



## ANNUAL FINANCIAL REPORT • FISCAL YEAR 2025

# Towns County Board of Education Hiawassee, Georgia

**Including Independent Auditor's Report**

Greg S. Griffin | State Auditor



**DOAA**  
Georgia Department  
of Audits & Accounts

# **Towns County Board of Education**

## Table of Contents

### **Section I**

#### **Financial**

##### Independent Auditor's Report

#### **Required Supplementary Information**

##### Management's Discussion and Analysis

i

#### **Exhibits**

##### Basic Financial Statements

###### Government-Wide Financial Statements

A	Statement of Net Position	1
B	Statement of Activities	2

###### Fund Financial Statements

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

#### **Schedules**

#### **Required Supplementary Information**

1	Schedule of Proportionate Share of the Net Pension Liability Teachers Retirement System of Georgia	33
2	Schedule of Contributions – Teachers Retirement System of Georgia	34
3	Schedule of Proportionate Share of the Net Pension Liability Public School Employees Retirement System of Georgia	35
4	Schedule of Proportionate Share of the Net OPEB Liability School OPEB Fund	36
5	Schedule of Contributions – School OPEB Fund	37
6	Notes to the Required Supplementary Information	38
7	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	39

## **Supplementary Information**

8	Schedule of Expenditures of Federal Awards	40
9	Schedule of State Revenue	42
10	Schedule of Approved Local Option Sales Tax Projects	44

## **Section II**

### **Compliance and Internal Control Reports**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

## **Section III**

### **Auditee's Response to Prior Year Findings and Questioned Costs**

Summary Schedule of Prior Audit Findings

## **Section IV**

### **Findings and Questioned Costs**

Schedule of Findings and Questioned Costs

## **Section I**

### **Financial**



## INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Darren Berrong, Superintendent and Members of the  
Towns County Board of Education

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of the Towns 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 and each major fund of the School District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

#### ***Emphasis of Matter***

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

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin".

Greg S. Griffin  
State Auditor

January 22, 2026

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

## **INTRODUCTION**

The Towns County Board of Education's (School District) financial statements for the fiscal year ended June 30, 2025 includes a series of basic financial statements that report financial information for the School District as a whole and its funds. The Statement of Net Position and the Statement of Activities provide financial information about all of the School District's activities and present both a short-term and long-term view of the School District's finances on a global basis. The fund financial statements provide information about all of the School District's funds. Information about these funds, such as the School District's general fund, is important in its own right, but will also give insight into the School District's overall soundness as reported in the Statement of Net Position and the Statement of Activities.

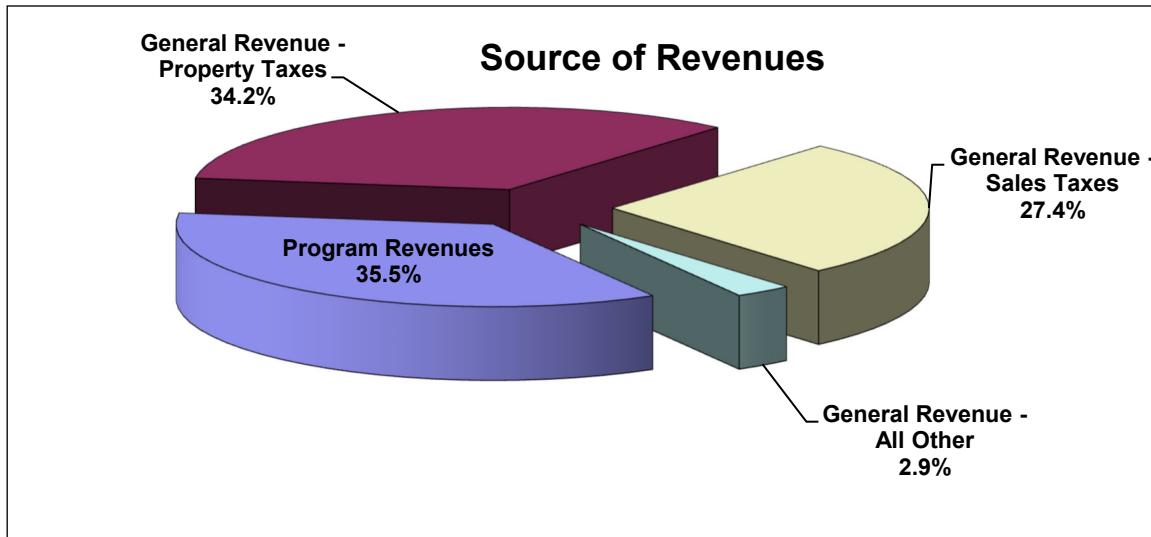
## **FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2025 are as follows:

On the government-wide financial statements:

- GASB Statement No. 101, *Compensated Absences*, was implemented in fiscal year 2025 and replaced GASB Statement No. 16. This is considered a change in accounting principle that affects the School District's reporting of its compensated absences liability. This change in accounting policy required a beginning balance restatement for the fiscal year 2025. Ending balances for fiscal year 2024 presented inside the Management's Discussion and Analysis section do not show the accounting impact of these restated balances. Additional information may be found in Note 2, Summary of Significant Accounting Policies and Note 13, Restatement of Prior Year Net Position.
- The School District's net position at June 30, 2025 was \$10.2 million. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation/amortization) and all liabilities, both short-term and long-term, and deferred inflows of resources. The net position at June 30, 2025 of \$10.2 million represented an increase in net position of about \$2.6 million from the prior year. The increase in net position for fiscal year 2025 of \$2.6 million occurred primarily because sales tax revenues increased by about \$2.6 million from the prior year due to a full year's collection of the recently imposed ESPLOST and a net decrease in net actuarial expense for pension and OPEB of about \$0.6 million as compared to the prior year.
- The School District had almost \$21.3 million in expenses relating to governmental activities; about \$8.9 million of the \$21.3 million in expenses were offset by program specific charges for services, grants and contributions. The general revenues (primarily property and sales taxes) and special item of \$16.2 million were adequate to provide for these programs.
- As stated above, general revenues and special item accounted for \$16.2 million or about 64.5% of all revenues totaling almost \$25.1 million. Program specific revenues in the form of charges for services, grants, and contributions accounted for the balance of these revenues. (Percentages in table below have been rounded to one decimal place.)

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**



On the fund financial statements:

- Among major funds, the general fund had \$20.1 million in revenues and almost \$21.0 million in combined expenditures. The general fund balance of almost \$9.0 million at June 30, 2025 decreased roughly \$0.9 million from the prior year. The decrease in fund balance was anticipated by the School District as evidenced by the final fiscal year 2025 budget which showed more expenditures than revenues.

## OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consists of three parts; management's discussion and analysis (this section), the basic financial statements including notes to the financial statements and supplementary information. The basic financial statements include two levels of statements that present different views of the School District. These include the government-wide and fund financial statements.

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

The fund financial statements focus on individual parts of the School District, reporting the School District's operation in more detail. The 'governmental funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. In the case of the Towns County School District, the general fund and capital projects fund are all considered to be major funds. The School District has no funds reported as nonmajor funds as defined by generally accepted accounting principles.

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

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

## **Government-Wide Statements**

Since Towns County School District has no operations that have been classified as “Business Activities”, the government-wide financial statements are basically a consolidation of all of the School District’s operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position now than last year? The ‘Statement of Net Position’ and the ‘Statement of Activities’ provides the basis for answering this question. These financial statements include all of the School District’s assets, deferred outflows, liabilities and deferred inflows. These accounts use the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net position and any changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the results of many factors, including those not under the School District’s control, such as the property tax base, facility conditions, required educational programs, student-teacher ratios, and other factors.

When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate/amortized capital assets and intangible right-to-use assets
- Report long-term debt, including pension and post-employment obligations, as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting
- Allocate net position as follows:
  - *Net Investment in capital assets*
  - *Restricted net position* is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
  - *Unrestricted* for no specific use.

## **Fund Financial Statements**

The School District uses many funds or sub-funds to account for a multitude of financial transactions during the fiscal year. The fund financial statements presented in this report provide detailed information about the School District’s significant or major funds. As discussed previously, the School District has no nonmajor funds as defined by generally accepted accounting principles.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The School District has one kind of fund as discussed below:

Governmental Funds – The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual method of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements.

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

Net position, which is the difference between total assets, deferred outflows of resources, total liabilities and deferred inflows of resources, is one indicator of the financial condition of the School District. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses can be thought of as the School District's operating results. The School District's net position, as measured in the Statement of Net Position is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position - as measured in the Statement of Activities - are one indicator of whether its financial health is improving or deteriorating. However, the School District's goal and mission is to provide success for each child's education, not to generate profits as private corporations do. For this reason, many other nonfinancial factors should be considered in assessing the overall health of the School District.

