Damon Raines, Superintendent and Members of the
Walker County Board of Education

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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 evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The *Schedule of Expenditures of Federal Awards* is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

March 23, 2026

Walker County Board of Education

WALKER COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 60,372,578.96
Investments	66,152.42
Accounts Receivable, Net	
Taxes	3,711,848.45
State Government	10,310,635.10
Federal Government	1,559,905.26
Local	127,734.77
Other	148,123.35
Inventories	807,701.72
Prepaid Items	2,189,470.86
Capital Assets, Non-Depreciable	14,479,321.17
Capital Assets, Depreciable (Net of Accumulated Depreciation)	137,080,370.61
Total Assets	230,853,842.67
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	31,436,334.00
Related to OPEB Plan	14,643,681.00
Total Deferred Outflows of Resources	46,080,015.00
 <u>LIABILITIES</u>	
Accounts Payable	5,384,072.92
Salaries and Benefits Payable	16,450,969.24
Interest Payable	125,625.00
Claims Incurred but not Reported (IBNR)	463,501.73
Contracts Payable	2,079,266.30
Retainages Payable	494,491.37
Net Pension Liability	98,681,746.00
Net OPEB Liability	68,048,561.00
Long-Term Liabilities	
Due Within One Year	6,364,985.80
Due in More Than One Year	13,519,557.43
Total Liabilities	211,612,776.79
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plan	15,073,387.00
Related to OPEB Plan	22,725,617.00
Total Deferred Inflows of Resources	37,799,004.00
 <u>NET POSITION</u>	
Net Investment in Capital Assets	138,128,577.42
Restricted for	
School Security	78,784.47
Continuation of Federal Programs	942,395.47
Debt Service	3,425,625.00
Capital Projects	4,271,179.39
Unrestricted (Deficit)	(119,324,484.87)
Total Net Position	\$ 27,522,076.88

WALKER COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES)
EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	REVENUES AND CHANGES IN NET POSITION	
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 91,696,932.22	\$ 601,853.10	\$ 64,038,162.24	\$ 1,066,528.56	\$ (25,990,388.32)
Support Services					
Pupil Services	7,353,012.34	-	1,208,779.92	8,362.47	(6,135,869.95)
Improvement of Instructional Services	4,257,988.86	-	1,859,547.99	44,467.89	(2,353,972.98)
Educational Media Services	1,953,689.67	-	1,507,206.65	856.58	(445,626.44)
General Administration	946,714.76	-	2,279,684.20	57,119.07	1,390,088.51
School Administration	8,736,687.05	-	3,305,522.22	-	(5,431,164.83)
Business Administration	1,300,887.26	-	31,168.53	504.82	(1,269,213.91)
Maintenance and Operation of Plant	11,578,761.84	8,000.00	4,216,189.06	431,756.43	(6,922,816.35)
Student Transportation Services	6,983,758.57	-	1,554,592.51	88,110.00	(5,341,056.06)
Central Support Services	567,692.40	-	1,280.25	-	(566,412.15)
Other Support Services	459,239.78	-	8,964.69	9,530.15	(440,744.94)
Operations of Non-Instructional Services					
Enterprise Operations	-	-	1,895.11	-	1,895.11
Community Services	167,366.88	207,434.00	1,883.67	-	41,950.79
Food Services	8,126,513.75	154,901.30	7,163,600.41	63,944.03	(744,068.01)
Interest on Long-Term Debt	94,217.65	-	-	-	(94,217.65)
Total Governmental Activities	\$ 144,223,463.03	\$ 972,188.40	\$ 87,178,477.45	\$ 1,771,180.00	(54,301,617.18)
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					38,067,639.85
Other Taxes					1,346,563.34
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					8,458,470.09
Other Sales Tax					1,059,941.93
Grants and Contributions not Restricted to Specific Programs					12,885,627.00
Investment Earnings					1,164,202.31
Miscellaneous					4,577,488.95
Total General Revenues					67,559,933.47
Change in Net Position					13,258,316.29
Net Position - Beginning of Year, as Previously Presented					22,433,548.91
Change in Accounting Principle - GASB Statement No. 101					(8,169,788.32)
Net Position - Beginning of Year, as Restated					14,263,760.59
Net Position - End of Year					\$ 27,522,076.88

WALKER COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 53,650,061.59	\$ 3,171,267.37	\$ 3,551,250.00	\$ 60,372,578.96
Investments	66,152.42	-	-	66,152.42
Accounts Receivable, Net				
Taxes	2,927,883.52	783,964.93	-	3,711,848.45
State Government	9,967,288.00	343,347.10	-	10,310,635.10
Federal Government	1,559,905.26	-	-	1,559,905.26
Local	127,734.77	-	-	127,734.77
Other	148,123.35	-	-	148,123.35
Inventories	807,701.72	-	-	807,701.72
Prepaid Items	456,818.57	1,732,652.29	-	2,189,470.86
	<u>69,711,669.20</u>	<u>6,031,231.69</u>	<u>3,551,250.00</u>	<u>79,294,150.89</u>
Total Assets	<u>\$ 69,711,669.20</u>	<u>\$ 6,031,231.69</u>	<u>\$ 3,551,250.00</u>	<u>\$ 79,294,150.89</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 4,308,234.48	\$ 1,075,838.44	-	\$ 5,384,072.92
Salaries and Benefits Payable	16,450,969.24	-	-	16,450,969.24
Contracts Payable	-	2,079,266.30	-	2,079,266.30
Retainages Payable	-	494,491.37	-	494,491.37
Total Liabilities	<u>20,759,203.72</u>	<u>3,649,596.11</u>	<u>-</u>	<u>24,408,799.83</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	2,107,209.34	-	-	2,107,209.34
	<u>2,107,209.34</u>	<u>-</u>	<u>-</u>	<u>2,107,209.34</u>
<u>FUND BALANCES</u>				
Nonspendable	1,264,520.29	1,732,652.29	-	2,997,172.58
Restricted	550,932.30	648,983.29	3,551,250.00	4,751,165.59
Assigned	2,381,847.49	-	-	2,381,847.49
Unassigned	42,647,956.06	-	-	42,647,956.06
Total Fund Balances	<u>46,845,256.14</u>	<u>2,381,635.58</u>	<u>3,551,250.00</u>	<u>52,778,141.72</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 69,711,669.20</u>	<u>\$ 6,031,231.69</u>	<u>\$ 3,551,250.00</u>	<u>\$ 79,294,150.89</u>

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

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	52,778,141.72
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	\$ 3,793,062.87	
Construction in progress	10,686,258.30	
Buildings and improvements	169,348,074.42	
Equipment	28,935,163.62	
Land improvements	21,182,924.36	
Infrastructure	24,876.00	
Accumulated depreciation	<u>(82,410,667.79)</u>	151,559,691.78
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$ (98,681,746.00)	
Net OPEB liability	<u>(68,048,561.00)</u>	(166,730,307.00)
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	\$ 16,362,947.00	
Related to OPEB	<u>(8,081,936.00)</u>	8,281,011.00
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		2,107,209.34
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	\$ (10,050,000.00)	
Accrued interest payable	(125,625.00)	
Compensated absences payable	(8,842,782.95)	
Unamortized bond premiums	(991,760.28)	
Claims and judgments payable	<u>(463,501.73)</u>	<u>(20,473,669.96)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>27,522,076.88</u></u>

