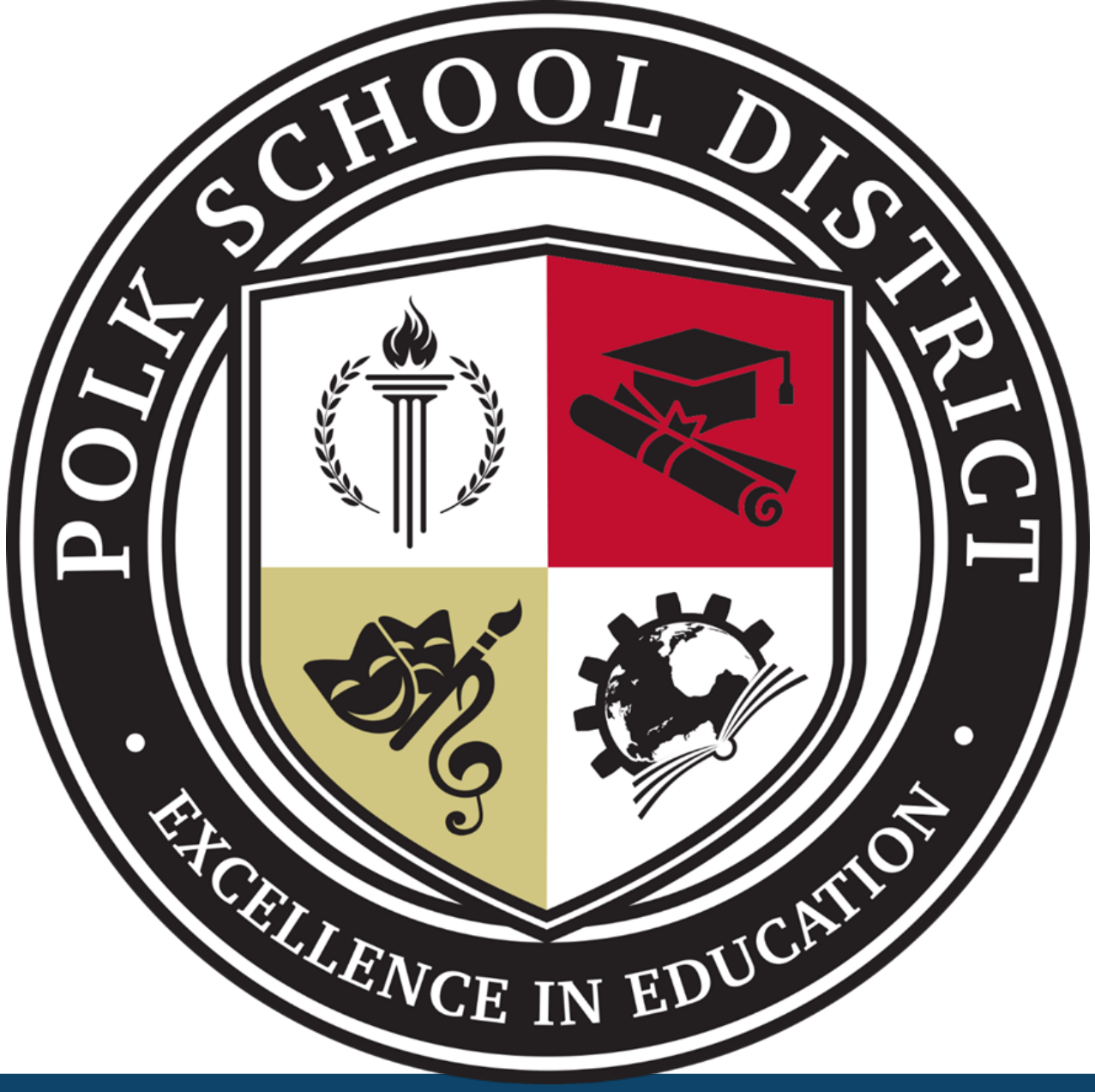


ANNUAL FINANCIAL REPORT • FISCAL YEAR 2025

Polk County School District

Cedartown, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor

DOAA
Georgia Department
of Audits & Accounts

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Section I

Financial

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

Independent Auditor's Report

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Mark Lumpkin, Superintendent and Members of the
Polk County School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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,



Greg S. Griffin
State Auditor

June 30, 2026

Management's Discussion and Analysis

(Required Supplementary Information)

INTRODUCTION

The intent of this discussion and analysis is to look at the Polk County School District's (School District) financial performance as a whole. The reader should review the notes to the basic financial statements and the financial statements to enhance their understanding of the School District's financial performance. The School District's 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, its funds, and its fiduciary responsibilities. 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. The fund financial statements provide information about all of the School District's funds.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

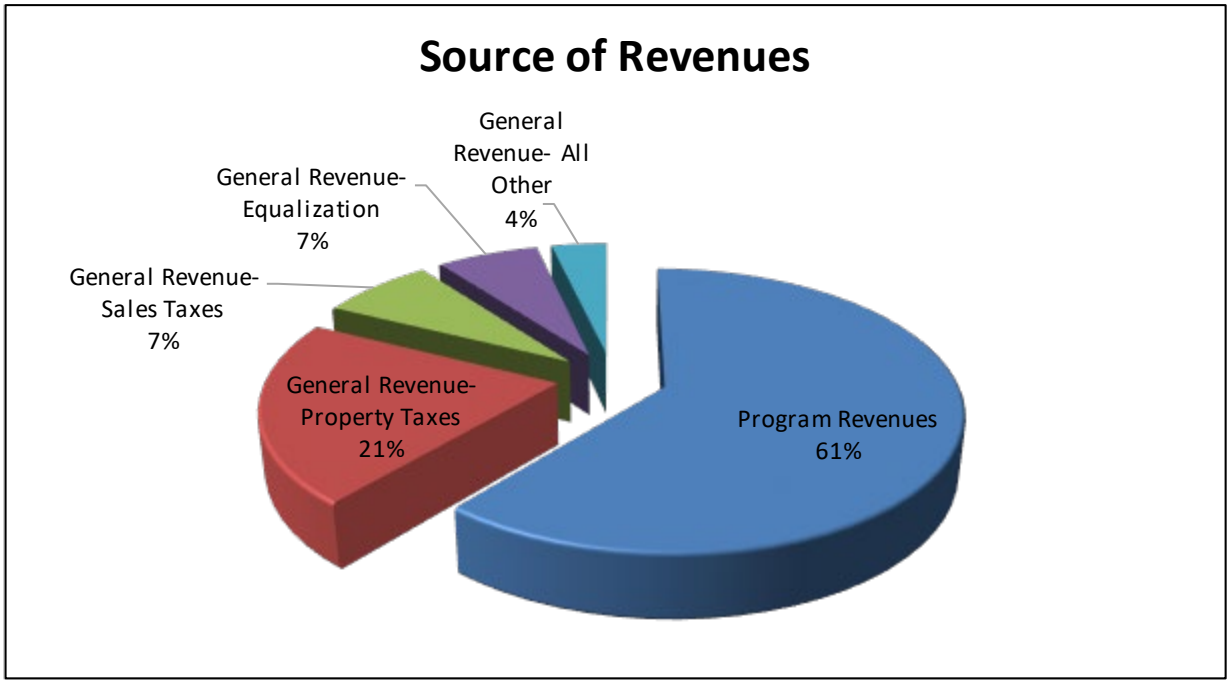
On the government-wide financial statements:

- 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 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 15, Restatement of Prior Year Net Position.