In the case of the Towns County School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by just over \$10.2 million at June 30, 2025. To better understand the School District's actual financial position and ability to deliver services in future periods, it is necessary to review the various components of the net position category. For example, of the \$10.2 million of net position, over \$1.2 million was restricted for continuation of various state and federal programs, and ongoing capital projects. Accordingly, these funds were not available to meet the School District's ongoing obligations to citizens and creditors.

In addition, the School District had \$24.6 million (net of related debt) invested in capital assets and intangible right-to-use assets (e.g., land, buildings, and equipment). The School District uses these capital assets to provide educational services to students within geographic boundaries served by the School District. Because of the very nature and on-going use of the assets being reported in this component of net position, it must be recognized that this portion of the net position is not available for future spending.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Because of the restrictions on net position as discussed above, the School District had an unrestricted (deficit) of just over \$15.6 million at June 30, 2025. The reader should remember this deficit includes pension related charges recorded because of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date an Amendment to GASB Statement No. 68*; and also includes charges recorded because of GASB Statement No. 75, *Accounting and Financial reporting for Post-employment Benefits Other than Pensions*. The School District believes it is also meaningful to view the School District's Net Position in the following manner:

Net Position associated with pension obligations	\$ (11,916,990)
Net position associated with post-employment benefits other than pension	(12,028,676)
Net position exclusive of pension obligations and post-employment benefits	<u>34,186,396</u>
Net position, June 30, 2025	<u>\$ 10,240,730</u>

The above analysis reflects, despite pension obligations and post-employment benefits, the School District's net position is a positive \$10.2 million and management believes the School District's financial position is sound.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Table 1 provides a summary of the School District's net position for this fiscal year as compared to the prior fiscal year.

**Table 1  
Net Position**

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
<b>Assets</b>		
Current and Other Assets	\$ 12,990,013	\$ 13,364,653
Capital Assets, Net	<u>25,256,826</u>	<u>20,864,761</u>
<b>Total Assets</b>	<u>38,246,839</u>	<u>34,229,414</u>
<b>Deferred Outflows of Resources</b>		
Related to Defined Benefit Pension Plan	4,525,668	5,520,181
Related to OPEB Plan	<u>2,264,262</u>	<u>2,788,346</u>
<b>Total Deferred Outflows of Resources</b>	<u>6,789,930</u>	<u>8,308,527</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>45,036,769</u>	<u>42,537,941</u>
<b>Liabilities</b>		
Current and Other Liabilities	2,850,204	2,210,268
Long-Term Liabilities	1,210,239	202,537
Net Pension Liability	14,161,845	16,800,800
Net OPEB Liability	<u>10,588,794</u>	<u>10,332,354</u>
<b>Total Liabilities</b>	<u>28,811,082</u>	<u>29,545,959</u>
<b>Deferred Inflows of Resources</b>		
Related to Defined Benefit Pension Plan	2,280,813	365,805
Related to OPEB Plan	<u>3,704,144</u>	<u>4,977,633</u>
<b>Total Deferred Inflows of Resources</b>	<u>5,984,957</u>	<u>5,343,438</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>34,796,039</u>	<u>34,889,397</u>
<b>Net Position</b>		
Net Investment in Capital Assets	24,609,454	20,635,040
Restricted	1,233,935	1,157,468
Unrestricted (Deficit)	<u>(15,602,659)</u>	<u>(14,143,964)</u>
<b>Total Net Position</b>	<u>\$ 10,240,730</u>	<u>\$ 7,648,544</u>

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

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

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

In connection with the unrestricted deficit shown at June 30, 2025, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (15,602,659)
Unrestricted deficit in net position resulting from recognition of net pension obligations	11,916,990
Unrestricted deficit in net position resulting from recognition of post-employment benefits other than pension obligations	<u>12,028,676</u>
Unrestricted net position, exclusive of the net pension obligation and post-employment benefits effect	<u>\$ 8,343,007</u>

The above analysis shows that the recognition of liabilities for pension obligations and post-employment benefits on the financial statements as required by generally accepted principles has had a severe effect on the School District's unrestricted net position. However, despite these obligations, management believes the School District's financial position is sound.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Table 2 below provides a summary of the School District's change in net position compared to the prior year.

**Table 2  
Change in Net Position**

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 207,820	\$ 280,355
Operating Grants and Contributions	6,873,485	8,029,021
Capital Grants and Contributions	1,857,560	352,440
	<hr/>	<hr/>
Total Program Revenues	<hr/>	<hr/>
	8,938,865	8,661,816
General Revenues:		
Property Taxes	8,597,590	8,380,371
Sales Taxes	6,879,198	4,267,764
Investment Earnings	306,452	409,081
Miscellaneous	414,832	510,558
Special Items		
Gain on Disposal of Capital Assets	11,048	6,629
Repayment on Prior Year Property Taxes	-	(196,681)
	<hr/>	<hr/>
Total General Revenues and Special Items	<hr/>	<hr/>
	16,209,120	13,377,722
Total Revenues and Special Items	<hr/>	<hr/>
	25,147,985	22,039,538
<b>Program Expenses:</b>		
Instruction	12,731,155	13,636,584
Support Services		
Pupil Services	1,709,056	1,943,772
Improvement of Instructional Services	282,523	320,775
Educational Media Services	386,628	373,942
General Administration	509,878	490,482
School Administration	894,355	1,028,576
Business Administration	260,770	267,082
Maintenance and Operation of Plant	2,090,187	2,036,026
Student Transportation Services	1,058,686	979,628
Central Support Services	679	
Other Support Services	108,491	135,911
Operations of Non-Instructional Services		
Enterprise Operations	234,649	193,440
Community Services	4,987	5,391
Food Services	995,669	956,346
Interest on Long-Term Debt	4,092	5,780
	<hr/>	<hr/>
Total Expenses	<hr/>	<hr/>
	21,271,126	22,374,414
Change in Net Position	<hr/>	<hr/>
	\$ 3,876,859	\$ (334,876)

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

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

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**Cost of Providing Services**

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

**Table 3  
Cost of Services**

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2025	Fiscal Year 2024 (1)	Fiscal Year 2025	Fiscal Year 2024 (1)
Instruction	\$ 12,731,155	\$ 13,636,584	\$ 7,224,339	\$ 9,192,553
Support Services				
Pupil Services	1,709,056	1,943,772	1,589,580	1,667,768
Improvement of Instructional Services	282,523	320,775	176,485	187,285
Educational Media Services	386,628	373,942	201,715	188,837
General Administration	509,878	490,482	137,035	134,346
School Administration	894,355	1,028,576	310,376	457,518
Business Administration	260,770	267,082	68,343	72,573
Maintenance and Operation of Plant	2,090,187	2,036,026	1,574,826	1,122,126
Student Transportation Services	1,058,686	979,628	604,609	322,514
Central Support Services	-	679	-	-
Other Support Services	108,491	135,911	106,671	91,562
Operations of Non-Instructional Services				
Enterprise Operations	234,649	193,440	147,594	110,432
Community Services	4,987	5,391	4,987	5,391
Food Services	995,669	956,346	181,610	153,913
Interest on Long-Term Debt	4,092	5,780	4,092	5,780
 Total Expenses	 \$ 21,271,126	 \$ 22,374,414	 \$ 12,332,262	 \$ 13,712,598

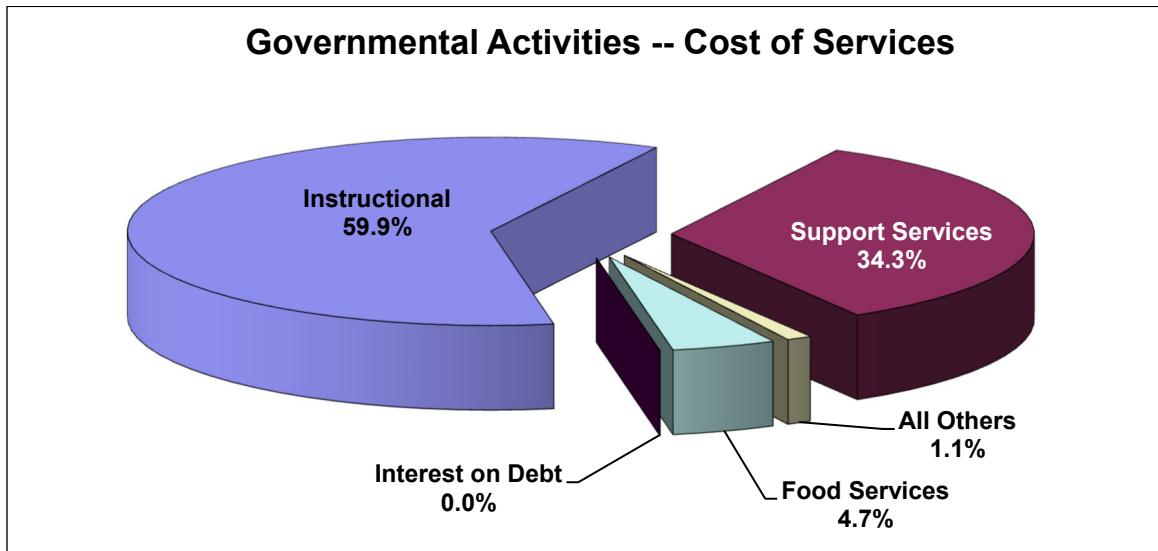
(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.