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

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>REVENUES</u>				
Property Taxes	\$ 39,108,202.33	\$ -	\$ -	\$ 39,108,202.33
Sales Taxes	1,059,941.93	8,458,470.09	-	9,518,412.02
State Funds	85,838,391.16	1,683,070.00	-	87,521,461.16
Federal Funds	15,808,834.30	-	-	15,808,834.30
Charges for Services	972,188.40	-	-	972,188.40
Investment Earnings	984,307.93	179,894.38	-	1,164,202.31
Miscellaneous	4,577,488.95	-	-	4,577,488.95
Total Revenues	<u>148,349,355.00</u>	<u>10,321,434.47</u>	<u>-</u>	<u>158,670,789.47</u>
<u>EXPENDITURES</u>				
Current				
Instruction	89,145,042.24	122,102.93	-	89,267,145.17
Support Services				
Pupil Services	7,430,068.91	-	-	7,430,068.91
Improvement of Instructional Services	4,178,067.98	-	-	4,178,067.98
Educational Media Services	1,974,622.44	-	-	1,974,622.44
General Administration	718,913.38	-	-	718,913.38
School Administration	8,909,881.80	-	-	8,909,881.80
Business Administration	1,307,309.05	-	-	1,307,309.05
Maintenance and Operation of Plant	10,097,940.90	8,000.00	-	10,105,940.90
Student Transportation Services	6,846,327.71	288,890.00	-	7,135,217.71
Central Support Services	574,932.05	-	-	574,932.05
Other Support Services	426,330.07	-	-	426,330.07
Community Services	167,366.88	-	-	167,366.88
Food Services Operation	8,149,521.95	-	-	8,149,521.95
Capital Outlay	62,634.15	13,554,163.16	-	13,616,797.31
Debt Services				
Principal	-	-	3,250,000.00	3,250,000.00
Interest	-	-	567,500.00	567,500.00
Total Expenditures	<u>139,988,959.51</u>	<u>13,973,156.09</u>	<u>3,817,500.00</u>	<u>157,779,615.60</u>
Revenues over (under) Expenditures	<u>8,360,395.49</u>	<u>(3,651,721.62)</u>	<u>(3,817,500.00)</u>	<u>891,173.87</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	757,021.80	3,802,500.00	4,559,521.80
Transfers Out	(757,021.80)	(3,802,500.00)	-	(4,559,521.80)
Total Other Financing Sources (Uses)	<u>(757,021.80)</u>	<u>(3,045,478.20)</u>	<u>3,802,500.00</u>	<u>-</u>
Net Change in Fund Balances	7,603,373.69	(6,697,199.82)	(15,000.00)	891,173.87
Fund Balances - Beginning	<u>39,241,882.45</u>	<u>9,078,835.40</u>	<u>3,566,250.00</u>	<u>51,886,967.85</u>
Fund Balances - Ending	<u>\$ 46,845,256.14</u>	<u>\$ 2,381,635.58</u>	<u>\$ 3,551,250.00</u>	<u>\$ 52,778,141.72</u>

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

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E") \$ 891,173.87

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	\$ 14,496,940.57	
Depreciation expense	<u>(7,156,462.00)</u>	7,340,478.57

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (11,792.13)

Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 306,000.86

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

Bond principal retirements	\$ 3,250,000.00	
Amortization of bond premium	<u>440,782.35</u>	3,690,782.35

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

Pension expense	\$ (1,975,650.81)	
OPEB expense	<u>3,519,808.00</u>	1,544,157.19

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	\$ 32,500.00	
Claims and judgments	(129,051.07)	
Compensated absences	<u>(405,933.35)</u>	<u>(502,484.42)</u>

Change in net position of governmental activities (Exhibit "B") \$ 13,258,316.29

WALKER COUNTY BOARD OF EDUCATION
 STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2025

EXHIBIT "G"

	PRIVATE PURPOSE TRUSTS	CUSTODIAL FUNDS
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 34,977.13	\$ 3,400.00
Investments	140,671.64	-
Total Assets	\$ 175,648.77	\$ 3,400.00
<u>NET POSITION</u>		
Held in Trust for Private Purposes	\$ 175,648.77	
Restricted Individuals, Organizations, and Other Governments		\$ 3,400.00

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

EXHIBIT "H"

	PRIVATE PURPOSE TRUSTS	CUSTODIAL FUNDS
<u>ADDITIONS</u>		
Contributions		
Donors	\$ 20,500.00	\$ -
Investment Earnings		
Interest	6,058.38	-
Total Additions	26,558.38	-
<u>DEDUCTIONS</u>		
Scholarships	13,750.00	-
Change in Net Position	12,808.38	-
Net Position - Beginning	162,840.39	3,400.00
Net Position - Ending	\$ 175,648.77	\$ 3,400.00

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NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund types:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.
- Custodial funds are used to report resources held by the School District in a purely custodial capacity.

Basis of Accounting

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

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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

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

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

New Accounting Pronouncements

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

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (Georgia Fund 1) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions.

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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.

Receivables

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

Inventories

Food Inventories

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

Prepaid Items

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

Capital Assets

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

**WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "I"

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

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

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

		Capitalization Policy	Estimated Useful Life
Land		All	N/A
Land Improvements	\$	25,000.00	5 to 80 years
Buildings and Improvements	\$	25,000.00	10 to 60 years
Equipment	\$	10,000.00	3 to 20 years
Infrastructure	\$	20,000.00	5 to 80 years
Intangible Assets	\$	200,000.00	Individually determined

During the fiscal year, management increased the capital asset threshold to \$25,000.00 from \$5,000.00 for land improvements and buildings and improvements and \$10,000.00 from \$5,000.00 for equipment. The changes in threshold did not have a material or significant impact on the financial statements.

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

Vacation leave of 10 days is awarded on a fiscal year basis to all full-time personnel employed on a twelve-month basis. Vacation leave of five days is awarded on a fiscal year basis to eleven-month personnel. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. Upon terminating employment, the School District pays a maximum of 10 unused and

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

unforfeited vacation benefits to employees. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Sick leave is earned at a rate of 1.25 days per month for eligible employees. Unused sick leave may be accumulated up to a maximum of 90 days. The School District does not provide for payout of unused sick leave upon resignation or retirement; accordingly, the liability represents the portion of accumulated sick leave that is more than likely not to be used by employees during active employment. Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward retirement service credit. This benefit is administered and funded by TRS; therefore, the related liability is not reported by the School District.

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees Post-Employment Benefit Fund (School OPEB Fund) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

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 Walker County Board of Commissioners adopted the property tax levy for the 2024 tax digest year (calendar year) on September 16, 2024 (levy date) based on property values as of January 1, 2024. Taxes were due on December 20, 2024 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2024 tax digest are reported as revenue in the governmental funds for fiscal year 2025. The Walker County Tax Commissioner bills and collects the property taxes for the School District, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School District. Property tax revenues, at the fund reporting level, during the fiscal year ended June 30, 2025, for maintenance and operations amounted to \$33,925,003.74.

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

School Operations	<u>14.982</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$3,836,635.25 during fiscal year ended June 30, 2025.