- Government-wide net position at June 30, 2025 was a deficit balance of approximately $10.1 million. Net position reflects the difference between all non-fiduciary assets of the School District including capital assets, net of depreciation, deferred outflows and non-fiduciary liabilities, both short-term and long-term and deferred inflows. The net position at June 30, 2025 of a deficit balance of $10.1 million represented a decrease of approximately $5.3 million when compared to the prior year. This decrease is due, in large part, to implementation of GASB 101.

- The School District had $119.4 million in expenses relating to governmental activities; only $73.1 million of these expenses were offset by program specific charges for services, operating and capital grants and contributions. However, the general revenues (primarily property and sales taxes) of approximately $46.8 million provided additional funding of these expenses.

- As stated above, general revenues accounted for $46.8 million or about 39% of all revenues totaling $119.9 million. Program specific revenues in the form of charges for services, operating and capital grants, and contributions accounted for the balance of these revenues.



On the fund financial statements:

- Among major funds, the general fund had $111.0 million in revenues and $111.2 million in expenditures. The general fund balance of approximately $10.6 million at June 30, 2025 decreased by approximately $0.7 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

These financial statements consist 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. The fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others. In the case of the School District, the general fund, capital projects fund, and debt service fund are all considered to be major funds. The School District has no non-major funds as defined by GASB Statement No. 34 for purposes of this report.

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

Government-Wide Statements

Since the School District has no operations that have been classified as "Business Activities", the government-wide financial statements are basically a consolidation of the entire 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 School District's non-fiduciary assets, deferred outflows, liabilities and deferred inflows which uses 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 capital assets
- Report long-term debt 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 that with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations.
    - *Unrestricted net position* is net position that does not meet any of the above restrictions.

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 detail information about the School District's significant or major funds. As discussed previously, the School District has no non-major funds as defined by generally accepted accounting principles.

The School District has two kinds of funds as discussed below:

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services

it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The 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.

Fiduciary Funds – The School District is the trustee, or fiduciary, for assets that belong to clubs, organizations and others within the principals' accounts as well as an employer sponsored pension plan. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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, can be 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 non-financial factors should be considered in assessing the overall health of the School District.

The School District had approximately $107.2 million (net of related debt) invested in capital 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.

The deficit balance of unrestricted net position of approximately $132.9 million reflects the net pension liability adjustments as required by GASB Statement No. 68 and GASB Statement No. 71 and the OPEB liability adjustments as required by GASB Statement No. 75.

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)
Assets		
Current and Other Assets	$ 41,172,087	$ 42,783,845
Capital Assets, Net	129,274,900	130,023,488
Total Assets	170,446,987	172,807,333
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	30,279,152	39,234,911
Related to OPEB Plan	15,482,474	18,352,318
Total Deferred Outflows of Resources	45,761,626	57,587,229
Liabilities		
Current and Other Liabilities	14,576,896	16,754,745
Long-Term Liabilities	37,940,756	36,085,157
Net Pension Liability	90,514,899	109,256,550
Net OPEB Liability	51,848,667	49,506,904
Total Liabilities	194,881,218	211,603,356
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	16,585,701	2,991,604
Related to OPEB Plan	14,889,758	20,653,320
Total Deferred Inflows of Resources	31,475,459	23,644,924
Net Position		
Net Investment in Capital Assets	107,199,197	107,546,541
Restricted	15,582,444	11,244,307
Unrestricted (Deficit)	(132,929,705)	(123,644,565)
Total Net Position	$ (10,148,064)	$ (4,853,717)

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances. See Note 15 in the Basic Financial Statements for additional information.

Total net position increased by $521 thousand in fiscal year 2025 from the prior year. This change in net position is detailed in Table 2 below. Table 2 also shows the change in net position as compared to the prior fiscal year.

Table 2
Changes in Net Position

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Revenues		
Program Revenues:		
Charges for Services	$ 481,450	$ 686,959
Operating Grants and Contributions	72,398,421	70,831,818
Capital Grants and Contributions	236,755	686,953
Total Program Revenues	73,116,626	72,205,730
General Revenues:		
Taxes		
Property Taxes		
For Maintenance and Operations	25,584,596	18,114,189
Other Taxes	59,604	-
Sales Taxes		
Special Purpose Local Option Sales Tax		
For Debt Services	8,516,555	8,255,061
Other Sales Taxes	332,713	289,438
Grants and Contributions Not Restricted to Specific Programs	7,966,502	5,920,506
Investment Earnings	550,142	1,070,985
Miscellaneous	3,782,545	3,919,594
Total General Revenues	46,792,657	37,569,773
Total Revenues	119,909,283	109,775,503
Program Expenses:		
Instruction	74,997,804	79,113,652
Support Services		
Pupil Services	7,038,664	7,194,788
Improvement of Instructional Services	2,431,248	3,699,748
Educational Media Services	1,421,066	1,571,530
General Administration	1,933,053	1,759,563
School Administration	6,415,389	6,363,164
Business Administration	1,144,138	1,082,919
Maintenance and Operation of Plant	10,193,535	12,037,382
Student Transportation Services	5,285,259	5,291,626
Central Support Services	410,933	451,606
Other Support Services	121,058	160,963
Operations of Non-Instructional Services		
Enterprise Operations	147,789	100,954
Food Services	7,019,322	6,779,260
Interest on Long-Term Debt	828,751	1,007,338
Total Expenses	119,388,009	126,614,493
Change in Net Position	$ 521,274	$ (16,838,990)

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances.
See Note 15 in the Basic Financial Statements for additional information.