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

The table shows that overall School District expenses decreased by about \$1.1 million from the prior year while the net costs of providing those services decreased almost \$1.4 million. The decrease in School District expenses from the prior year can be attributed to a decrease in net actuarial expenses of \$0.6 million for pension and OPEB as calculated by professional actuaries. The increase in program revenues of about \$0.3 million from the prior year accounts for the decreased net costs in providing services as compared to the prior year.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The chart below shows a functional summary of the expenses made by the School District during fiscal year 2025. The percentages are rounded to one decimal place.



## **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's governmental funds is presented starting on Exhibit "C" of this report. Governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues of \$25.2 million and total expenditures of \$26.4 million in fiscal year 2025. Total governmental fund balances of almost \$9.4 million at June 30, 2025, decreased about \$1.2 million from the prior year. This decrease in fund balance was primarily attributable to the fact the School District intended to reduce its governmental fund balances in fiscal year 2025 as evidenced by its final budget which showed budgeted expenditures exceeding available revenues.

### **General Fund Budget Highlights**

The School District's budget is prepared according to Georgia Law. The most significant budgeted fund is the general fund. During the course of fiscal year 2025, the School District amended its general fund budget as needed.

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

Actual revenues of \$20.1 million were about \$1.1 million greater than the budgeted amount. The primary reason revenues were greater than budget was the fact property tax revenues exceeded the budgeted amount by \$0.9 million and miscellaneous revenues exceeded the budgeted amount by \$0.2 million.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The general fund's final actual expenditures of almost \$21.0 million were less than the final budgeted amount by almost \$1.8 million. About \$0.9 million of these under expenditures occurred in the instructional function of the School District's operation.

**CAPITAL ASSETS, INTANGIBLE RIGHT-TO-USE ASSETS, AND LONG-TERM LIABILITIES**

**Capital Assets and Intangible Right-to-Use Assets**

At fiscal year ended June 30, 2025, the School District had almost \$25.3 million invested in capital assets, net of accumulated depreciation and intangible right-to-use assets, net of accumulated amortization, all in governmental activities. These assets are made up of a broad range of items including buildings; land; land improvements; and instructional, food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation and amortization, as compared to the prior fiscal year.

**Table 4**  
**Capital Assets and Intangible Right-to-Use Assets at June 30**  
**(Net of Depreciation/Amortization)**

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024
Land	\$ 951,265	\$ 951,265
Construction in Progress	4,873,229	429,549
Buildings and Improvements	15,451,328	15,743,401
Equipment	2,076,938	1,640,568
Land Improvements	1,872,066	2,041,516
Intangible Right-To-Use Equipment	<u>31,999</u>	<u>58,462</u>
 Total	 \$ <u>25,256,825</u>	 \$ <u>20,864,761</u>

Additional information about the School District's capital assets and intangible right-to-use assets can be found in the Notes to the Basic Financial Statements.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

## **Long-Term Liabilities**

At June 30, 2025, the School District had \$1.2 million in long-term liabilities outstanding which consisted of about \$1.2 million in compensated absences and about \$43,400 in leases associated with right-to-use equipment. Table 5 summarizes the School District's long-term liabilities as compared to the prior fiscal year.

**Table 5  
Change in Long-Term Liabilities**

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Compensated Absences	\$ 1,166,845	\$ 133,118
Leases	<u>43,393</u>	<u>69,419</u>
	<u><u>\$ 1,210,238</u></u>	<u><u>\$ 202,537</u></u>

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

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

Additional information about the School District's liabilities can be found in the Notes to the Basic Financial Statements.

## **FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

Currently known circumstances that are expected to have a significant effect on financial position or results of operations in future years are as follows:

- The School District is financially stable. The School District's operating millage for fiscal year 2025 was reduced from 5.995 mills to 5.38 mills. The lower millage rate resulted in a modest increase in property tax revenue (including TAVT tax) of about \$102,000 as compared to the prior year. However, revenues from sales taxes (predominantly the special purpose local option sales tax for capital outlay purposes) increased by about \$2.6 million from the prior year. These funds were mostly expended for capital outlay projects during fiscal year 2025. The increase in sales tax revenue was the result of the School District collecting a full year of special purpose local option sales taxes in fiscal year 2025 versus only three months in the prior year.
- The School District's student enrollment remained fairly stable and no new facilities are deemed necessary at this time. The School District will monitor growth patterns and will construct or renovate facilities at various schools as needed. The School District plans to fund additional capital outlays, in part, with the one percent local sales tax revenue and state capital outlay grants as they become available.

**TOWNS COUNTY BOARD OF EDUCATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

- The School District anticipates significant financial challenges going forward due to expected continued higher health insurance and benefit costs for employees. In spite of these challenges, the School District will continue to be a good steward of tax dollars while providing a quality educational opportunity.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mrs. Myra Underwood, Finance Director for Towns County Board of Education, 67 Lakewood Circle, Suite C, Hiawassee, Georgia 30546. You may also email your questions to Mrs. Underwood at [Myra@townscountyschools.org](mailto:Myra@townscountyschools.org).

**Towns County Board of Education**

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

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 10,005,748.93
Accounts Receivable, Net	
Taxes	1,826,910.39
State Government	914,326.85
Federal Government	182,012.67
Inventories	16,810.78
Prepaid Items	44,204.17
Intangible Right-to-Use Assets (Net of Accumulated Amortization)	31,999.00
Capital Assets, Non-Depreciable	5,824,494.00
Capital Assets, Depreciable (Net of Accumulated Depreciation)	19,400,332.00
Total Assets	<hr/> 38,246,838.79 <hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Defined Benefit Pension Plan	4,525,668.00
Related to OPEB Plan	<hr/> 2,264,262.49 <hr/>
Total Deferred Outflows of Resources	<hr/> 6,789,930.49 <hr/>
<b>LIABILITIES</b>	
Accounts Payable	151,618.27
Salaries and Benefits Payable	2,094,607.88
Contracts Payable	391,479.75
Retainages Payable	212,498.00
Net Pension Liability	14,161,845.00
Net OPEB Liability	10,588,794.00
Long-Term Liabilities	
Due Within One Year	410,051.96
Due in More Than One Year	<hr/> 800,186.75 <hr/>
Total Liabilities	<hr/> 28,811,081.61 <hr/>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Defined Benefit Pension Plan	2,280,813.00
Related to OPEB Plan	<hr/> 3,704,144.00 <hr/>
Total Deferred Inflows of Resources	<hr/> 5,984,957.00 <hr/>
<b>NET POSITION</b>	
Net Investment in Capital Assets	24,609,453.96
Restricted for	
Continuation of Federal Programs	251,125.94
Capital Projects	982,809.51
Unrestricted (Deficit)	<hr/> (15,602,658.74) <hr/>
Total Net Position	<hr/> \$ 10,240,730.67 <hr/>

TOWNS 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	
			REVENUES AND CHANGES IN NET POSITION			
<b><u>GOVERNMENTAL ACTIVITIES</u></b>						
Instruction	\$ 12,731,154.56	\$ 66,160.72	\$ 3,855,748.45	\$ 1,584,906.72	\$	(7,224,338.67)
Support Services						
Pupil Services	1,709,056.31	-	119,476.72	-		(1,589,579.59)
Improvement of Instructional Services	282,523.06	-	106,038.20	-		(176,484.86)
Educational Media Services	386,627.85	-	180,330.00	4,583.21		(201,714.64)
General Administration	509,877.70	-	372,843.10	-		(137,034.60)
School Administration	894,354.64	-	578,211.00	5,767.98		(310,375.66)
Business Administration	260,769.37	-	192,426.10	-		(68,343.27)
Maintenance and Operation of Plant	2,090,187.01	-	462,469.96	52,890.76		(1,574,826.29)
Student Transportation Services	1,058,686.36	-	277,857.03	176,220.00		(604,609.33)
Other Support Services	108,491.33	-	1,820.56	-		(106,670.77)
Operations of Non-Instructional Services						
Enterprise Operations	234,649.34	87,055.11	-	-		(147,594.23)
Community Services	4,987.31	-	-	-		(4,987.31)
Food Services	995,669.11	54,604.04	726,263.90	33,191.33		(181,609.84)
Interest on Long-Term Debt	4,091.85	-	-	-		(4,091.85)
<b>Total Governmental Activities</b>	<b>\$ 21,271,125.80</b>	<b>\$ 207,819.87</b>	<b>\$ 6,873,485.02</b>	<b>\$ 1,857,560.00</b>	<b>\$</b>	<b>(12,332,260.91)</b>
<b>General Revenues</b>						
Taxes						
Property Taxes						
For Maintenance and Operations						8,597,590.15
Sales Taxes						
Special Purpose Local Option Sales Tax						
For Capital Projects						3,347,085.41
Local Option Sales Tax						3,398,178.37
Other Sales Tax						133,933.83
Investment Earnings						306,451.97
Miscellaneous						414,832.05
Special Item						
Gain on Disposal of Capital Assets						11,048.00
Total General Revenues and Special Item						<b>\$ 16,209,119.78</b>
Change in Net Position						3,876,858.87
Net Position - Beginning of Year, as Previously Presented						<b>\$ 7,648,543.47</b>
Change in Accounting Principle - GASB Statement No. 101						(1,284,671.67)
Net Position - Beginning of Year, as Restated						<b>\$ 6,363,871.80</b>
Net Position - End of Year						<b>\$ 10,240,730.67</b>