WALKER COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "I"

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$8,458,470.09 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, 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 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'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 Walker County Board of Education will adopt the non-appropriated annual budget at the aggregate level as its legal level of control. The Board will prepare and present the annual budget by fund type, fund, function, and object for management control; however, the level of budgetary controls will be set at the aggregate level. The Board must approve, for management purposes, any changes between the appropriations by fund type. However, the Superintendent shall have the authority to transfer appropriations within fund type.

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 AND CASH EQUIVALENTS

Collateralization of Deposits

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

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

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

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2025, the School District had deposits with a carrying amount of \$60,427,081.84, and a bank balance of \$62,385,912.13. The bank balances insured by Federal depository insurance were \$1,421,324.51 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 \$60,908,168.72.

At June 30, 2025, \$56,418.90 of the School District's bank balances were exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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

Cash and cash equivalents		
Statement of Net Position	\$	60,372,578.96
Statement of Fiduciary Net Position		38,377.13
 Total cash and cash equivalents		 60,410,956.09
 Add:		
Deposits with original maturity of three months or more reported as investments		206,824.06
 Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		190,698.31
 Total carrying value of deposits - June 30, 2025	 \$	 60,427,081.84

Categorization of Cash Equivalents

The School District reported cash equivalents of \$190,698.31 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAAs rated investment pool by Fitch. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2025 was 51 days.

Georgia Fund 1, administered by the State of Georgia, Office of the State Treasurer, is not required to be categorized since the School District did not own any specific identifiable securities in the pool. The investment policy of the State of Georgia, Office of the State Treasurer for the Georgia Fund 1, does not provide for investment in derivatives or similar investments. Additional information on the Georgia Fund 1 is disclosed in the State of Georgia Annual Comprehensive Financial Report, which is publicly available at <https://sao.georgia.gov/statewide-reporting/acfr>.

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NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 3,793,062.87	\$ -	\$ -	\$ 3,793,062.87
Construction in Progress	<u>12,402,274.45</u>	<u>12,473,806.75</u>	<u>14,189,822.90</u>	<u>10,686,258.30</u>
 Total Capital Assets				
Not Being Depreciated	<u>16,195,337.32</u>	<u>12,473,806.75</u>	<u>14,189,822.90</u>	<u>14,479,321.17</u>
 Capital Assets,				
Being Depreciated:				
Buildings and Improvements	162,688,421.16	6,693,021.79	33,368.53	169,348,074.42
Equipment	24,323,990.60	6,265,831.19	1,654,658.17	28,935,163.62
Land Improvements	17,928,820.62	3,254,103.74	-	21,182,924.36
Infrastructure	24,876.00	-	-	24,876.00
 Less Accumulated				
Depreciation:				
Buildings and Improvements	53,350,891.79	3,524,287.78	33,368.53	56,841,811.04
Equipment	17,262,913.43	2,198,802.80	1,642,866.04	17,818,850.19
Land Improvements	6,310,416.14	1,430,883.82	-	7,741,299.96
Infrastructure	<u>6,219.00</u>	<u>2,487.60</u>	<u>-</u>	<u>8,706.60</u>
 Total Capital Assets,				
Being Depreciated, Net	<u>128,035,668.02</u>	<u>9,056,494.72</u>	<u>11,792.13</u>	<u>137,080,370.61</u>
 Governmental Activities				
Capital Assets - Net	<u>\$ 144,231,005.34</u>	<u>\$ 21,530,301.47</u>	<u>\$ 14,201,615.03</u>	<u>\$ 151,559,691.78</u>

Current year depreciation expense by function is as follows:

Instruction		\$ 4,001,365.86
Support Services		
Pupil Services	\$ 31,998.66	
Improvements of Instructional Services	170,154.53	
Educational Media Services	3,277.67	
General Administration	218,563.75	
Business Administration	1,931.67	
Maintenance and Operation of Plant	1,652,098.03	
Student Transportation Services	795,925.95	
Other Support Services	<u>36,466.72</u>	2,910,416.98
Food Services		<u>244,679.16</u>
		<u>\$ 7,156,462.00</u>

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NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Transfers to	Transfers From		Total
	General Fund	Capital Projects Fund	
Capital Projects Fund	\$ 757,021.80	\$ -	\$ 757,021.80
Debt Service Fund	-	3,802,500.00	3,802,500.00
Total	\$ 757,021.80	\$ 3,802,500.00	\$ 4,559,521.80

Transfers are used to move property tax funds and TVA Grant funds collected by the general fund to the capital projects fund and to move Special Purpose Local Option Sales Tax (SPLOST) revenues collected by the capital projects fund to the debt service fund to pay current 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				Balance	Due Within
	July 1, 2024	Additions	Deductions	June 30, 2025	One Year	
General Obligation (G.O.) Bonds	\$ 13,300,000.00	\$ -	\$ 3,250,000.00	\$ 10,050,000.00	\$ 3,300,000.00	
Unamortized Bond Premiums	1,432,542.63	-	440,782.35	991,760.28	440,782.35	
Compensated Absences (1)	8,436,849.60	405,933.35	-	8,842,782.95	2,624,203.45	
	\$ 23,169,392.23	\$ 405,933.35	\$ 3,690,782.35	\$ 19,884,543.23	\$ 6,364,985.80	

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

General Obligation Bonds

The School District's bonded debt consists of general obligation bonds that are generally 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 sales taxes. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

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

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General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2021	4.0% - 5.0%	12/17/2021	10/1/2027	\$ 16,500,000.00	\$ 10,050,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2026	\$ 3,300,000.00	\$ 420,000.00	\$ 440,782.35
2027	3,350,000.00	253,750.00	440,782.36
2028	3,400,000.00	85,000.00	110,195.57
Total Principal and Interest	\$ 10,050,000.00	\$ 758,750.00	\$ 991,760.28

Compensated Absences

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

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

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. Prior to August 1, 2022, the School District was self-insured for workers' compensation. In connection with this program, a self-insurance reserve has been established within the general fund by the School District. The School District accounts for claims within the general fund with

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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. An excess coverage insurance policy covers individual claims in excess of \$\$1,000,000.00 loss per occurrence, up to the statutory limit.

Georgia Education Workers' Compensation Trust

Effective August 1, 2022, the School District became fully insured for workers' compensation.

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 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. The Trust currently self-funds aggregate excess insurance as approved by the Department of Insurance annually.

Changes in the workers' compensation claims liability during the last two fiscal years are as follows (these liabilities are remaining from the self-insured program prior to participating in Georgia Education Workers' Compensation Trust):

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2024	\$ 483,685.26	\$ (79,585.02)	\$ 69,649.58	\$ 334,450.66
2025	\$ 334,450.66	\$ 192,463.23	\$ 63,412.16	\$ 463,501.73

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:

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2024	\$ -	\$ 9,516.00	\$ 9,516.00	\$ -
2025	\$ -	\$ 10,220.00	\$ 10,220.00	\$ -

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Surety Bond

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

Position Covered	Amount
Superintendent	\$ 50,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable			
Inventories	\$	807,701.72	
Prepaid Assets		2,189,470.86	\$ 2,997,172.58
Restricted			
Continuation of Federal Programs	\$	472,147.83	
School Security		78,784.47	
Capital Projects		648,983.29	
Debt Service		3,551,250.00	4,751,165.59
Assigned			
After School Program	\$	152,972.04	
School Activity Accounts		1,518,358.26	
Self-Insurance		463,501.73	
Miscellaneous Local Grants		233,558.79	
E-Rate Reimbursements		13,456.67	2,381,847.49
Unassigned			42,647,956.06
Fund Balance, June 30, 2025			\$ 52,778,141.72

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: BROADBAND SPECTRUM AGREEMENT

Effective August 14, 2010, the School District entered into a 7-year use agreement, which is renewable in 7-year increments up to 30 years, with WBSY Licensing, LLC for the use of excess spectrum capacity on Education Broadband Service licenses currently held by School District. These licenses were granted to the School District by the Federal Communications Commission. The agreement requires monthly payments over the term of the agreement, of which \$88,821.89 was recognized during fiscal year 2025 as a general revenue on the Statement of Activities.