Cost of Providing Services

The Statement of Activities shows the cost of program services and the 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
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	Fiscal Year 2025	Fiscal Year 2024 (1)	Fiscal Year 2025	Fiscal Year 2024 (1)
Instruction	$ 74,997,804	$ 79,113,652	$ 21,651,770	$ 27,795,718
Support Services				
Pupil Services	7,038,664	7,194,788	5,082,212	4,977,340
Improvement of Instructional Services	2,431,248	3,699,748	1,704,218	1,850,990
Educational Media Services	1,421,066	1,571,530	107,320	313,517
General Administration	1,933,053	1,759,563	257,484	127,087
School Administration	6,415,389	6,363,164	3,676,505	3,761,246
Business Administration	1,144,138	1,082,919	1,143,959	1,073,454
Maintenance and Operation of Plant	10,193,535	12,037,382	6,766,847	8,535,648
Student Transportation Services	5,285,259	5,291,626	3,902,820	3,987,759
Central Support Services	410,933	451,606	287,375	319,135
Other Support Services	121,058	160,963	64,083	102,852
Operations of Non-Instructional Services				-
Enterprise Operations	147,789	100,954	147,723	100,695
Food Services	7,019,322	6,779,260	650,316	455,984
Interest on Long-Term Debt	828,751	1,007,338	828,751	1,007,338
Total Expenses	$ 119,388,009	$ 126,614,493	$ 46,271,383	$ 54,408,763

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement of balances. See Note 15 in the Basic Financial Statements for additional information.

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 and other financing sources of $123.5 million and total expenditures and other financing uses of $123.6 million in fiscal year 2025. Total governmental fund balances of approximately $25.7 million at June 30, 2025, decreased approximately $0.1 million from the prior year.

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.

For the general fund, the final actual revenues of $111.0 million were less than the final budgeted amount of $111.8 million by $0.8 million. This can be attributed to receiving fewer property taxes revenue and federal funds than originally expected.

The general fund's final actual expenditures of $111.2 million were basically the same as the final budget amount of $111.2 million. The School District believes it effectively managed its budget during the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year ended June 30, 2025, the School District had $129.3 million invested in capital assets, net of accumulated depreciation, all in governmental activities. These assets are made up of a broad range of items including buildings and improvement, land, land improvements, food service, transportation and maintenance equipment. Table 4 reflects a summary of these balances, net of accumulated depreciation, as compared to the prior fiscal year.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024
Land	$ 2,700,791	$ 2,660,447
Construction in Progress	-	10,237,617
Buildings and Improvements	115,689,906	105,613,051
Equipment	4,087,223	4,558,427
Land Improvements	6,796,980	6,953,946
Total	$ 129,274,900	$ 130,023,488

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

Debt Administration

At June 30, 2025, the School District had $37.9 million in debt outstanding with $7.2 million due within one year. Table 5 shows balances for fiscal year 2025 as compared to balances for fiscal year 2024.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
General Obligation Bonds	$ 28,825,000	$ 32,525,000
Unamortized Bond Premiums	2,489,899	3,229,887
Compsensated Absences	6,625,857	330,270
Total	$ 37,940,756	$ 36,085,157

(1) Fiscal year 2024 balances do not reflect the effect of the restatement of balances. See Note 15 in the Basic Financial Statements for additional information.

Net Pension and OPEB Liabilities

At June 30, 2025 the School District reported liabilities for its proportionate share of the net pension liability. Reporting this liability was required by GASB Statement No. 68, GASB Statement No. 71 and GASB Statement No. 75.

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 general fund had a fund balance as of June 30, 2025 of $10.6 million. The School District's operating millage for fiscal year 2025 was 14.000 which generated $1,706,572 per mill. It was increased in the fiscal year 2026 to 15.000, which is estimated to generate $1,759,530 per mill due to county-wide reassessments. In November 2025, a new senior tax exemption was passed by Polk County voters. This exemption is graduated based on age and is capped and prorated for the first year.
- The School District is scheduled to receive a $1,540,523 increase of state revenue for the fiscal year 2026. This increase is in part due to the State Health Benefit Plan increase and the increase in the employer portion of TRS. The General Fund will continue to be affected by increases in state health insurance premiums for both certified and non-certified employees, unfunded state mandates, the increasing needs of our students, and the expected industrial and residential growth of Polk County.
- During the COVID Pandemic, the School District received CARES and ESSER monies to help with extra expenditures, staff retention, and new positions needed for learning loss, physical health and safety, and to address student's social, emotional, and other needs. The bulk of these monies were spent prior to fiscal year 2024. The last of the funds ended in fiscal year 2025.
- The School District student FTE increased from 7748 in fiscal year 2024 to 7763 for fiscal year 2025. In fiscal year 2026, student FTE decreased to 7611. The district will continue to renovate the existing facilities to accommodate any growth as needed.

- The School District plans to fund additional capital outlays with the one percent local sales tax revenue, general obligation bonds and state capital outlay grants. In fiscal year 2022, bonds were sold at a premium of $3,669,380.00. A Fine Arts Building has been completed at Cedartown High School. Turf was installed on both Cedartown High School and Rockmart High football fields. A Fine Arts Building is being constructed at Rockmart High School. Roofing, paving, and HVAC improvements have been made. Technology upgrades will continue to be made. Additions and modifications will be completed as needed. In addition, safety measures have and will continue to be addressed.

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. Melissa Alred, Finance Director, Polk County School District, 612 South College Street, Cedartown, Georgia 30125. You may also email your questions to Mrs. Alred at malred@polk.k12.ga.us.

Polk County School District

Exhibits: Basic Financial Statements

Government-Wide Financial Statements

Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 28,042,804.57
Investments	10,685.23
Receivables, Net	
Taxes	2,744,836.97
State Government	8,429,534.02
Federal Government	1,509,105.09
Other	382,364.92
Inventories	52,755.96
Capital Assets, Non-Depreciable	2,700,791.30
Capital Assets, Depreciable (Net of Accumulated Depreciation)	126,574,109.02
Total Assets	170,446,987.08
Deferred Outflows of Resources	
Related to Defined Benefit Pension Plans	30,279,151.72
Related to OPEB Plan	15,482,474.43
Total Deferred Outflows of Resources	45,761,626.15
Liabilities	
Accounts Payable	1,524,440.66
Salaries and Benefits Payable	12,572,039.19
Interest Payable	480,416.67
Net Pension Liability	90,514,899.00
Net OPEB Liability	51,848,667.00
Long-Term Liabilities	
Due Within One Year	7,239,287.63
Due in More Than One Year	30,701,468.22
Total Liabilities	194,881,218.37
Deferred Inflows of Resources	
Related to Defined Benefit Pension Plans	16,585,701.00
Related to OPEB Plan	14,889,758.00
Total Deferred Inflows of Resources	31,475,459.00
Net Position	
Net Investment in Capital Assets	107,199,197.07
Restricted for	
Continuation of Federal Programs	5,194,156.14
Debt Service	10,307,839.74
Capital Projects	80,447.95
Unrestricted (Deficit)	(132,929,705.04)
Total Net Position	$ (10,148,064.14)

The notes to the basic financial statements are an integral part of this statement.