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

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 9,560,299.99	\$ 445,448.94	\$ 10,005,748.93
Accounts Receivable, Net			
Taxes	1,520,958.82	305,951.57	1,826,910.39
State Government	682,917.85	231,409.00	914,326.85
Federal Government	182,012.67	-	182,012.67
Inventories	16,810.78	-	16,810.78
Prepaid Items	30,896.67	13,307.50	44,204.17
 Total Assets	 <b>\$ 11,993,896.78</b>	 <b>\$ 996,117.01</b>	 <b>\$ 12,990,013.79</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 151,618.27	\$ -	\$ 151,618.27
Salaries and Benefits Payable	2,094,607.88	-	2,094,607.88
Contracts Payable	-	391,479.75	391,479.75
Retainages Payable	-	212,498.00	212,498.00
 Total Liabilities	 <b>2,246,226.15</b>	 <b>603,977.75</b>	 <b>2,850,203.90</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	 <b>774,577.64</b>	 -	 <b>774,577.64</b>
<b>FUND BALANCES</b>			
Nonspendable	47,707.45	13,307.50	61,014.95
Restricted	234,315.16	378,831.76	613,146.92
Committed	319,987.12	-	319,987.12
Assigned	144,000.00	-	144,000.00
Unassigned	8,227,083.26	-	8,227,083.26
 Total Fund Balances	 <b>8,973,092.99</b>	 <b>392,139.26</b>	 <b>9,365,232.25</b>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	 <b>\$ 11,993,896.78</b>	 <b>\$ 996,117.01</b>	 <b>\$ 12,990,013.79</b>

TOWNS 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")	\$	9,365,232.25
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	\$	951,265.00
Construction in progress		4,873,229.00
Buildings and improvements		22,644,243.00
Equipment		3,633,165.00
Land improvements		3,972,357.00
Accumulated depreciation		<u>(10,849,433.00)</u>
		25,224,826.00
Right-to-use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Leased machinery and equipment	\$	105,852.00
Accumulated amortization - Right-to-use assets		<u>(73,853.00)</u>
		31,999.00
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(14,161,845.00)
Net OPEB liability		<u>(10,588,794.00)</u>
		(24,750,639.00)
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	\$	2,244,855.00
Related to OPEB		<u>(1,439,881.51)</u>
		804,973.49
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		774,577.64
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease liability payable	\$	(43,393.29)
Compensated absences payable		<u>(1,166,845.42)</u>
		(1,210,238.71)
Net position of governmental activities (Exhibit "A")	\$	<u>10,240,730.67</u>

TOWNS 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	TOTAL
<b><u>REVENUES</u></b>			
Property Taxes	\$ 8,421,054.33	\$ -	\$ 8,421,054.33
Sales Taxes	3,532,112.20	3,347,085.41	6,879,197.61
State Funds	5,746,541.36	1,681,340.00	7,427,881.36
Federal Funds	1,533,974.17	-	1,533,974.17
Charges for Services	207,819.87	-	207,819.87
Investment Earnings	262,026.79	44,425.18	306,451.97
Miscellaneous	431,172.05	-	431,172.05
Total Revenues	<u>20,134,700.77</u>	<u>5,072,850.59</u>	<u>25,207,551.36</u>
<b><u>EXPENDITURES</u></b>			
Current			
Instruction	12,421,743.06	100,195.04	12,521,938.10
Support Services			
Pupil Services	1,734,058.88	5,012.50	1,739,071.38
Improvement of Instructional Services	284,248.06	-	284,248.06
Educational Media Services	390,312.35	3,787.50	394,099.85
General Administration	504,688.20	10,933.50	515,621.70
School Administration	897,530.24	3,056.00	900,586.24
Business Administration	261,250.37	1,100.00	262,350.37
Maintenance and Operation of Plant	1,896,874.47	277,872.45	2,174,746.92
Student Transportation Services	1,118,912.20	296,271.71	1,415,183.91
Other Support Services	109,703.33	-	109,703.33
Enterprise Operations	234,649.34	-	234,649.34
Community Services	4,987.31	-	4,987.31
Food Services Operation	986,206.09	132,925.09	1,119,131.18
Capital Outlay	116,992.09	4,575,234.02	4,692,226.11
Debt Services			
Principal	26,025.63	-	26,025.63
Interest	4,091.85	-	4,091.85
Total Expenditures	<u>20,992,273.47</u>	<u>5,406,387.81</u>	<u>26,398,661.28</u>
Net Change in Fund Balances	(857,572.70)	(333,537.22)	(1,191,109.92)
Fund Balances - Beginning	<u>9,830,665.69</u>	<u>725,676.48</u>	<u>10,556,342.17</u>
Fund Balances - Ending	<u>\$ 8,973,092.99</u>	<u>\$ 392,139.26</u>	<u>\$ 9,365,232.25</u>

TOWNS 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") \$ (1,191,109.92)

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 and right-to-use assets are allocated over their estimated useful lives as depreciation and amortization expense.

Capital outlay	\$ 5,238,904.00
Depreciation expense - Buildings	(428,912.00)
Depreciation expense - Equipment	(216,723.00)
Depreciation expense - Land improvements	(169,450.00)
Amortization expense - Right-to-use equipment	<u>(26,463.00)</u>
	4,397,356.00

In the Statement of Activities, the gain on the sale or disposal of the capital assets equipment is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the carrying value of the capital assets sold or disposed of.

(5,292.00)

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

Unavailable property taxes	
June 30, 2024	\$ (598,041.82)
June 30, 2025	<u>774,577.64</u>
	176,535.82

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	\$ (270,566.00)
OPEB expense	<u>492,965.49</u>
	222,399.49

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.

Compensated absences	
June 30, 2024	\$ 1,417,789.27
June 30, 2025	<u>1,166,845.42</u>
	250,943.85

Repayment of long-term debt is reported as expenditures in the governmental funds but repayment reduces long-term liabilities in the Statement of Net Position.

Lease liability payments	\$ 26,025.63
--------------------------	--------------

Change in net position of governmental activities (Exhibit "B") \$ 3,876,858.87

**NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY**

**Reporting Entity**

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

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

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

***Government-Wide Statements:***

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

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

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

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

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

**EXHIBIT "G"**

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

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

### ***Fund Financial Statements***

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

The School District reports the following major governmental funds:

- The general fund is the School District's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.
- The capital projects fund accounts for and reports financial resources including Education Special Purpose Local Option Sales Tax (ESPLOST) that are restricted, committed or assigned for capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

### ***Basis of Accounting***

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be 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

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

**EXHIBIT "G"**

when the related fund liability is incurred, except leases and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under leases are reported as other financing sources.

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

### **New Accounting Pronouncements**

In fiscal year 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which supersedes prior requirements under GASB Statement No. 16. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Under the new standard, a liability is recognized when an employee earns leave that carries forward to a future reporting period and is more likely than not to be used, paid out or otherwise settled. The implementation required the School District to reevaluate and revise its recognition and measurement of compensated absences, including applying the "more likely than not" threshold to determine expected usage and payout. This approach is expected to provide a more accurate and complete estimate of the School District's compensated absences liability. The adoption of this statement did have 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. Official Code of Georgia Annotated (O.C.G.A.) §45-8-14 authorizes the School District to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

### **Receivables**

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

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

**EXHIBIT "G"**

## **Inventories**

### ***Food Inventories***

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

when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

### **Prepaid Items**

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

## **Capital Assets**

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

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

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

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	\$ 20,000.00	10 to 60 years
Buildings	\$ 100,000.00	10 to 60 years
Building Improvements	\$ 5,000.00	10 to 60 years
Equipment	\$ 10,000.00	8 to 25 years
Intangible Assets	\$ 100,000.00	Individually determined

## **Intangible Right-To-Use Assets**

Leases, as a lessee, are included as intangible right-to-use assets and lease obligations on the Statement of Net Position. An intangible right-to-use asset represents the School District's right to use an underlying asset for the lease term. Lease obligations represent the School District's liability to make

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

**EXHIBIT "G"**

lease payments arising from the lease agreement. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds 12 months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease liability. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

Capitalization thresholds of intangible right-to-use assets reported in the government-wide statements are as follows:

<u>Capitalization Policy</u>		
Land		All
Land Improvements	\$	20,000.00
Buildings	\$	100,000.00
Building Improvements	\$	5,000.00
Equipment	\$	10,000.00
Software	\$	100,000.00

### **Leases as Lessee**

The School District is a lessee for noncancellable leases of copiers and printers owned by 3rd parties.