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NOTE 11: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2025 (2)	Funding Available From State (1)
LaFayette High Lighting and HVAC Renovations	\$ 638,906.77	\$ 7,729,902.81	\$ 2,204,292.00
Paving Various Locations	89,785.09	1,680,994.91	-
Rock Spring Elementary Renovations	1,879,264.11	1,829,335.89	867,685.00
Rossville Middle Combination Field	2,447,460.00	945,753.00	-
Walker County College and Career Academy Renovations	2,366,575.26	253,901.60	2,620,476.86
	<u>\$ 7,421,991.23</u>	<u>\$ 12,439,888.21</u>	<u>\$ 5,692,453.86</u>

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

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

NOTE 12: 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.

Litigation

The School District is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine School District operations. The ultimate disposition of these proceedings is not presently determinable but is not believed to have a material adverse effect on the financial condition of the School District.

NOTE 13: 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

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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 \$2,588,996.00 for the year ended June 30, 2025. Active employees are not required to contribute to the School OPEB Fund.

During fiscal year 2025, the State of Georgia, through the State Health Benefit Plan (SHBP) administered by the Department of Community Health, made an on-behalf contribution in the amount of \$1,512,831.19 for the School District's employees.

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

At June 30, 2025, the School District reported a liability of \$68,048,561.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2024. At June 30, 2024, the School District's proportion was 0.597109%, which was a decrease of 0.005257% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the School District recognized OPEB expense of (\$930,812.00). At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,336,984.00	\$ 12,287,103.00
Changes of assumptions	7,934,758.00	6,735,961.00
Net difference between projected and actual earnings on OPEB plan investments	-	442,979.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	782,943.00	3,259,574.00
School District contributions subsequent to the measurement date	2,588,996.00	-
Total	\$ 14,643,681.00	\$ 22,725,617.00

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

Year Ended June 30:	OPEB
2026	\$ (4,398,258.00)
2027	\$ (4,992,322.00)
2028	\$ (2,017,248.00)
2029	\$ 554,268.00
2030	\$ 178,421.00
Thereafter	\$ 4,207.00

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

OPEB:

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

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

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

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

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

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

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

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

* Net of inflation

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

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Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.98%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current discount rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School District's proportionate share of the Net OPEB liability	\$ 76,988,092.00	\$ 68,048,561.00	\$ 60,509,720.00

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	\$ 58,797,841.00	\$ 68,048,561.00	\$ 79,416,631.00

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 14: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and

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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. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2025. The School District's contractually required contribution rate for the year ended June 30, 2025 was 20.78% of annual School District payroll, of which 20.73% of payroll was required from the School District and 0.05% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$13,157,420.00 and \$32,687.94 from the School District and the State, respectively.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$16.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

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 \$214,433.00.

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

At June 30, 2025, the School District reported a liability of \$98,681,746.00 for its proportionate share of the net pension liability for TRS.

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

School District's proportionate share of the net pension liability	\$	98,681,746.00
State of Georgia's proportionate share of the net pension liability associated with the School District		242,800.00
Total	\$	98,924,546.00

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

At June 30, 2024, the School District's TRS proportion was 0.392613%, which was a decrease of 0.000705% from its proportion measured as of June 30, 2023.

At June 30, 2025, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$1,009,146.00.

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

For the year ended June 30, 2025, the School District recognized pension expense of \$15,166,912.66 for TRS and \$233,407.00 for PSERS and revenue of \$33,842.00 for TRS and \$233,407.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

**WALKER COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

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

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,166,526.00	\$ 294,939.00
Changes of assumptions	6,864,811.00	-
Net difference between projected and actual earnings on pension plan investments	-	13,758,365.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	247,577.00	1,020,083.00
School District contributions subsequent to the measurement date	13,157,420.00	-
Total	\$ 31,436,334.00	\$ 15,073,387.00

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

Year Ended June 30:	TRS
2026	\$ 984,040.00
2027	\$ 12,742,991.00
2028	\$ (5,978,034.00)
2029	\$ (4,543,470.00)

WALKER COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

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

Teachers Retirement System:

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

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

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

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

WALKER COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

Mortality rates are as follows:

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

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

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

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

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

* Rates shown are net of inflation

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

WALKER COUNTY BOARD OF EDUCATION
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EXHIBIT "I"

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%, 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%) or 1-percentage-point higher (7.90%) than the current rate:

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 169,851,039.00	\$ 98,681,746.00	\$ 40,585,819.00

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

Defined Contribution Plan

In December 2007, the School District began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The School District selected Lincoln Financial as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to five percent of the employee's base pay.

The employee becomes vested in the plan with five years of experience. Employees who had already achieved five years of experience at the time the plan was implemented were vested upon enrollment.

Funds accumulated in the employer paid accounts are only available to the employee upon termination of employment and five years of service to the School District. If an employee terminates employment prior to achieving five years of service, funds paid on behalf of the non-vested employee are credited back to the School District.

Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2025	5%	\$ 205,738.70
2024	5%	\$ 260,699.38
2023	5%	\$ 186,583.58

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EXHIBIT "I"

NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION

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

The change was applied retrospectively, resulting in a restatement of beginning net position for governmental activities as of July 1, 2024. The effect of this restatement was a decrease in beginning net position and an increase in the compensated absences liability of \$8,169,788.32:

Net Position, July 1, 2024, as previously reported	\$ 22,433,548.91
Change in Accounting Principle - GASB Statement No. 101	<u>(8,169,788.32)</u>
Net Position, July 1, 2024, as restated	<u>\$ 14,263,760.59</u>

NOTE 16: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2025, Walker County abated property taxes due to the School District that were levied on September 16, 2024 and due on December 20, 2024 totaling \$2,234,970.38.

Included in that amount abated, the following are individual tax abatement agreements that each exceeded 10.00% of the total amount abated:

- A property tax abatement to RopCor for continued investment in operations and local employment. The abatement amounted to \$1,700,767.58. The company provided a payment in lieu of taxes of \$708,850.53.
- A property tax abatement to Audia for continued investment in operations and local employment. The abatement amounted to \$317,400.41.