Statement of Activities
for the Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position
Governmental Activities					
Instruction	$ 74,997,803.77	$ 50,743.85	$ 53,149,264.00	$ 146,026.37	$ (21,651,769.55)
Support Services					
Pupil Services	7,038,664.10	359,584.32	1,596,867.94	-	(5,082,211.84)
Improvement of Instructional Services	2,431,247.62	-	727,029.25	-	(1,704,218.37)
Educational Media Services	1,421,066.51	7,409.82	1,306,337.00	-	(107,319.69)
General Administration	1,933,053.43	-	1,675,569.76	-	(257,483.67)
School Administration	6,415,388.96	27,451.94	2,711,432.00	-	(3,676,505.02)
Business Administration	1,144,138.35	-	178.92	-	(1,143,959.43)
Maintenance and Operation of Plant	10,193,535.47	696.34	3,424,832.55	1,159.23	(6,766,847.35)
Student Transportation Services	5,285,258.56	547.12	1,293,781.06	88,110.00	(3,902,820.38)
Central Support Services	410,932.60	-	123,557.99	-	(287,374.61)
Other Support Services	121,058.44	542.90	56,432.21	-	(64,083.33)
Operations of Non-Instructional Services					
Enterprise Operations	147,788.66	65.93	-	-	(147,722.73)
Food Services	7,019,321.62	34,407.70	6,333,138.32	1,459.18	(650,316.42)
Interest on Long-Term Debt	828,750.85	-	-	-	(828,750.85)
Total Governmental Activities	$ 119,388,008.94	$ 481,449.92	$ 72,398,421.00	$ 236,754.78	$ (46,271,383.24)

General Revenues	
Taxes	
Property Taxes	
For Maintenance and Operations	25,584,596.23
Other Taxes	59,604.04
Sales Taxes	
Special Purpose Local Option Sales Tax	
For Debt Services	8,516,554.57
Other Sales Tax	332,712.99
Grants and Contributions not Restricted to Specific Programs	7,966,502.00
Investment Earnings	550,142.00
Miscellaneous	3,782,545.48
Total General Revenues	46,792,657.31
Change in Net Position	521,274.07
Net Position - Beginning of Year, as Previously Presented	(4,853,717.11)
Change in Accounting Principle - GASB Statement No. 101	(5,815,621.10)
Net Position - Beginning of Year, as Restated	(10,669,338.21)
Net Position - End of Year	$ (10,148,064.14)

The notes to the basic financial statements are an integral part of this statement.

Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total
Assets				
Cash and Cash Equivalents	$ 13,558,990.26	$ 4,426,546.04	$ 10,057,268.27	$ 28,042,804.57
Investments	10,685.23	-	-	10,685.23
Receivables, Net				
Taxes	2,010,348.83	-	734,488.14	2,744,836.97
State Government	8,429,534.02	-	-	8,429,534.02
Federal Government	1,509,105.09	-	-	1,509,105.09
Other	382,364.92	-	-	382,364.92
Inventories	52,755.96	-	-	52,755.96
Total Assets	$ 25,953,784.31	$ 4,426,546.04	$ 10,791,756.41	$ 41,172,086.76
Liabilities				
Accounts Payable	$ 1,408,705.91	$ 112,234.75	$ 3,500.00	$ 1,524,440.66
Salaries and Benefits Payable	12,572,039.19	-	-	12,572,039.19
Total Liabilities	13,980,745.10	112,234.75	3,500.00	14,096,479.85
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	1,403,225.28	-	-	1,403,225.28
Fund Balances				
Nonspendable	52,755.96	-	-	52,755.96
Restricted	5,141,400.18	4,314,311.29	10,788,256.41	20,243,967.88
Assigned	1,581,202.58	-	-	1,581,202.58
Unassigned	3,794,455.21	-	-	3,794,455.21
Total Fund Balances	10,569,813.93	4,314,311.29	10,788,256.41	25,672,381.63
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 25,953,784.31	$ 4,426,546.04	$ 10,791,756.41	$ 41,172,086.76

The notes to the basic financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

Total fund balances - governmental funds (Exhibit "C")		$ 25,672,381.63
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	$ 2,700,791.30	
Buildings and improvements	161,666,106.46	
Equipment	10,326,486.96	
Land improvements	9,445,735.78	
Accumulated depreciation	(54,864,220.18)	129,274,900.32
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	$ (90,514,899.00)	
Net OPEB liability	(51,848,667.00)	(142,363,566.00)
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	$ 13,693,450.72	
Related to OPEB	592,716.43	14,286,167.15
Taxes that are not available to pay for current period expenditures are deferred in the funds.		1,403,225.28
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (28,825,000.00)	
Accrued interest payable	(480,416.67)	
Compensated absences payable	(6,625,856.44)	
Unamortized bond premiums	(2,489,899.41)	(38,421,172.52)
Net position of governmental activities (Exhibit "A")		$ (10,148,064.14)

The notes to the basic financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Debt Service Fund	Total
Revenues				
Property Taxes	$ 25,042,811.08	$ -	$ -	$ 25,042,811.08
Sales Taxes	332,712.99	-	8,516,554.57	8,849,267.56
State Funds	69,893,949.79	148,644.78	-	70,042,594.57
Federal Funds	11,644,476.34	-	-	11,644,476.34
Charges for Services	481,449.92	-	-	481,449.92
Investment Earnings	1,637.07	149,697.19	398,807.74	550,142.00
Miscellaneous	3,618,212.03	164,333.45	-	3,782,545.48
Total Revenues	111,015,249.22	462,675.42	8,915,362.31	120,393,286.95
Expenditures				
Current				
Instruction	68,748,211.79	38,226.06	-	68,786,437.85
Support Services				
Pupil Services	6,934,367.06	-	-	6,934,367.06
Improvement of Instructional Services	2,330,032.95	-	-	2,330,032.95
Educational Media Services	1,386,134.92	-	-	1,386,134.92
General Administration	1,631,993.75	-	3,500.00	1,635,493.75
School Administration	6,230,938.18	-	-	6,230,938.18
Business Administration	1,122,822.25	5.00	-	1,122,827.25
Maintenance and Operation of Plant	10,012,459.19	285,513.18	-	10,297,972.37
Student Transportation Services	4,936,078.99	52,762.00	-	4,988,840.99
Central Support Services	425,613.46	-	-	425,613.46
Other Support Services	121,335.11	-	-	121,335.11
Enterprise Operations	147,788.66	-	-	147,788.66
Food Services Operation	7,160,072.09	-	-	7,160,072.09
Capital Outlay	-	3,591,994.42	-	3,591,994.42
Debt Service				
Principal	-	-	3,700,000.00	3,700,000.00
Dues and Fees	-	4,155.00	-	4,155.00
Interest	-	-	1,626,250.00	1,626,250.00
Total Expenditures	111,187,848.40	3,972,655.66	5,329,750.00	120,490,254.06
Revenues over (under) Expenditures	(172,599.18)	(3,509,980.24)	3,585,612.31	(96,967.11)
Other Financing Sources (Uses)				
Transfers In	-	3,073,311.65	-	3,073,311.65
Transfers Out	(544,942.56)	-	(2,528,369.09)	(3,073,311.65)
Total Other Financing Sources (Uses)	(544,942.56)	3,073,311.65	(2,528,369.09)	-
Net Change in Fund Balances	(717,541.74)	(436,668.59)	1,057,243.22	(96,967.11)
Fund Balances - Beginning	11,287,355.67	4,750,979.88	9,731,013.19	25,769,348.74
Fund Balances - Ending	$ 10,569,813.93	$ 4,314,311.29	$ 10,788,256.41	$ 25,672,381.63