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

Key estimates and judgments related to leases include how the School District determines (1) lease term and (2) lease payments:

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

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

Lease assets are reported with other capital assets and lease liabilities are reported with current and long-term debt on the Statement of Net Position.

### **Deferred Outflows/Inflows of Resources**

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

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

**EXHIBIT "G"**

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 or paid.

The majority of the School District's compensated absences liability is comprised of sick leave.

Sick leave is earned at a rate of 1.25 hours per month for eligible employees. Unused sick leave may be accumulated up to a maximum of 90 days. 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 Districts.

For any unused sick leave not applied toward retirement service credit, the School District pays out 60 days unused and unforfeited sick leave upon termination of employment at a rate of \$50.00 per day for certified employees and \$6.25 per hour for classified employees. Accordingly, sick leave benefits are accrued as a liability in the government-wide financial statements for amounts that are more likely than not to be paid. 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.

### **Long-Term Liabilities**

In the School District's government-wide financial statements, outstanding debt is reported as liabilities.

In the governmental fund financial statements, the School District recognizes the proceeds of debt as other financing sources of the current period.

### **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.

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

EXHIBIT "G"

### **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.

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 Towns County Board of Commissioners adopted the property tax levy for the 2024 tax digest year (calendar year) on December 5, 2024 (levy date) based on property values as of January 1, 2024. Taxes were due on February 17, 2025 (lien date). Taxes collected within the current fiscal year or within 60

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

**EXHIBIT "G"**

days after year-end on the 2024 tax digest are reported as revenue in the governmental funds for fiscal year 2025. The Towns 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 \$8,421,054.33.

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>5.38</u> mills
-------------------	-------------------

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, which are included in the property taxes shown above, amounted to \$1,050,080.58 during fiscal year ended June 30, 2025.

**Sales Taxes**

Local Option Sales Tax revenue, at the fund reporting level, during the fiscal year amounted to \$3,398,178.37 and was recorded in the general fund. Local Option Sales Tax is to be used for the maintenance and operation of the School District.

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$3,347,085.41 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years. The current authorization expires March 31, 2029.

**NOTE 3: BUDGETARY DATA**

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

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

The Superintendent is authorized by the Board to approve adjustments as long as they do not exceed the aggregate level of expenditures for any fund. Any position or expenditure not previously approved in the annual budget that exceeds the aggregate level shall require Board approval. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without the approval by the Board.

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

**EXHIBIT "G"**

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 fiscal year under review.

**NOTE 4: DEPOSITS**

**Collateralization of Deposits**

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

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 \$10,005.748.93 and a bank balance of \$10,497,107.62. The bank balances insured by Federal depository insurance were \$500.000.00.

At June 30, 2025, \$9,997,107.62 of the School District's bank balances were exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

**EXHIBIT "G"**

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.

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

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

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025
<b>Governmental Activities</b>				
<b>Capital Assets,</b>				
Not Being Depreciated:				
Land	\$ 951,265.00	\$ -	\$ -	\$ 951,265.00
Construction in Progress	<u>429,549.00</u>	<u>4,443,680.00</u>	<u>-</u>	<u>4,873,229.00</u>
Total Capital Assets	<u>1,380,814.00</u>	<u>4,443,680.00</u>	<u>-</u>	<u>5,824,494.00</u>
Not Being Depreciated				
Buildings and Improvements	22,507,404.00	136,839.00	-	22,644,243.00
Equipment	3,199,997.00	658,385.00	225,217.00	3,633,165.00
Land Improvements	3,972,357.00	-	-	3,972,357.00
Less Accumulated				
Depreciation:				
Buildings and Improvements	6,764,003.00	428,912.00	-	7,192,915.00
Equipment	1,559,429.00	216,723.00	219,925.00	1,556,227.00
Land Improvements	<u>1,930,841.00</u>	<u>169,450.00</u>	<u>-</u>	<u>2,100,291.00</u>
Total Capital Assets,				
Being Depreciated	<u>19,425,485.00</u>	<u>(19,861.00)</u>	<u>5,292.00</u>	<u>19,400,332.00</u>
<b>Governmental Activities</b>				
Capital Assets - Net	<u>\$ 20,806,299.00</u>	<u>\$ 4,423,819.00</u>	<u>\$ 5,292.00</u>	<u>\$ 25,224,826.00</u>

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

**EXHIBIT "G"**

Current year depreciation expense by function is as follows:

Instruction	\$ 611,864.00
Support Services	
Educational Media Services	\$ 2,294.00
School Administration	2,887.00
Maintenance and Operation of Plant	26,473.00
Student Transportation Services	<u>154,954.00</u>
Food Services	<u>16,613.00</u>
	<u><u>\$ 815,085.00</u></u>

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

	<u>Balances</u>				<u>Balance</u>
	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2025</u>
<b>Governmental Activities</b>					
Right To Use Equipment	\$ 105,852.00	\$ -	\$ -	\$	105,852.00
Less Accumulated Amortization:	<u>47,390.00</u>	<u>26,463.00</u>	<u> </u>	<u> </u>	<u>73,853.00</u>
<b>Governmental Activities</b>					
Intangible Right-to-Use Assets - Net	<u>\$ 58,462.00</u>	<u>\$ (26,463.00)</u>	<u>\$ -</u>	<u>\$</u>	<u>31,999.00</u>

Current year amortization expense by function is as follows:

Instruction	<u><u>\$ 26,463.00</u></u>
-------------	----------------------------

**NOTE 6: LONG-TERM LIABILITIES**

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

	Governmental Activities				
	Balance		Additions	Deductions	Balance
	<u>July 1, 2024</u>	<u>Restated</u>			<u>June 30, 2025</u>
Leases	\$ 69,418.92	\$ -	\$ 26,025.63	\$ 43,393.29	\$ 24,274.98
Compensated Absences (1)	<u>1,417,789.27</u>	<u>-</u>	<u>250,943.85</u>	<u>1,166,845.42</u>	<u>385,776.98</u>
	<u><u>\$ 1,487,208.19</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 276,969.48</u></u>	<u><u>\$ 1,210,238.71</u></u>	<u><u>\$ 410,051.96</u></u>

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

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

**EXHIBIT "G"**

**Leases**

The School District has acquired various copiers and printers under the provisions of various contracts that convey control of the right to use another entity's asset for a period of time in an exchange or exchange-like transaction. These contracts are classified as leases for accounting purposes.

The following is a summary of the carrying values of intangible right-to-use assets under lease at June 30, 2025:

		<u>Governmental Activities</u>
Equipment	\$ 105,852.00	
Less: Accumulated Amortization	<u>73,853.00</u>	
	<u>\$ 31,999.00</u>	

Leases currently outstanding are as follows:

Purpose	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Lease MMSA29914270	5.00%	2/1/2022	1/1/2026	\$ 30,780.42	\$ 4,860.03
Lease MLA32761360	7.50%	6/1/2023	5/1/2027	<u>75,071.82</u>	<u>38,533.26</u>
				<u>\$ 105,852.24</u>	<u>\$ 43,393.29</u>

The following is a schedule of total lease payments:

<u>Fiscal Year Ended June 30:</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 24,274.98	\$ 2,312.95
2027	<u>19,118.31</u>	<u>724.38</u>
Total Principal and Interest	<u>\$ 43,393.29</u>	<u>\$ 3,037.33</u>

**Compensated Absences**

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

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

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

EXHIBIT "G"

## **NOTE 7: RISK MANAGEMENT**

### **Insurance**

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters.

#### ***Georgia School Boards Association Risk Management Fund***

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

### **Workers' Compensation**

#### ***Georgia School Boards Association Workers' Compensation Fund***

The School District participates in the Georgia School Boards Association Workers' Compensation Fund (the Fund), a public entity risk pool organized on July 1, 1992, to develop, implement, and administer a program to reduce the risk of loss from employee accidents. The School District pays an annual contribution to the Fund for coverage. The Fund provides statutory limits of coverage for Workers' Compensation coverage and a \$2,000,000.00 limit per occurrence for Employers' Liability coverage. Excess insurance coverage is provided through an agreement between the Fund and the Safety National Casualty Corporation to limit the Fund's exposure to large losses.

### **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 with the liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The School District has not incurred or paid unemployment compensation claims during the past two fiscal years.