NOTE 17: SUBSEQUENT EVENTS

During the fiscal year, voters authorized the School District to issue general obligation bonds in the amount of \$20,000,000.00. The proceeds from these bonds will be used for capital projects. The School District plans to issue these bonds in fiscal year 2026.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.392613%	\$ 98,681,746.00	\$ 242,800.00	\$ 98,924,546.00	\$ 61,247,804.38	161.12%	80.86%
2024	0.393318%	\$ 116,124,367.00	\$ 286,090.00	\$ 116,410,457.00	\$ 57,352,059.48	202.48%	76.29%
2023	0.391676%	\$ 127,184,768.00	\$ 282,831.00	\$ 127,467,599.00	\$ 48,724,195.32	261.03%	72.85%
2022	0.390637%	\$ 34,549,237.00	\$ 91,274.00	\$ 34,640,511.00	\$ 50,968,437.68	67.79%	92.03%
2021	0.420535%	\$ 101,870,037.00	\$ 264,767.00	\$ 102,134,804.00	\$ 54,398,367.17	187.27%	77.01%
2020	0.425734%	\$ 91,544,322.00	\$ 250,937.00	\$ 91,795,259.00	\$ 52,047,947.47	175.88%	78.56%
2019	0.429956%	\$ 79,809,043.00	\$ 254,301.00	\$ 80,063,344.00	\$ 51,380,690.92	155.33%	80.27%
2018	0.430867%	\$ 80,077,959.00	\$ 247,185.00	\$ 80,325,144.00	\$ 49,631,667.75	161.34%	79.33%
2017	0.431325%	\$ 88,987,157.00	\$ 301,214.00	\$ 89,288,371.00	\$ 47,465,410.63	187.48%	76.06%
2016	0.432255%	\$ 65,806,531.00	\$ 110,983.00	\$ 65,917,514.00	\$ 45,639,899.03	144.19%	81.44%

WALKER COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	\$ 13,157,420.00	\$ 13,157,420.00	\$ -	\$ 63,477,520.05	20.73%
2024	\$ 12,207,225.14	\$ 12,207,225.14	\$ -	\$ 61,247,804.38	19.93%
2023	\$ 11,430,725.91	\$ 11,430,725.91	\$ -	\$ 57,352,059.48	19.93%
2022	\$ 9,629,428.40	\$ 9,629,428.40	\$ -	\$ 48,724,195.32	19.76%
2021	\$ 9,690,932.05	\$ 9,690,932.05	\$ -	\$ 50,968,437.68	19.01%
2020	\$ 11,470,023.23	\$ 11,470,023.23	\$ -	\$ 54,398,367.17	21.09%
2019	\$ 10,848,247.14	\$ 10,848,247.14	\$ -	\$ 52,047,947.47	20.84%
2018	\$ 8,609,662.34	\$ 8,609,662.34	\$ -	\$ 51,380,690.92	16.76%
2017	\$ 7,060,650.12	\$ 7,060,650.12	\$ -	\$ 49,631,667.75	14.23%
2016	\$ 6,755,412.40	\$ 6,755,412.40	\$ -	\$ 47,465,410.63	14.23%

WALKER COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC SCHOOL 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	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00%	\$ -	\$ 1,009,146.00	\$ 1,009,146.00	\$ 4,075,217.91	N/A	90.02%
2024	0.00%	\$ -	\$ 1,363,044.00	\$ 1,363,044.00	\$ 3,748,304.32	N/A	85.67%
2023	0.00%	\$ -	\$ 1,797,367.00	\$ 1,797,367.00	\$ 3,336,428.57	N/A	81.21%
2022	0.00%	\$ -	\$ 187,771.00	\$ 187,771.00	\$ 3,179,978.71	N/A	98.00%
2021	0.00%	\$ -	\$ 1,371,734.00	\$ 1,371,734.00	\$ 3,603,588.74	N/A	84.45%
2020	0.00%	\$ -	\$ 1,369,562.00	\$ 1,369,562.00	\$ 3,579,629.37	N/A	85.02%
2019	0.00%	\$ -	\$ 1,288,522.00	\$ 1,288,522.00	\$ 3,741,667.59	N/A	85.26%
2018	0.00%	\$ -	\$ 1,180,359.00	\$ 1,180,359.00	\$ 3,553,902.76	N/A	85.69%
2017	0.00%	\$ -	\$ 1,568,001.00	\$ 1,568,001.00	\$ 3,451,046.56	N/A	81.00%
2016	0.00%	\$ -	\$ 1,012,558.00	\$ 1,012,558.00	\$ 3,257,568.40	N/A	87.00%

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

SCHEDULE "4"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	0.597109%	\$ 68,048,561.00	\$ -	\$ 68,048,561.00	\$ 58,380,583.64	116.56%	6.88%
2024	0.602366%	\$ 65,979,631.00	\$ -	\$ 65,979,631.00	\$ 56,216,564.05	117.37%	6.05%
2023	0.594118%	\$ 58,836,586.00	\$ -	\$ 58,836,586.00	\$ 53,037,239.02	110.93%	6.17%
2022	0.606098%	\$ 65,645,428.00	\$ -	\$ 65,645,428.00	\$ 48,123,940.39	136.41%	6.14%
2021	0.630586%	\$ 92,618,398.00	\$ -	\$ 92,618,398.00	\$ 50,127,458.76	184.77%	3.99%
2020	0.644766%	\$ 79,126,621.00	\$ -	\$ 79,126,621.00	\$ 48,277,143.89	163.90%	4.63%
2019	0.643556%	\$ 81,793,992.00	\$ -	\$ 81,793,992.00	\$ 47,721,815.36	171.40%	2.93%
2018	0.641701%	\$ 90,158,732.00	\$ -	\$ 90,158,732.00	\$ 46,111,458.00	195.52%	1.61%

WALKER COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SCHOOL OPEB FUND

SCHEDULE "5"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2025	\$ 2,588,996.00	\$ 2,588,996.00	\$ -	\$ 58,895,308.27	4.40%
2024	\$ 2,442,050.00	\$ 2,442,050.00	\$ -	\$ 58,380,583.64	4.18%
2023	\$ 2,315,757.00	\$ 2,315,757.00	\$ -	\$ 56,216,564.05	4.12%
2022	\$ 2,148,182.00	\$ 2,148,182.00	\$ -	\$ 53,037,239.02	4.05%
2021	\$ 2,254,584.00	\$ 2,254,584.00	\$ -	\$ 48,123,940.39	4.68%
2020	\$ 2,132,494.00	\$ 2,132,494.00	\$ -	\$ 50,127,458.76	4.25%
2019	\$ 3,472,511.00	\$ 3,472,511.00	\$ -	\$ 48,277,143.89	7.19%
2018	\$ 3,335,486.00	\$ 3,335,486.00	\$ -	\$ 47,721,815.36	6.99%
2017	\$ 3,345,880.00	\$ 3,345,880.00	\$ -	\$ 46,111,458.00	7.26%

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%.