The notes to the basic financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
June 30, 2025

Net change in fund balances total governmental funds (Exhibit "E")		$ (96,967.11)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	$ 3,833,929.56	
Depreciation expense	(4,582,516.75)	(748,587.19)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		601,389.19
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.		
Amortization of bond premiums	$ 739,987.48	
Bond principal retirements	3,700,000.00	4,439,987.48
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
Pension expense	$ (3,808,205.35)	
OPEB expense	551,955.43	(3,256,249.92)
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.		
Accrued interest on issuance of bonds	$ 61,666.67	
Compensated absences	(479,965.05)	(418,298.38)
Change in net position of governmental activities (Exhibit "B")		$ 521,274.07

The notes to the basic financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Private Purpose Trusts	Pension Trust Fund December 31, 2024
Assets		
Cash and Cash Equivalents	$ 9,095.72	$ -
Investments	-	5,265,557.40
Receivables, Net		
Other	-	618,982.00
Total Assets	9,095.72	5,884,539.40
Net Position		
Held in Trust for Private Purposes	$ 9,095.72	
Restricted		
For Employee's Pension Benefits		$ 5,884,539.40

The notes to the basic financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Private Purpose Trusts	Pension Trust Fund December 31, 2024
Additions		
Contributions		
Employer Contributions	$ -	$ 618,982.00
Investment Earnings		
Net Increase in Fair Value of Investments	-	466,829.57
Total Additions	-	1,085,811.57
Deductions		
Benefits Paid to Participants	-	480,637.00
Administrative Expenses	-	32,800.00
Total Deductions	-	513,437.00
Change in Net Position	-	572,374.57
Net Position - Beginning	9,095.72	5,312,164.83
Net Position - Ending	$ 9,095.72	$ 5,884,539.40

Notes to the Financial Statements
for the Fiscal Year Ended June 30, 2025

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund types:

- Private purpose trust funds are used to report all trust arrangements, other than those properly reported elsewhere, in which principal and income benefit individuals, private organizations or other governments.
- Pension trust fund accounts for the activities of Polk County School District Social Security Replacement Plan, a single employer defined benefit pension plan for the group of employees covered by the Public School Employees Retirement Systems (PSERS).

Basis of Accounting

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

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

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

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

New Accounting Pronouncements

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

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

Fiscal Year End

All funds are reported using fiscal years which end on June 30, except defined benefit pension plan (fiduciary fund), which has a fiscal year ending December 31.

Cash and Cash Equivalents

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

Investments

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

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

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

Receivables

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

Inventories

Food Inventories

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

Capital Assets

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

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

Depreciation is computed using the straight-line 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	$	50,000.00	20 to 60 years
Buildings and Improvements	$	50,000.00	25 to 60 years
Equipment	$	50,000.00	5 to 50 years
Intangible Assets	$	50,000.00	10 to 20 years

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

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

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

Vacation leave of 10 days is awarded annually to all full-time personnel employed on a twelve-month basis with less than 15 years of experience and 15 days annually to all full-time personnel employed on a twelve-month basis with between 15 and 40 years of experience. Twelve-month employees with 40 or more years of services to the School District are eligible for 5 additional vacation days annually. No other employees are eligible to earn vacation leave.

For twelve-month employees with 15 or more years of experience, all unused vacation days may be carried forward into the next employment year up to and including June 30. This is a maximum of 15 days earned from previous year. Upon expiration of this limit, a maximum of 5 unused vacation days may be carried forward. Therefore, this employee could have a maximum of 20 days of acquired vacation at the start of a new fiscal year.

For twelve-month employees with less than 15 years of experience, all unused vacation days may be carried forward into the next employment year up to and including June 30. This is a maximum of 10 days earned from previous year. Upon expiration of this limit, a maximum of 5 unused vacation days may be carried forward. Therefore, this employee could have a maximum of 15 days of acquired vacation at the start of a new fiscal year.

Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

Sick leave is earned at a rate of 1.25 days per month for eligible employees. Unused sick leave may be accumulated up to a maximum of 60 days. The School District does not provide for payout of unused sick leave upon resignation or retirement; accordingly, the liability represents the portion of accumulated sick leave that is more likely than not to be used by employees during active employment. Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward retirement service credit. This benefit is administered and funded by TRS; therefore, the related liability is not reported by the School District.

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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 Polk County Board of Commissioners adopted the property tax levy for the 2024 tax digest year (calendar year) on September 19, 2024 (levy date) based on property values as of January 1, 2024. Taxes were due on December 1, 2024 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the 2024 tax digest are reported as revenue in the governmental funds for fiscal year 2025. The Polk 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 $22,583,305.18.

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	14.00	mills

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to $2,399,901.86 during fiscal year ended June 30, 2025.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to $8,516,554.57 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

The budget is a complete financial plan for the School District's fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, 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.

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

NOTE 4: DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS

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 $23,955,023.53, and a bank balance of $27,238,691.09. The bank balances insured by Federal depository insurance were $914,290.49.

At June 30, 2025, $26,324,400.60 of the School District's bank balances were exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

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

Cash and cash equivalents		
Statement of Net Position	$	28,042,804.57
Statement of Fiduciary Net Position		9,095.72
Total cash and cash equivalents		28,051,900.29
Add:		
Deposits with original maturity of three months or more reported as investments		10,685.23
Less:		
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		4,107,561.99
Total carrying value of deposits - June 30, 2025	$	23,955,023.53

Categorization of Cash Equivalents

The School District reported cash equivalents of $4,107,561.99 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, $1.00 per share, which approximates fair value. The pool is an AAAf rated investment pool by Fitch. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2025 was 51 days.

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

Categorization of Investments

At June 30, 2025, the School District had the following investments:

Investment Type		Fair Value
Other Investments		
Mutual Money Market Funds	$	78,533.81
Mutual Bond Funds		1,108,026.22
Mutual Equity Funds		4,078,997.37
Total Investments	$	5,265,557.40

Fair Value of Investments

The School District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

At June 30, 2025 the School District had the following investments by fair value level:

Investments by fair value level:	Fair Value	Level 1
Mutual Bond Funds	$ 1,108,026.22	$ 1,108,026.22
Mutual Equity Funds - Domestic	3,816,750.02	3,816,750.02
Mutual Equity Funds - International	262,247.35	262,247.35
Mutual Money Market Funds	78,533.81	78,533.81
Total investments by fair value level	$ 5,265,557.40	$ 5,265,557.40

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investment will adversely affect the fair value of an investment. The School District does not have a formal policy for managing interest rate risk.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the School District will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The School District does not have a formal policy for managing custodial credit risk.