### **Surety Bond**

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

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 50,000.00

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

**EXHIBIT "G"**

**NOTE 8: FUND BALANCE CLASSIFICATION DETAILS**

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

Nonspendable				
Inventories	\$ 16,810.78			
Prepaid Assets	<u>44,204.17</u>	\$ 61,014.95		
Restricted				
Continuation of Federal Programs	\$ 234,315.16			
Capital Projects	<u>378,831.76</u>	613,146.92		
Committed				
School Activity Accounts		319,987.12		
Assigned				
Scholarship Fund		144,000.00		
Unassigned		<u>8,227,083.26</u>		
Fund Balance, June 30, 2025		<u>\$ 9,365,232.25</u>		

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 9: SIGNIFICANT COMMITMENTS**

**Commitments under Construction Contracts**

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

Project	Unearned Executed Contracts (1)	Payments through June 30, 2025 (2)	Funding Available From State (1)
Towns County Schools Agricultural Facility	\$ 304,920.01	\$ 4,268,462.71	\$ 68,660.00
Flooring Project - All Schools	<u>149,848.00</u>	<u>604,766.00</u>	<u>-</u>
	<u>\$ 454,768.01</u>	<u>\$ 4,873,228.71</u>	<u>\$ 68,660.00</u>

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

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

**NOTE 10: SIGNIFICANT CONTINGENT LIABILITIES**

**Federal Grants**

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

**NOTE 11: OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**Georgia School Personnel Post-Employment Health Benefit Fund**

**Plan Description:** Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

**Benefits Provided:** The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement 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 \$410,084.49 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 \$239,624.51 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 \$10,588,794.00 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 0.092914%, which was a decrease of 0.001416% from its proportion measured as of June 30, 2023.

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

**EXHIBIT "G"**

For the year ended June 30, 2025, the School District recognized OPEB expense of (\$82,881.00). At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>OPEB</b>	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 519,256.00	\$ 1,911,952.00
Changes of assumptions	1,234,699.00	1,048,159.00
Net difference between projected and actual earnings on OPEB plan investments	-	68,930.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	100,223.00	675,103.00
School District contributions subsequent to the measurement date	<u>410,084.49</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,264,262.49</u></b>	<b><u>\$ 3,704,144.00</u></b>

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:	<b>OPEB</b>
2026	\$ (700,381.00)
2027	\$ (779,640.00)
2028	\$ (348,618.00)
2029	\$ (20,520.00)
2030	\$ (293.00)
Thereafter	\$ (514.00)

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

**EXHIBIT "G"**

**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.

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

**EXHIBIT "G"**

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:

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

\* 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.

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

EXHIBIT "G"

***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	\$ 11,979,842.00	\$ 10,588,794.00	\$ 9,415,702.00

***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	\$ 9,149,322.00	\$ 10,588,794.00	\$ 12,357,739.00

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

**NOTE 12: RETIREMENT PLANS**

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

**Teachers Retirement System of Georgia (TRS)**

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

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

EXHIBIT "G"

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 20.41% of payroll was required from the School District and 0.37% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$1,937,986.00 and \$35,362.91 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](http://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 \$33,811.00.

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

**EXHIBIT "G"**

***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 \$14,161,845.00 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	\$ 14,161,845.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>265,924.00</u>
Total	<u>\$ 14,427,769.00</u>

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 0.056344%, which was a decrease of 0.000561% 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 \$154,627.00.

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 \$2,249,123.00 for TRS and \$35,764.00 for PSERS and revenue of \$42,224.00 for TRS and \$35,764.00 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.

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

**EXHIBIT "G"**

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	\$ 1,602,511.00	\$ 42,327.00
Changes of assumptions	985,171.00	-
Net difference between projected and actual earnings on pension plan investments	-	1,974,467.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	-	264,019.00
School District contributions subsequent to the measurement date	1,937,986.00	-
<b>Total</b>	<b>\$ 4,525,668.00</b>	<b>\$ 2,280,813.00</b>

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	\$ 132,230.00
2027	\$ 1,741,928.00
2028	\$ (905,624.00)
2029	\$ (661,665.00)

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

EXHIBIT "G"

**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

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

**EXHIBIT "G"**

Mortality rates are as follows:

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

<b><u>Participant Type</u></b>	<b><u>Membership Table</u></b>	<b><u>Set Forward (+)/ Setback (-)</u></b>	<b><u>Adjustment to Rates</u></b>
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:

<b><u>Asset Class</u></b>	<b><u>TRS/PSERS Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return*</u></b>
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%
<b>Total</b>	<b>100.00%</b>	

\* 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

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

**EXHIBIT "G"**

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:

<b>Teachers Retirement System:</b>	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 24,375,369.00	\$ 14,161,845.00	\$ 5,824,482.00

***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](http://www.trsga.com/publications) and [www.ers.ga.gov/financials](http://www.ers.ga.gov/financials).

**NOTE 13: RESTATEMENT OF PRIOR YEAR NET POSITION**

During fiscal year 2025, the School District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which represent 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 \$1,284,671.67:

Net Position, July 1, 2024, as previously reported	\$ 7,648,543.47
Change in Accounting Principle - GASB Statement No. 101	<u>(1,284,671.67)</u>
Net Position, July 1, 2024, as restated	<u>\$ 6,363,871.80</u>

**NOTE 14: SPECIAL ITEM**

During fiscal year 2025, the School District sold or otherwise disposed certain capital assets. These items were removed from the capital assets records at their net carrying values and combined with the proceeds received resulted in a net gain of \$11,048.00. This gain on disposal is presented as a special item on the Statement of Activities.

(This page left intentionally blank)

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District			Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.056344%	\$ 14,161,845.00	\$ 265,924.00	\$ 14,427,769.00	\$ 8,955,170.41			158.14%	80.86%
2024	0.056905%	\$ 16,800,800.00	\$ 323,882.00	\$ 17,124,682.00	\$ 8,435,302.52			199.17%	76.29%
2023	0.057732%	\$ 18,746,696.00	\$ 347,125.00	\$ 19,093,821.00	\$ 7,951,530.89			235.76%	72.85%
2022	0.058243%	\$ 5,151,205.00	\$ 96,226.00	\$ 5,247,431.00	\$ 7,719,448.95			66.73%	92.03%
2021	0.059588%	\$ 14,434,546.00	\$ 265,010.00	\$ 14,699,556.00	\$ 7,823,587.60			184.50%	77.01%
2020	0.060230%	\$ 12,951,079.00	\$ 238,680.00	\$ 13,189,759.00	\$ 7,486,814.56			172.99%	78.56%
2019	0.060334%	\$ 11,199,283.00	\$ 142,000.00	\$ 11,341,283.00	\$ 7,277,264.22			153.89%	80.27%
2018	0.059298%	\$ 11,020,716.00	\$ 161,506.00	\$ 11,182,222.00	\$ 6,915,146.60			159.37%	79.33%
2017	0.059138%	\$ 12,200,829.00	\$ 207,343.00	\$ 12,408,172.00	\$ 6,600,638.78			184.84%	76.06%
2016	0.061321%	\$ 9,335,513.00	\$ 151,936.00	\$ 9,487,449.00	\$ 6,603,774.14			141.37%	81.44%

TOWNS 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	\$ 1,937,986.00	\$ 1,937,986.00	\$ -	\$ 9,496,570.96	20.41%
2024	\$ 1,756,972.00	\$ 1,756,972.00	\$ -	\$ 8,955,170.41	19.62%
2023	\$ 1,657,555.00	\$ 1,657,555.00	\$ -	\$ 8,435,302.52	19.65%
2022	\$ 1,547,124.00	\$ 1,547,124.00	\$ -	\$ 7,951,530.89	19.46%
2021	\$ 1,444,342.00	\$ 1,444,342.00	\$ -	\$ 7,719,448.95	18.71%
2020	\$ 1,624,090.00	\$ 1,624,090.00	\$ -	\$ 7,823,587.60	20.76%
2019	\$ 1,536,231.00	\$ 1,536,231.00	\$ -	\$ 7,486,814.56	20.52%
2018	\$ 1,206,536.00	\$ 1,206,536.00	\$ -	\$ 7,277,264.22	16.58%
2017	\$ 971,856.00	\$ 971,856.00	\$ -	\$ 6,915,146.60	14.05%
2016	\$ 925,672.00	\$ 925,672.00	\$ -	\$ 6,600,638.78	14.02%

TOWNS 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%	\$ -	\$ 154,627.00	\$ 154,627.00	\$ 583,600.94	N/A	90.02%
2024	0.00%	\$ -	\$ 215,816.00	\$ 215,816.00	\$ 519,587.49	N/A	85.67%
2023	0.00%	\$ -	\$ 283,401.00	\$ 283,401.00	\$ 490,680.80	N/A	81.21%
2022	0.00%	\$ -	\$ 28,128.00	\$ 28,128.00	\$ 439,645.75	N/A	98.00%
2021	0.00%	\$ -	\$ 198,138.00	\$ 198,138.00	\$ 493,172.88	N/A	84.45%
2020	0.00%	\$ -	\$ 190,880.00	\$ 190,880.00	\$ 480,380.96	N/A	85.02%
2019	0.00%	\$ -	\$ 171,802.00	\$ 171,802.00	\$ 481,151.68	N/A	85.26%
2018	0.00%	\$ -	\$ 159,287.00	\$ 159,287.00	\$ 480,506.73	N/A	85.69%
2017	0.00%	\$ -	\$ 200,056.00	\$ 200,056.00	\$ 438,416.25	N/A	81.00%
2016	0.00%	\$ -	\$ 131,772.00	\$ 131,772.00	\$ 369,299.00	N/A	87.00%