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 of mortality, retirement, disability, and withdrawal. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

School OPEB Fund

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

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

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

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

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

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

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

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

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

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

WALKER COUNTY BOARD OF EDUCATION

SCHEDULE "7"

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL	FINAL		
REVENUES				
Property Taxes	\$ 34,415,384.00	\$ 34,415,384.00	\$ 39,108,202.33	\$ 4,692,818.33
Sales Taxes	600,000.00	600,000.00	1,059,941.93	459,941.93
State Funds	83,635,324.00	83,627,324.00	85,838,391.16	2,211,067.16
Federal Funds	15,534,544.00	16,498,835.00	15,808,834.30	(690,000.70)
Charges for Services	1,453,195.00	1,453,195.00	972,188.40	(481,006.60)
Investment Earnings	296,285.00	296,285.00	984,307.93	688,022.93
Miscellaneous	3,976,224.00	4,006,664.00	4,577,488.95	570,824.95
Total Revenues	<u>139,910,956.00</u>	<u>140,897,687.00</u>	<u>148,349,355.00</u>	<u>7,451,668.00</u>
EXPENDITURES				
Current				
Instruction	94,051,888.00	93,088,333.00	89,145,042.24	3,943,290.76
Support Services				
Pupil Services	7,543,972.00	8,700,999.00	7,430,068.91	1,270,930.09
Improvement of Instructional Services	4,896,630.00	5,139,833.00	4,178,067.98	961,765.02
Educational Media Services	2,153,316.00	2,096,682.00	1,974,622.44	122,059.56
General Administration	1,011,039.00	1,168,437.00	718,913.38	449,523.62
School Administration	8,935,661.00	8,985,661.00	8,909,881.80	75,779.20
Business Administration	1,676,688.00	1,676,688.00	1,307,309.05	369,378.95
Maintenance and Operation of Plant	12,545,145.00	12,433,225.00	10,097,940.90	2,335,284.10
Student Transportation Services	7,964,998.00	8,183,552.00	6,846,327.71	1,337,224.29
Central Support Services	587,633.00	587,633.00	574,932.05	12,700.95
Other Support Services	410,212.00	413,712.00	426,330.07	(12,618.07)
Community Services	-	-	167,366.88	(167,366.88)
Food Services Operation	8,592,597.00	8,592,597.00	8,149,521.95	443,075.05
Capital Outlay	-	308,000.00	62,634.15	245,365.85
Total Expenditures	<u>150,369,779.00</u>	<u>151,375,352.00</u>	<u>139,988,959.51</u>	<u>11,386,392.49</u>
Excess of Revenues over (under) Expenditures	<u>(10,458,823.00)</u>	<u>(10,477,665.00)</u>	<u>8,360,395.49</u>	<u>18,838,060.49</u>
OTHER FINANCING SOURCES (USES)				
Other Sources	52,363,574.00	49,699,207.00	-	(49,699,207.00)
Other Uses	(53,135,771.00)	(50,975,426.00)	(757,021.80)	50,218,404.20
Total Other Financing Sources (Uses)	<u>(772,197.00)</u>	<u>(1,276,219.00)</u>	<u>(757,021.80)</u>	<u>519,197.20</u>
Net Change in Fund Balances	(11,231,020.00)	(11,753,884.00)	7,603,373.69	19,357,257.69
Fund Balances - Beginning	38,958,104.15	38,958,104.15	39,241,882.45	283,778.30
Adjustments	54,454.33	36,774.69	-	(36,774.69)
Fund Balances - Ending	<u>\$ 27,781,538.48</u>	<u>\$ 27,240,994.84</u>	<u>\$ 46,845,256.14</u>	<u>\$ 19,604,261.30</u>

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

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.

WALKER COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	255GA324N1199	\$ 1,814,165.80
National School Lunch Program	10.555	255GA324N1199	5,732,934.18
Fresh Fruit and Vegetable Program	10.582	255GA324L1603	229,651.22
Total Child Nutrition Cluster			<u>7,776,751.20</u>
Forest Service Schools and Roads Cluster			
Pass-Through From Office of the State Treasurer			
Schools and Roads - Grants to States	10.665	486 Forest	<u>1,302.47</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
State Administrative Expenses for Child Nutrition	10.560	255GA904N2533	29,204.80
Child Nutrition Discretionary Grants Limited Availability	10.579	225GA350N8103	62,075.25
Total U.S. Department of Agriculture			<u>7,869,333.72</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	2,493,025.62
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	7,491.69
Total Education Stabilization Fund			<u>2,500,517.31</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A230073	1,232,488.21
Grants to States	84.027A	H027A240073	1,304,089.65
Preschool Grants	84.173A	H173A240081	60,619.00
Total Special Education Cluster			<u>2,597,196.86</u>
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A230010	2,011.34
Career and Technical Education - Basic Grants to States	84.048A	V048A240010	122,409.00
Education for Homeless Children and Youth	84.196A	S196A240011	25,870.51
English Language Acquisition State Grants	84.365A	S365A230010	4,235.00
English Language Acquisition State Grants	84.365A	T365A240010	15,068.38
Supporting Effective Instruction State Grants	84.367A	S367A230001	40,858.00
Supporting Effective Instruction State Grants	84.367A	S367A240001	380,402.26
Title I Grants to Local Educational Agencies	84.010A	S010A230010	120,324.00
Title I Grants to Local Educational Agencies	84.010A	S010A240010	2,878,575.44
Total Other Programs			<u>3,589,753.93</u>
Total U.S. Department of Education			<u>8,687,468.10</u>

WALKER COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2025

SCHEDULE "8"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Treasury, U.S. Department of the Pass-Through From Georgia Department of Education COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-1189	63,910.69
Defense, U.S. Department of Direct Department of the Air Force R.O.T.C. Program	12. UNKNOWN		1,654.89
Department of the Army R.O.T.C. Program	12. UNKNOWN		92,279.15
Total U.S. Department of Defense			93,934.04
Total Expenditures of Federal Awards			\$ 16,714,646.55

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 Walker County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

Note 4. Transfers Between Programs

Funds totaling \$212,182.00 were transferred from the Title IV Part A program (ALN 84.424) and expended in the Title I program (ALN 84.010A) during Fiscal Year 2025.

Note 5. Schoolwide Consolidation of Funds

Federal, state, and local funds were consolidated into one fund to support Title I schools operating a schoolwide program. The following federal programs and amounts were included in this schoolwide consolidation of funds:

ALN	Program Name	Amount
84.010A	Title I Grants to Local Educational Agencies	\$ 2,376,865.00

WALKER COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2025

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL	CAPITAL PROJECTS	
	FUND	FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 1,786,748.94	\$ -	\$ 1,786,748.94
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	2,650,955.00	-	2,650,955.00
Kindergarten Program - Early Intervention Program	1,540,254.00	-	1,540,254.00
Primary Grades (1-3) Program	6,022,607.00	-	6,022,607.00
Primary Grades - Early Intervention (1-3) Program	4,512,425.00	-	4,512,425.00
Upper Elementary Grades (4-5) Program	2,446,482.00	-	2,446,482.00
Upper Elementary Grades - Early Intervention (4-5) Program	2,832,096.00	-	2,832,096.00
Middle School (6-8) Program	5,593,209.00	-	5,593,209.00
High School General Education (9-12) Program	5,819,898.00	-	5,819,898.00
Vocational Laboratory (9-12) Program	2,206,725.00	-	2,206,725.00
Students with Disabilities	17,143,657.00	-	17,143,657.00
Gifted Student - Category VI	4,264,364.00	-	4,264,364.00
Remedial Education Program	1,147,314.00	-	1,147,314.00
Alternative Education Program	463,096.00	-	463,096.00
English Speakers of Other Languages (ESOL)	538,098.00	-	538,098.00
Media Center Program	1,269,197.00	-	1,269,197.00
20 Days Additional Instruction	361,044.00	-	361,044.00
Staff and Professional Development	240,948.00	-	240,948.00
Principal Staff and Professional Development	5,171.00	-	5,171.00
Indirect Cost			
Central Administration	1,785,681.00	-	1,785,681.00
School Administration	2,891,485.00	-	2,891,485.00
Facility Maintenance and Operations	2,142,123.00	-	2,142,123.00
Categorical Grants			
Pupil Transportation			
Regular	1,352,324.00	-	1,352,324.00
Nursing Services	191,499.00	-	191,499.00
Education Equalization Funding Grant	12,885,627.00	-	12,885,627.00
Other State Programs			
Career, Technical and Agricultural Education (CTAE)	292,311.00	-	292,311.00
Computer Science Capacity Grant (CS4GA) Grant	4,648.84	-	4,648.84
Custodian Supplement	77,000.00	-	77,000.00
Dyslexia Services Grant	24,270.00	-	24,270.00
Food Services	194,967.25	-	194,967.25
Hygiene Products	6,731.00	-	6,731.00
Math and Science Supplements	55,826.00	-	55,826.00
One Time QBE Adjustment	1,696.00	-	1,696.00
Preschool Disability Services	441,017.00	-	441,017.00
Pupil Transportation - State Bonds	88,110.00	-	88,110.00
School Security Grant	706,860.00	-	706,860.00
Teachers Retirement	32,687.94	-	32,687.94
Vocational Supervisors	28,884.00	-	28,884.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	1,683,070.00	1,683,070.00
Office of the State Treasurer			
Public School Employees Retirement	214,433.00	-	214,433.00
Community Health, Georgia Department of			
Other Post-Employment Benefits (OPEB)	1,512,831.19	-	1,512,831.19
CONTRACT			
Human Resources, Georgia Department of			
Family Connections	56,250.00	-	56,250.00
OTHER			
Peach Tax Credit for CTAE Pathways Enhancements	6,840.00	-	6,840.00
	\$ 85,838,391.16	\$ 1,683,070.00	\$ 87,521,461.16