At June 30, 2025, $5,265,557.40 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments to those prescribed O.C.G.A. §36-83-4. The School District does not have a formal policy that would further limit its investment choices or one that addresses credit risk.

The investments subject to credit quality risk are reflected below:

		Quality Ratings
Rated Debt Investments	Fair Value	Unrated
Mutual Bond Fund	$ 1,108,026.22	$ 1,108,026.22
Mutual Money Market Fund	78,533.81	78,533.81
Totals by Quality Ratings	$ 1,186,560.03	$ 1,186,560.03

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in Mutual Equity Funds and Mutual Bond Funds. These investments are 77% and 21%, respectively, of the School District's total investments.

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	$ 2,660,446.30	$ 40,345.00	$ -	$ 2,700,791.30
Construction in Progress	10,237,616.94	3,271,921.57	13,509,538.51	-
Total Capital Assets				
Not Being Depreciated	12,898,063.24	3,312,266.57	13,509,538.51	2,700,791.30
Capital Assets,				
Being Depreciated:				
Buildings and Improvements	148,106,022.85	13,560,083.61	-	161,666,106.46
Equipment	10,085,039.96	241,447.00	-	10,326,486.96
Land Improvements	9,216,064.89	229,670.89	-	9,445,735.78
Less Accumulated				
Depreciation:				
Buildings and Improvements	42,492,971.66	3,483,228.91	-	45,976,200.57
Equipment	5,526,612.78	712,651.36	-	6,239,264.14
Land Improvements	2,262,118.99	386,636.48	-	2,648,755.47
Total Capital Assets,				
Being Depreciated, Net	117,125,424.27	9,448,684.75	-	126,574,109.02
Governmental Activities				
Capital Assets - Net	$ 130,023,487.51	$ 12,760,951.32	$ 13,509,538.51	$ 129,274,900.32

Current year depreciation expense by function is as follows:

Instruction		$ 3,954,102.82
Support Services		
Maintenance and Operation of Plant	$ 35,737.56	
Student Transportation Services	547,691.91	583,429.47
Food Services		44,984.46
		$ 4,582,516.75

NOTE 6: INTERFUND TRANSFERS

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

	Transfers From		
Transfers to	General Fund	Debt Service Fund	Total
Capital Projects Fund	$ 544,942.56	$ 2,528,369.09	$ 3,073,311.65

Transfers are used to move property tax revenues collected by the general fund to capital projects fund as required match or supplemental funding source for capital construction projects. Transfers are also used to move Special Purpose Local Option Sales Tax (SPLOST) revenues collected by the debt service fund to the capital projects fund for the payment of cost associated with construction projects approved by the Special Purpose Local Option Sales Tax (SPLOST) referendum.

NOTE 7: SHORT-TERM DEBT

The School District issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. This short-term debt is to provide cash for operations until property tax collections are received by the School District. Article IX, Section V, Paragraph V of the Constitution of the State of Georgia limits the aggregate amount of short-term debt to 75% of the total gross income from taxes collected in the preceding year and requires all short-term debt to be repaid no later than December 31 of the calendar year in which the debt was incurred.

Short-term debt activity for the fiscal year is as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Notes	$ -	$ 5,000,000.00	$ 5,000,000.00	$ -

NOTE 8: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2024 Restated	Additions	Deductions	Balance June 30, 2025	Due Within One Year
General Obligation (G.O.) Bonds	$ 32,525,000.00	$ -	$ 3,700,000.00	$ 28,825,000.00	$ 3,825,000.00
Unamortized Bond Premiums	3,229,886.89	-	739,987.48	2,489,899.41	637,222.23
Compensated Absences(1)	6,145,891.39	479,965.05	-	6,625,856.44	2,777,065.40
	$ 41,900,778.28	$ 479,965.05	$ 4,439,987.48	$ 37,940,755.85	$ 7,239,287.63

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

General Obligation Bonds

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

The School District's outstanding general obligation bonds related to governmental activities of $3,825,000.00 and $25,000,000.00 contain a provision that in the event of a nonpayment, the State Board is authorized to and must withhold from any state appropriations to which the School District may be entitled and apply so much thereof as shall be necessary to the payment of the principal and interest on such indebtedness then due.

General obligation bonds currently outstanding are as follows:

Description	Interest Rates	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2018	4.00 - 5.00%	3/1/2018	3/1/2026	$ 18,050,000.00	$ 3,825,000.00
General Government - Series 2022	5.00%	5/11/2022	3/1/2031	25,000,000.00	25,000,000.00
				$ 43,050,000.00	$ 28,825,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt Principal	General Obligation Debt Interest	Unamortized Bond Premium
2026	$ 3,825,000.00	$ 1,441,250.00	$ 637,222.23
2027	3,650,000.00	1,250,000.00	431,691.76
2028	5,000,000.00	1,067,500.00	431,691.76
2029	5,200,000.00	817,500.00	431,691.76
2030 - 2031	11,150,000.00	842,500.00	557,601.90
Total Principal and Interest	$ 28,825,000.00	$ 5,418,750.00	$ 2,489,899.41

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 in the government-wide financial statements due to the implementation of a new accounting standard. This is a change in accounting principle.

NOTE 9: RISK MANAGEMENT

Insurance

Commercial Insurance

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

Unemployment Compensation

The School District is self-insured with regard to unemployment compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2024	$ -	$ 7,335.00	$ 7,335.00	$ -
2025	$ -	$ 3,498.00	$ 3,498.00	$ -

Surety Bond

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

Position Covered	Amount
Superintendent	$ 100,000.00

NOTE 10: FUND BALANCE CLASSIFICATION DETAILS

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

Nonspendable		
Inventories		$ 52,755.96
Restricted		
Continuation of Federal Programs	$ 5,141,400.18	
Capital Projects	4,314,311.29	
Debt Service	10,788,256.41	20,243,967.88
Assigned		
School Activity Accounts		1,581,202.58
Unassigned		3,794,455.21
Fund Balance, June 30, 2025		$ 25,672,381.63

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 11: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

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

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were $1,944,423.43 for the year ended June 30, 2025. Active employees are not required to contribute to the School OPEB Fund.