TOWNS 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	0.092914%	\$ 10,588,794.00	\$ -	\$ 10,588,794.00	\$ 8,850,416.43	119.64%	6.88%		
2024	0.094330%	\$ 10,332,354.00	\$ -	\$ 10,332,354.00	\$ 8,219,828.62	125.70%	6.05%		
2023	0.097848%	\$ 9,690,065.00	\$ -	\$ 9,690,065.00	\$ 7,827,078.36	123.80%	6.17%		
2022	0.096689%	\$ 10,472,219.00	\$ -	\$ 10,472,219.00	\$ 7,642,280.06	137.03%	6.14%		
2021	0.098155%	\$ 14,416,684.00	\$ -	\$ 14,416,684.00	\$ 7,765,958.08	185.64%	3.99%		
2020	0.101776%	\$ 12,490,099.00	\$ -	\$ 12,490,099.00	\$ 7,563,365.36	165.14%	4.63%		
2019	0.100676%	\$ 12,795,611.00	\$ -	\$ 12,795,611.00	\$ 7,392,102.60	173.10%	2.93%		
2018	0.094939%	\$ 13,338,891.00	\$ -	\$ 13,338,891.00	\$ 6,909,485.92	193.05%	1.61%		

TOWNS 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	\$ 410,084.49	\$ 410,084.49	\$ -	\$ 9,248,560.29	4.43%
2024	\$ 379,998.00	\$ 379,998.00	\$ -	\$ 8,850,416.43	4.29%
2023	\$ 362,645.00	\$ 362,645.00	\$ -	\$ 8,219,828.62	4.41%
2022	\$ 353,792.00	\$ 353,792.00	\$ -	\$ 7,827,078.36	4.52%
2021	\$ 359,667.00	\$ 359,667.00	\$ -	\$ 7,642,280.06	4.71%
2020	\$ 331,938.00	\$ 331,938.00	\$ -	\$ 7,765,958.08	4.27%
2019	\$ 548,135.00	\$ 548,135.00	\$ -	\$ 7,563,365.36	7.25%
2018	\$ 521,790.00	\$ 521,790.00	\$ -	\$ 7,392,102.60	7.06%
2017	\$ 495,023.00	\$ 495,023.00	\$ -	\$ 6,909,485.92	7.16%

TOWNS COUNTY BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE "6"

**Teachers Retirement System**

**Changes 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.

## TOWNS COUNTY BOARD OF EDUCATION

## GENERAL FUND

## SCHEDULE "7"

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

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
<b>REVENUES</b>				
Property Taxes	\$ 7,500,000.00	\$ 7,500,000.00	\$ 8,421,054.33	\$ 921,054.33
Sales Taxes	3,600,000.00	3,600,000.00	3,532,112.20	(67,887.80)
State Funds	5,549,431.00	5,655,420.00	5,746,541.36	91,121.36
Federal Funds	1,626,062.00	1,604,339.00	1,533,974.17	(70,364.83)
Charges for Services	160,000.00	160,000.00	207,819.87	47,819.87
Investment Earnings	300,000.00	300,000.00	262,026.79	(37,973.21)
Miscellaneous	200,000.00	200,000.00	431,172.05	231,172.05
<b>Total Revenues</b>	<b>18,935,493.00</b>	<b>19,019,759.00</b>	<b>20,134,700.77</b>	<b>1,114,941.77</b>
<b>EXPENDITURES</b>				
Current				
Instruction	13,310,788.00	13,348,144.00	12,421,743.06	926,400.94
Support Services				
Pupil Services	1,903,313.00	1,913,090.00	1,734,058.88	179,031.12
Improvement of Instructional Services	271,396.00	307,050.00	284,248.06	22,801.94
Educational Media Services	439,588.00	439,588.00	390,312.35	49,275.65
General Administration	480,389.00	530,721.00	504,688.20	26,032.80
School Administration	1,113,290.00	1,113,290.00	897,530.24	215,759.76
Business Administration	351,144.00	351,144.00	261,250.37	89,893.63
Maintenance and Operation of Plant	2,164,213.00	2,154,323.00	1,896,874.47	257,448.53
Student Transportation Services	1,270,643.00	1,270,643.00	1,118,912.20	151,730.80
Central Support Services	101,173.00	101,173.00	-	101,173.00
Other Support Services	20,000.00	20,000.00	109,703.33	(89,703.33)
Enterprise Operation	-	-	234,649.34	(234,649.34)
Community Services	-	-	4,987.31	(4,987.31)
Food Services Operation	1,087,500.00	1,087,500.00	986,206.09	101,293.91
Capital Outlay	-	120,000.00	116,992.09	3,007.91
Debt Service				
Principal	-	-	26,025.63	(26,025.63)
Interest	-	-	4,091.85	(4,091.85)
<b>Total Expenditures</b>	<b>22,513,437.00</b>	<b>22,756,666.00</b>	<b>20,992,273.47</b>	<b>1,764,392.53</b>
Excess of Revenues over (under) Expenditures	<b>(3,577,944.00)</b>	<b>(3,736,907.00)</b>	<b>(857,572.70)</b>	<b>2,879,334.30</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other Sources	3,013,120.00	3,013,724.00	-	(3,013,724.00)
Other Uses	(3,013,120.00)	(3,013,724.00)	-	3,013,724.00
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(3,577,944.00)	(3,736,907.00)	(857,572.70)	2,879,334.30
Fund Balances - Beginning	9,649,659.41	9,649,659.41	9,830,665.69	181,006.28
Adjustments	<b>12,511.33</b>	<b>2,949.94</b>	-	(2,949.94)
Fund Balances - Ending	<b>\$ 6,084,226.74</b>	<b>\$ 5,915,702.35</b>	<b>\$ 8,973,092.99</b>	<b>\$ 3,057,390.64</b>

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

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

The actual revenues and expenditures of the various principal accounts are \$427,566.16 and \$412,700.12, respectively.

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

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

SCHEDULE "8"

<u>FUNDING AGENCY</u> <u>PROGRAM/GRANT</u>	<u>ASSISTANCE</u> <u>LISTING</u> <u>NUMBER</u>	<u>PASS-</u> <u>THROUGH</u> <u>ENTITY</u> <u>ID</u> <u>NUMBER</u>	<u>EXPENDITURES</u> <u>IN PERIOD</u>
Agriculture, U.S. Department of Child Nutrition Cluster Pass-Through From Georgia Department of Education Food Services School Breakfast Program National School Lunch Program Total Child Nutrition Cluster	10.553 10.555	255GA324N1199 255GA324N1199	\$ 200,365.91 556,844.80 <u>757,210.71</u>
Forest Service School and Roads Cluster Pass-Through From Office of the State Treasurer Schools and Roads - Grants to States	10.665	468 Forest	3,951.31
Other Programs Pass-Through From Georgia Department of Education Food Services Local Food for Schools Cooperative Agreement Program State Administrative Expenses for Child Nutrition Total U.S. Department of Agriculture	10.185 10.560	AM23CPLFS000C018 255GA904N2533	11,322.56 1,528.55 <u>774,013.13</u>
Education, U.S. Department of Education Stabilization Fund Pass-Through From Georgia Department of Education COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	1,500.00
Special Education Cluster Pass-Through From Georgia Department of Education Special Education Grants to States Grants to States Preschool Grants Total Special Education Cluster	84.027A 84.027A 84.173A	H027A230073 H027A240073 H173A240081	38,911.00 226,354.98 6,084.00 <u>271,349.98</u>
Other Programs Pass-Through From Georgia Department of Education Career and Technical Education - Basic Grants to States Supporting Effective Instruction State Grants Supporting Effective Instruction State Grants Title I Grants to Local Educational Agencies Total Other Programs Total U.S. Department of Education	84.048A 84.367A 84.367A 84.010A	V048A240010 S367A230001 S367A240001 S010A240010	29,448.00 14,593.95 28,555.33 303,209.71 <u>375,806.99</u> <u>648,656.97</u>
Health and Human Services, U.S. Department of Head Start Cluster Pass-Through From Ninth District Opportunity, Inc. Head Start	93.600	04CH0104150200	<u>189,496.66</u>
Total Expenditures of Federal Awards			\$ 1,612,166.76

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

SCHEDULE "8"

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 Towns 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 \$23,724.00 were transferred from the Student Support and Academic Enrichment program (ALN 84.424A) and expended in the Title I Grants to Local Educational Agencies program (ALN 84.010A) during Fiscal Year 2025.