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

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
ESPLOST V (2017)			
(i) Acquisition, construction, and equipping of auxiliary gymnasiums at LaFayette and Ridgeland High Schools;	\$ 2,000,000.00	\$ 1,462,931.64	Completed (5)
(ii) Construction of new roofs for educational and central services building and/or facilities;	1,120,000.00	1,729,383.49	Completed (7)
(iii) Acquisition and upgrading of technology and computers, textbooks, and e-books, including expansion of the technology plan to improve student-to-device ratio;	5,000,000.00	684,144.15	Completed (7)
(iv) Acquisition and equipping of school buses;	3,000,000.00	2,131,150.30	Completed (7)
(v) Paving and repairing of parking lots and driveways for educational and central services building and/or facilities;	1,900,000.00	1,764,209.00	Completed (7)
(vi) Acquisition and equipping of safety and security equipment for educational and central services building and/or facilities;	612,350.00	138,112.36	Completed
(vii) Construction, renovation, improvements, and equipping of the Career Technical and Agriculture Education (CTAE) labs at LaFayette and Ridgeland High Schools;	600,000.00	-	Completed (5)
(viii) Acquisition, construction, and equipping of a multi-use athletic facility at Ridgeland High School;	2,000,000.00	9,316,183.83	Completed (5)
(ix) Acquisition, construction, and equipping of a football field at the LaFayette High School; and	800,000.00	-	Completed (7)
(x) Renovations, additions, improvements, and equipping of existing education buildings, properties, and facilities of the School District, including additions, improvements, constructing, and equipping central services facilities; acquisition of any property, both real and personal, and equipment necessary in connection with the above described capital outlay projects, including energy management systems, heating and air conditioning systems, lighting, and similar equipment; and acquisition of real property for future schools, facilities, administrative offices, support services, and other purposes of the Walker County School District.	4,870,150.00	12,607,858.17	6/30/2025 (6) (7)
Subtotal 2017 Projects	<u>21,902,500.00</u>	<u>29,833,972.94</u>	

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

SCHEDULE "10"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR				AMOUNT EXPENDED IN PRIOR YEAR				TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
	(3)	(4)	(5)	(6)	(3)	(4)	(5)	(6)		
ESPLOST V (2017)										
(i) Acquisition, construction, and equipping of auxiliary gymnasiums at LaFayette and Ridgeland High Schools;	\$	-			\$	1,462,931.64			\$ 1,462,931.64	\$ -
(ii) Construction of new roofs for educational and central services building and/or facilities;		417,552.10				1,311,831.39			1,729,383.49	-
(iii) Acquisition and upgrading of technology and computers, textbooks, and e-books, including expansion of the technology plan to improve student-to-device ratio;		-				684,144.15			684,144.15	-
(iv) Acquisition and equipping of school buses;		49,890.00				2,081,260.30			2,131,150.30	-
(v) Paving and repairing of parking lots and driveways for educational and central services building and/or facilities;		-				1,764,209.00			1,764,209.00	-
(vi) Acquisition and equipping of safety and security equipment for educational and central services building and/or facilities;		-				138,112.36			138,112.36	-
(vii) Construction, renovation, improvements, and equipping of the Career Technical and Agriculture Education (CTAE) labs at LaFayette and Ridgeland High Schools;		-				-			-	-
(viii) Acquisition, construction, and equipping of a multi-use athletic facility at Ridgeland High School;		-				9,316,183.83			9,316,183.83	-
(ix) Acquisition, construction, and equipping of a football field at the LaFayette High School; and		-				-			-	-
(x) Renovations, additions, improvements, and equipping of existing education buildings, properties, and facilities of the School District, including additions, improvements, constructing, and equipping central services facilities; acquisition of any property, both real and personal, and equipment necessary in connection with the above described capital outlay projects, including energy management systems, heating and air conditioning systems, lighting, and similar equipment; and acquisition of real property for future schools, facilities, administrative offices, support services, and other purposes of the Walker County School District.		371,337.32				12,236,520.85			12,607,858.17	-
Subtotal 2017 Projects		<u>838,779.42</u>				<u>28,995,193.52</u>			<u>29,833,972.94</u>	<u>-</u>

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

SCHEDULE "10"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
ESPLOST VI (2021)			
(i) Renovations, additions, improvements, and equipping of existing schools;	\$ 14,570,456.00	\$ 22,000,000.00	6/30/2026
(ii) Acquisition, construction, and equipping of auxiliary gymnasiums at Chattanooga Valley, LaFayette, Rossville, and Saddle Ridge Middle Schools;	2,000,000.00	-	6/30/2026 (8)
(iii) Acquisition and equipping of school buses and maintenance vehicles;	1,800,000.00	1,800,000.00	6/30/2026
(iv) Resurfacing and replacement of tennis courts at LaFayette and Ridgeland High Schools;	860,000.00	1,140,956.41	Completed
(v) Paving and repairing of parking lots and entrance roads;	200,000.00	200,000.00	6/30/2026
(vi) Acquisition, and upgrading of technology, computers, and e-books, including expansion of the technology plan to improve student to device ratio;	450,000.00	450,000.00	6/30/2026
(vii) Renovations, improvements, and equipping of existing athletic facilities system-wide;	5,152,360.00	8,486,592.00	6/30/2026
(viii) Acquisition of any property, both real and personal, and equipment necessary in connection with the above described capital outlay projects, and for future schools, facilities, administrative offices, support services, and other purposes of the Walker County School District; and	1,000,000.00	1,000,000.00	6/30/2026
(ix) Cost of issuance of general obligation debt for the purpose of financing the costs of the capital outlay projects described above.	-	343,143.89	Completed
Subtotal 2021 Projects	<u>26,032,816.00</u>	<u>35,420,692.30</u>	
Total	<u>\$ 47,935,316.00</u>	<u>\$ 65,254,665.24</u>	