During fiscal year 2025, the State of Georgia, through the State Health Benefit Plan (SHBP) administered by the Department of Community Health, made an on-behalf contribution in the amount of $1,136,185.33 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 $51,848,667.00 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 0.454959%, which was an increase of 0.002982% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB expense of $1,392,468.00. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ 2,542,569.00	$ 9,361,990.00
Changes of assumptions	6,045,780.00	5,132,373.00
Net difference between projected and actual earnings on OPEB plan investments	-	337,522.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	4,949,702.00	57,873.00
School District contributions subsequent to the measurement date	1,944,423.43	-
Total	$ 15,482,474.43	$ 14,889,758.00

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

Year Ended June 30:	OPEB
2026	$ (1,084,999.00)
2027	$ (1,703,109.00)
2028	$ (59,571.00)
2029	$ 1,134,171.00
2030	$ 345,015.00
Thereafter	$ 16,786.00

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 Projections scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

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

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

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

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

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

* Net of inflation

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

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	$ 58,660,019.00	$ 51,848,667.00	$ 46,104,550.00

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	$ 44,800,207.00	$ 51,848,667.00	$ 60,510,411.00

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 13: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. 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 20.69% of payroll was required from the School District and 0.09% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were $11,144,153.90 and $50,127.80 from the School District and the State, respectively.

Employees' Retirement System

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

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

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

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

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

Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions to the pension plan were $44,698.82 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

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

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

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 $103,212.00.

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

At June 30, 2025, the School District reported a liability of $86,746,902.00 for its proportionate share of the net pension liability for TRS ($86,528,157.00) and ERS ($218,745.00).

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	$	86,528,157.00
State of Georgia's proportionate share of the net pension liability associated with the School District		298,096.00
Total	$	86,826,253.00

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

At June 30, 2024, the School District's TRS proportion was 0.344259%, which was a decrease of 0.006305% from its proportion measured as of June 30, 2023. At June 30, 2024, the School District's ERS proportion was 0.004859%, which was a decrease of 0.000139% 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 $716,168.00.

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

For the year ended June 30, 2025, the School District recognized pension expense of $15,169,978.51 for TRS, ($1,778.00) for ERS and $165,644.00 for PSERS and revenue of $38,488.00 for TRS and $165,644.00 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.

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

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 9,791,263.00	$ 258,614.00	$ 11,725.00	$ -
Changes of assumptions	6,019,345.00	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	12,063,892.00	-	24,637.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,679,537.00	2,233,140.00	719.00	4,107.00
School District contributions subsequent to the measurement date	11,144,153.90	-	44,698.82	-
Total	$ 28,634,298.90	$ 14,555,646.00	$ 57,142.82	$ 28,744.00

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

Year Ended June 30:	TRS	ERS
2026	$ 1,984,935.00	$ (6,863.00)
2027	$ 10,846,241.00	$ 15,150.00
2028	$ (5,793,702.00)	$ (14,993.00)
2029	$ (4,102,975.00)	$ (9,594.00)

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.

Employees' Retirement System:

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

Mortality rates are as follows:

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

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

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

Public School Employees Retirement System:

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

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:

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

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

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

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

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	$ 148,932,279.00	$ 86,528,157.00	$ 35,587,292.00

Employees' Retirement System:	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$ 329,566.00	$ 218,745.00	$ 125,545.00

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

Polk County School District Social Security Replacement Plan (SSRP)

Plan Description: As of January 2004, the Polk County School District established a single employer defined benefit pension plan for the group of employees covered under the Public Service Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined benefit plan that does not meet the requirements of a qualified social security replacement plan, the new plan was established for these employees to meet the requirements of a social security replacement plan.

The School District Social Security Replacement Plan ("Plan") provides a pension benefit for each participant at retirement, equal to 1.5% of the participant's Average Monthly Compensation multiplied by his Years of Credited Service up to 40 Years of Credited Service. Years of service subsequent to July 1, 1991, are counted for purposes of determining a participant's benefit. The funding method and determination of benefits payable are provided in or authorized by various sections of Title 47 of the Official Code of Georgia Annotated ("OCGA"). The Plan does not issue a separate financial report.

The employee is always 100% vested in his accrued benefit in the Plan.

The Plan is funded by employer contributions held in trust by John Hancock. The Actuary for the Plan is Future Plan by Ascensus. The Actuary determines the Plan liabilities and required contributions on an annual basis.

As of January 1, 2025, there were 512 Plan participants, consisting of the following:

	January 1, 2025
Active plan members	156
Vested terminated participants	259
Retirees, beneficiaries, and disabled participants	97
	512

Funding Policy: Employees are neither required nor permitted to make contributions to the Plan. The Polk County School District (Employer) makes contributions required to fund the cost of the benefits provided to its eligible employees by this Plan. The Employer makes such contributions as necessary to fund the Plan in accordance with all applicable minimum funding standards under Georgia Law.

The Employer's actuarially determined contribution is the amount necessary to fund the plan benefits. The required contribution for the plan year ending within the current fiscal year is $618,982.00. The current contribution rate is 13.3% of annual covered payroll.

***Investments*:** The Plan maintains an investment policy which fosters prudent and sound judgment in the management of plan assets to ensure safety of capital consistent with its fiduciary responsibility to the citizens of Georgia and which conforms to the Plan's investment policy. All investments are consistent with Polk County School District's policy and applicable Federal and state laws.

Investments are reported at fair value. Securities are traded on a national or international exchange and are valued at the last reported sales price. The Plan's investment policy requires diversification of assets in an effort to avoid the risk of large losses and maximize the investment return to the Plan consistent with market and economic risk.

As of December 31, 2024, the Plan's assets are:

Asset Class		
Short Term Investments	$	78,533.81
Domestic Equities		2,672,684.45
International Equities		262,247.35
Fixed income		2,252,091.79
Total	$	5,265,557.40

For the plan year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of plan investment expense, was 9.15%.

The following table summarizes the adopted asset allocation policy at December 31, 2024:

Asset Class	Adopted Asset Allocation
Domestic Equities	40% to 50%
International Equities	1% to 5%
Fixed income	35% to 45%
Cash and Equivalent	1% to 10%
Total	100%

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Plan:

The components of the net pension liability at January 1, 2024 were as follows:

Total pension liability	$	9,652,536.00
Plan fiduciary net position		(5,884,539.00)
Net pension liability	$	3,767,997.00

The Plan's fiduciary net position as a percentage of its total pension liability is 60.96%.

The net pension liability for the Plan was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of January 1, 2024. An expected total pension liability as of December 31, 2024 was determined using standard roll-forward techniques.

For the year ended June 30, 2025, the School District recognized pension expense of $486,328.00 for the Plan.

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

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between projected and actual earnings on pension plan investments	$	475,275.00	$	273,095.00
Differences between projected and actual experiences		467,099.00		518,637.00
Changes in actuarial assumptions		645,336.00		1,209,579.00
Total	$	1,587,710.00	$	2,001,311.00

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Plan will be recognized in pension expense as follows:

Year Ended June 30:		
2026	$	(200,054.00)
2027	$	(186,637.00)
2028	$	(254,148.00)
2029	$	34,398.00
2030	$	70,555.00
Thereafter	$	122,285.00

Actuarial Methods and Assumptions: The total pension liability was determined as of January 1, 2024 using the following actuarial assumptions and methods (see the January 1, 2025 actuarial valuation report for other assumptions):

Inflation	2.50%
Salary Increases	3.00%
Investment rate of return	7.00%, net of pension plan investment expense
Single equivalent discount rate	6.00%, net of pension plan investment expense

Mortality rates based on the PubG-2010 with MP-2021.