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

SCHEDULE "9"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		
	GENERAL FUND		CAPITAL PROJECTS
	FUND	FUND	TOTAL
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 127,487.69	\$ -	\$ 127,487.69
Community Affairs, Georgia Department of			
Through Towns County Board of Commissioners			
One Georgia Special Purpose Grant		- 1,681,340.00	1,681,340.00
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	226,256.00	-	226,256.00
Kindergarten Program - Early Intervention Program	50,534.00	-	50,534.00
Primary Grades (1-3) Program	475,270.00	-	475,270.00
Primary Grades - Early Intervention (1-3) Program	251,109.00	-	251,109.00
Upper Elementary Grades (4-5) Program	217,213.00	-	217,213.00
Upper Elementary Grades - Early Intervention (4-5) Program	105,043.00	-	105,043.00
Middle School (6-8) Program	433,958.00	-	433,958.00
High School General Education (9-12) Program	414,477.00	-	414,477.00
Vocational Laboratory (9-12) Program	195,890.00	-	195,890.00
Students with Disabilities	958,382.00	-	958,382.00
Gifted Student - Category VI	35,330.00	-	35,330.00
Alternative Education Program	33,825.00	-	33,825.00
English Speakers of Other Languages (ESOL)	29,544.00	-	29,544.00
Media Center Program	81,429.00	-	81,429.00
20 Days Additional Instruction	25,731.00	-	25,731.00
Staff and Professional Development	12,909.00	-	12,909.00
Principal Staff and Professional Development	530.00	-	530.00
Indirect Cost			
Central Administration	256,079.00	-	256,079.00
School Administration	262,139.00	-	262,139.00
Facility Maintenance and Operations	124,503.00	-	124,503.00
Mid-Term Adjustment Hold-Harmless	34,974.00	-	34,974.00
Categorical Grants			
Pupil Transportation			
Regular	251,088.00	-	251,088.00
Bus Replacement	88,110.00	-	88,110.00
Nursing Services	45,000.00	-	45,000.00
Sparsity	138,280.00	-	138,280.00
Other State Programs			
Career, Technical and Agricultural Education (CTAE)	62,547.00	-	62,547.00
CTAE Agriculture Equipment Grant - State Funds	107,928.70	-	107,928.70
Custodian Supplement	12,000.00	-	12,000.00
Dyslexia Services Grant	3,023.00	-	3,023.00
Food Services	20,295.55	-	20,295.55
Hygiene Products	557.00	-	557.00
Math and Science Supplements	11,370.00	-	11,370.00
Preschool Disability Services	51,978.00	-	51,978.00
Pupil Transportation - State Bonds	88,110.00	-	88,110.00
School Security Grant	141,372.00	-	141,372.00
Teachers Retirement	35,362.91	-	35,362.91
Vocational Supervisors	7,221.00	-	7,221.00
Office of the State Treasurer			
Public School Employees Retirement	33,811.00	-	33,811.00
Community Health, Georgia Department of			
Other Post-Employment Benefits (OPEB)	239,624.51	-	239,624.51
CONTRACT			
Human Resources, Georgia Department of			
Family Connections	56,250.00	-	56,250.00
	\$ 5,746,541.36	\$ 1,681,340.00	\$ 7,427,881.36

(This page left intentionally blank)

TOWNS 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>
<b>SPLOST 2016</b>			
(1) Remodeling, renovating, modifying, furnishing, and equipping schools buildings, classrooms, instructional and support space, kitchens, auditoriums, and other facilities (including physical education/athletic facilities) at existing School District facilities;	\$ 4,000,000.00	\$ 10,579,842.88	Complete
(2) Acquiring furnishings, equipment and fixtures for new and existing facilities district-wide including, but not limited to, technology equipment, safety and security equipment, signage, band instruments, and other furnishings;	1,000,000.00	2,327,852.94	Complete
(3) Acquiring and installing energy savings equipment and technology;	2,000,000.00	8,150.00	Complete
(4) Acquiring and/or improving land for School District facilities;	-	8,405.00	Complete
(5) Acquiring books, digital resources, and other media for School District;	900,000.00	502,531.95	Complete
(6) Purchasing school buses or other vehicles; and	500,000.00	327,053.24	Complete
(7) Payment of expenses incident to accomplishing the foregoing.	100,000.00	11.32	Complete
Subtotal 2016 Projects	<u>8,500,000.00</u>	<u>13,753,847.33</u>	
<b>SPLOST 2024</b>			
(1) Adding to, remodeling, renovating, improving, and equipping existing schools buildings, properties, and facilities including, but not limited to, stadium improvements, flooring, paving, HVAC, and bleachers;	5,000,000.00	5,000,000.00	6/30/2029
(2) Acquiring property, both real and personal; acquiring, constructing, and equipping new school building and facilities;	5,000,000.00	5,000,000.00	6/30/2029
(3) Acquiring instructional and administrative technology improvements;	1,500,000.00	1,000,000.00	6/30/2029
(4) Acquiring band instruments;	100,000.00	100,000.00	6/30/2029
(5) Acquiring school buses and other vehicles, transportation and maintenance equipment;	500,000.00	1,000,000.00	6/30/2029
(6) Acquiring instructional equipment to include textbooks, vocational, physical education, and fine arts equipment;	1,000,000.00	1,000,000.00	6/30/2029
(7) Acquiring real property; and	1,000,000.00	1,000,000.00	6/30/2029
(8) Acquiring safety and security technology and improvements.	900,000.00	900,000.00	6/30/2029
Subtotal 2024 Projects	<u>15,000,000.00</u>	<u>15,000,000.00</u>	
Total	<u>\$ 23,500,000.00</u>	<u>\$ 28,753,847.33</u>	

TOWNS 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 (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
<b>SPLOST 2016</b>				
(1) Remodeling, renovating, modifying, furnishing, and equipping schools buildings, classrooms, instructional and support space, kitchens, auditoriums, and other facilities (including physical education/athletic facilities) at existing School District facilities;	\$ 29,109.91	\$ 10,550,732.97	\$ 10,579,842.88	\$ -
(2) Acquiring furnishings, equipment and fixtures for new and existing facilities district-wide including, but not limited to, technology equipment, safety and security equipment, signage, band instruments, and other furnishings;	69,287.74	2,258,565.20	2,327,852.94	\$ -
(3) Acquiring and installing energy savings equipment and technology;	-	8,150.00	8,150.00	\$ -
(4) Acquiring and/or improving land for School District facilities;	-	8,405.00	8,405.00	\$ -
(5) Acquiring books, digital resources, and other media for School District;	53,688.00	448,843.95	502,531.95	\$ -
(6) Purchasing school buses or other vehicles; and	-	327,053.24	327,053.24	\$ -
(7) Payment of expenses incident to accomplishing the foregoing.	8.80	2.52	11.32	\$ -
Subtotal 2016 Projects	<u>152,094.45</u>	<u>13,601,752.88</u>	<u>13,753,847.33</u>	<u>\$ -</u>
<b>SPLOST 2024</b>				
(1) Adding to, remodeling, renovating, improving, and equipping existing schools buildings, properties, and facilities including, but not limited to, stadium improvements, flooring, paving, HVAC, and bleachers;	815,166.64	-	-	-
(2) Acquiring property, both real and personal; acquiring, constructing, and equipping new school building and facilities;	3,892,093.33	422,923.40	-	-
(3) Acquiring instructional and administrative technology improvements;	-	-	-	-
(4) Acquiring band instruments;	-	-	-	-
(5) Acquiring school buses and other vehicles, transportation and maintenance equipment;	547,033.39	-	-	-
(6) Acquiring instructional equipment to include textbooks, vocational, physical education, and fine arts equipment;	-	-	-	-
(7) Acquiring real property; and	-	-	-	-
(8) Acquiring safety and security technology and improvements	-	-	-	-
Subtotal 2024 Projects	<u>5,254,293.36</u>	<u>422,923.40</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,406,387.81</u>	<u>\$ 14,024,676.28</u>	<u>\$ 13,753,847.33</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 Towns County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.  
 Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

**Section II**  
**Compliance and Internal Control Reports**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Darren Berrong, Superintendent and Members of the  
Towns County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the Towns 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 January 22, 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,



Greg S. Griffin  
State Auditor

January 22, 2026



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

The Honorable Brian P. Kemp, Governor of Georgia  
Members of the General Assembly of the State of Georgia  
Members of the State Board of Education  
and  
Dr. Darren Berrong, Superintendent and Members of the  
Towns County Board of Education

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Towns 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,



Greg S. Griffin  
State Auditor

January 22, 2026

### **Section III**

#### **Auditee's Response to Prior Year Findings and Questioned Costs**

**TOWNS 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**

**TOWNS 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 and Each Major Fund	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>
10.553, 10.555	Child Nutrition 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.