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

SCHEDULE "10"

<u>PROJECT</u>	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
ESPLOST VI (2021)				
(i) Renovations, additions, improvements, and equipping of existing schools;	\$ 9,862,220.40	\$ 11,286,131.94	\$ -	\$ -
(ii) Acquisition, construction, and equipping of auxiliary gymnasiums at Chattanooga Valley, LaFayette, Rossville, and Saddle Ridge Middle Schools;	-	-	-	-
(iii) Acquisition and equipping of school buses and maintenance vehicles;	239,000.00	90,654.00	-	-
(iv) Resurfacing and replacement of tennis courts at LaFayette and Ridgeland High Schools;	-	1,140,956.41	1,140,956.41	-
(v) Paving and repairing of parking lots and entrance roads;	-	-	-	-
(vi) Acquisition, and upgrading of technology, computers, and e-books, including expansion of the technology plan to improve student to device ratio;	4,007.27	-	-	-
(vii) Renovations, improvements, and equipping of existing athletic facilities system-wide;	1,045,277.29	7,441,314.11	-	-
(viii) Acquisition of any property, both real and personal, and equipment necessary in connection with the above described capital outlay projects, and for future schools, facilities, administrative offices, support services, and other purposes of the Walker County School District; and	736,587.60	-	-	-
(ix) Cost of issuance of general obligation debt for the purpose of financing the costs of the capital outlay projects described above.	-	343,143.89	343,143.89	-
Subtotal 2021 Projects	<u>11,887,092.56</u>	<u>20,302,200.35</u>	<u>1,484,100.30</u>	<u>-</u>
Total	<u>\$ 12,725,871.98</u>	<u>\$ 49,297,393.87</u>	<u>\$ 31,318,073.24</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 Walker 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.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	\$ 3,534,336.38
Current Year	<u>567,500.00</u>
Total	<u>\$ 4,101,836.38</u>

(5) Ridgeland High Projects (1. Gym, 7. LAB/AG Building, 8. Athletic Facility) were combined into one project. Expenditures are combined on the athletic facility line.

(6) North Georgia Electric Membership Corporation awarded \$100,000.00 to Rossville Middle for Uplift Energy Grant, and \$200,000.00 to Naomi Elementary. SPLOST funds were used to supplement the projects.

(7) Funds from ESPLOST V will be combined with funds from ESPLOST VI to complete these projects.

(8) Funds from ESPLOST VI may be combined with funds from ESPLOST VII to complete these 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
Mr. Damon Raines, Superintendent and Members of the
Walker County Board of Education

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Walker County Board of Education (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 23, 2026. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Greg S. Griffin".

Greg S. Griffin
State Auditor

March 23, 2026



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Damon Raines, Superintendent and Members of the
Walker County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Respectfully submitted,

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

Greg S. Griffin
State Auditor

March 23, 2026

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

**WALKER COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters were reported.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Section IV

Findings and Questioned Costs

WALKER COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2025

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Type of auditor's report issued on compliance for major programs: All major programs	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
---	----

Identification of major programs:

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

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

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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 LLC, Savannah, Georgia, Bond Counsel, and is substantially the form to be given in connection with the delivery of the Bonds.

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323 East Congress Street
Savannah, Georgia 31401
(912) 443-4040

[Date of Issuance]

Walker County School District
LaFayette, Georgia

Re: \$20,000,000* WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL
OBLIGATION SALES TAX BONDS, SERIES 2026

To the Addressee:

We have acted as bond counsel in connection with the issuance by the Walker County School District (the “School District”) of its WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026, in the aggregate principal amount of \$20,000,000* (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 Walker County (the “Board of Education”), acting for and on behalf of the School District, which School District comprises all of Walker County, Georgia (the “County”) except the area within the corporate limits of the City of Chickamauga, including a concurrent resolution adopted by the Board of Education and the Board of Education of the City of Chickamauga on December 19, 2024, calling an educational sales and use tax election and general obligation bond election held in Walker County on March 18, 2025 (the “Election”); (iii) a certified copy of a bond resolution adopted by the Board of Education on April ___, 2026 (the “Resolution”); (iv) a certified copy of the proceedings in and the judgment of the Superior Court of Walker 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 October 1 in the years and amounts set forth in the Resolution. Interest on each Bond is payable on April 1 and October 1 in each year, beginning on October 1, 2026, 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 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 thereof. 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 payment of the Bonds is validly secured by the School District’s *pro rata* share receipts of a one percent sales and use tax for educational purposes which will begin being collected within the County upon the expiration of the existing one percent sales and use tax for educational purposes previously imposed (currently expected to cease being collected on June 30, 2026), for a period of time not to exceed 20 calendar quarters. The principal of and interest on the Bonds are payable from a separate account in which are to be placed the proceeds received by the School District from such sales and use tax. The obligation to pay the principal of and interest on the Bonds, however, is a general obligation debt of the School District and constitutes a pledge of the full faith and credit of the School District. Any liability on such debt which is not satisfied from the proceeds of the sales and use tax for educational purposes shall be satisfied from the general fund of the School District or from a direct annual *ad valorem* tax to be levied for such purpose.

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 Walker 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 Walker County entered on July 17, 2025, Civil Action No. 2025SUCV000411, 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 LLC

By: _____
A Partner

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Appendix C

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 Walker County (the “Board of Education”), the managing and controlling body of the Walker County School District (the “School District”), a political subdivision of the State of Georgia, in connection with the issuance of the WALKER COUNTY SCHOOL DISTRICT (GEORGIA) GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026, in the aggregate principal amount \$20,000,000* (the “Bonds”). The Bonds are being issued pursuant to a bond resolution adopted by the Board of Education on April ___, 2026 (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 Walker County and any successor or successors in office to the present Board of Education.

“Dissemination Agent” means initially 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, 2025, and will end on June 30, 2026.

“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 nine months after the end of each Fiscal Year, commencing with the report for the Fiscal Year ending June 30, 2026, 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 nine months 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. 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 consistent with the Official Statement relating to the Bonds: (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:

(i) principal and interest payment delinquencies;

Continuing Disclosure Certificate

- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) modifications to rights of Bondholders; if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) 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;
- (xiii) 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) 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

(xvi) 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)(viii) and (ix) 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 _____, 2026.

WALKER COUNTY SCHOOL DISTRICT

(S E A L)

By: _____
Chair
Board of Education of Walker County

Attest: _____
Secretary
Board of Education of Walker County

Exhibit A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Walker County School District (Georgia)

Name of Bond Issue: \$20,000,000* WALKER COUNTY SCHOOL DISTRICT GENERAL OBLIGATION
SALES TAX BONDS, SERIES 2026

Date of Issuance: _____, 2026

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 Walker County Board of Education, on behalf of the Issuer, as of _____, 2026. The Issuer anticipates that the Annual Report will be filed by _____, 20__.

Dated: _____, 20__

[Name of Dissemination Agent]

By: _____

Exhibit B

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

\$20,000,000* WALKER COUNTY SCHOOL DISTRICT (GEORGIA)
GENERAL OBLIGATION SALES TAX BONDS, SERIES 2026 (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__

[Name of Dissemination Agent]

By: _____
Title

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.