The long-term expected rate of return on the Plan investments was determine using a building-block method in which best-estimate ranges of expected future real rates of return, net of investment expenses and inflation, are developed for each major asset class, Theses ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by the expected inflation. Best estimate of arithmetic rates of return for each major asset class, included in the Plan's target asset allocation as of December 31, 2024.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equities	49.00%	8.59%
International Equities	5.00%	10.90%
Fixed income	41.00%	5.20%
Cash	5.00%	2.90%

* Rates shown are net of the 2.50% assumed rate of inflation.

Discount Rate: The discount rate used to measure the total pension liability was the single equivalent discount rate shown above. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to be made at the level percent of currently covered employee payroll equal to the actuarially determined contribution rate. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members through 2056 and the long-term expected rate of return of 7.00% was applied to this period. The December 31, 2024 20-year tax-free municipal bond yield of 3.26% was applied after 2056.

Sensitivity of the Polk County School District's Net Pension Liability to Changes in the Discount Rate: The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
School District's proportionate share of the net pension liability	$ 4,931,749.00	$ 3,767,997.00	$ 2,790,723.00

NOTE 14: TAX ABATEMENTS

The Development Authority of Polk County, the Cedartown Development Authority and the Rockmart Development Authority can enter into agreements with private individuals or entities for economic or industrial projects to encourage the creation of jobs and capital investment through an "Economic Incentive Program." This program is used to incentivize these businesses to build, relocate, expand, or renovate within incorporated and unincorporated Polk County. Each agreement provides a property tax benefit to the company through a schedule of discounted valuation that reduces, for ad valorem tax purposes, the fair market value of real and/or personal property that is held by the Authorities and leased to the company. Georgia case law and the Authorities' enabling legislation provides the Authorities with the power to enter into such agreements with private companies.

The Authorities may accept title to real and personal property assets from a company in return for job creation and capital investment and provide a tax benefit to the company through a lease agreement with the Authority. In considering eligibility for providing this benefit to a company, the Authorities review the following criteria:

1. Eligible businesses can include new and existing industrial businesses.
2. But for an incentive agreement, the company would not create the jobs and investment in the community.
3. Eligible projects must involve significant investment in real and personal property.
4. The average wage of the business' employees should be above the average wage of goods producing employees in Polk County.
5. The business should offer medical benefits to all employees.
6. The impact to job retention will be considered for each expansion project.
7. As a condition of assistance, a business will be required to work with the Authority to convey title to the Authority.

In return for a property tax benefit, a company is required to commit to creating jobs and capital investment within a defined period as part of a performance and accountability agreement with the Authority that includes provisions for the company to pay back a prorated portion of the benefit if they fail to meet the performance criteria by a specified date. The Authorities monitor compliance with performance and accountability agreements to ensure the companies meet their commitments.

For the Polk County School District's year ending June 30, 2025, the cumulative property tax not collected due to incentive agreements was $38,251.30; however, $370,480.37 was paid to the Polk County School District through the Economic Incentive Program for the same period. These agreements will result in an estimated $101.9 million in new capital investment for Polk County and more than 701 new/retained jobs. According to the National Association of Manufacturers, the new capital investment will generate an additional $254.9 million in our economy, and the 701 jobs will generate another 2,383 jobs in other sectors.

Included in the $38,251.30 abated, the following are tax abatement agreement amounts with individual companies that exceed 10.00 percent of the total amount abated:

- A property tax abatement was granted to Kimoto Tech in the amount of $4,871.30.
- A property tax abatement was granted to Inman Solar in the amount of $14,257.73.
- Property tax abatements were granted to Westbound Solar totaling $15,565.65.

NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION

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

The change was applied retrospectively, resulting in a restatement of beginning net position for governmental activities as of July 1, 2024. The effect of this restatement was a decrease in beginning net position and an increase in the compensated absences liability of $5,815,621.10.

Net Position, July 1, 2024, as previously reported	$	(4,853,717.11)
Change in Accounting Principle - GASB Statement No. 101		(5,815,621.10)
Net Position, July 1, 2024, as restated	$	(10,669,338.21)

NOTE 16: SUBSEQUENT EVENT

On April 2, 2026, the Polk School District partially defeased its General Obligation Sales Tax Bonds, Series 2022 by depositing $6,330,697.16 of cash on hand into an irrevocable escrow account held by Regions Bank. The escrowed funds were used to purchase U.S. Treasury obligations sufficient to pay all remaining principal and interest on the $5,700,000 bond maturity due March 1, 2031, totaling $7,125,000 in remaining debt service.

As a result of this transaction, the $5,700,000 maturity will be removed from the School District's long-term liabilities in fiscal year 2026, and the final debt service payment on the Series 2022 bonds will now occur on March 1, 2030.

Schedules: Required Supplementary Information

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Teachers Retirement System of Georgia

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	0.344259%	$ 86,528,157.00	$ 298,096.00	$ 86,826,253.00	$ 53,745,447.84	161.00%	80.86%
2024	0.350564%	$ 103,501,550.00	$ 384,406.00	$ 103,885,956.00	$ 51,286,982.59	201.81%	76.29%
2023	0.360550%	$ 117,077,554.00	$ 480,909.00	$ 117,558,463.00	$ 49,001,199.08	238.93%	72.85%
2022	0.339198%	$ 29,999,801.00	$ 119,045.00	$ 30,118,846.00	$ 44,357,338.07	67.63%	92.03%
2021	0.327642%	$ 79,367,716.00	$ 287,053.00	$ 79,654,769.00	$ 42,459,243.32	186.93%	77.01%
2020	0.322863%	$ 69,424,275.00	$ 327,916.00	$ 69,752,191.00	$ 39,589,606.96	175.36%	78.56%
2019	0.327378%	$ 60,768,369.00	$ 289,755.00	$ 61,058,124.00	$ 39,127,366.15	155.31%	80.27%
2018	0.332680%	$ 61,829,603.00	$ 748,059.00	$ 62,577,662.00	$ 38,673,234.64	159.88%	79.33%
2017	0.342487%	$ 70,658,887.00	$ 944,080.00	$ 71,602,967.00	$ 38,069,372.98	185.61%	76.06%
2016	0.345774%	$ 52,640,658.00	$ 600,892.00	$ 53,241,550.00	$ 36,915,144.69	142.60%	81.44%

Required Supplementary Information
Schedule of Contributions
Teachers Retirement System of Georgia

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	$ 11,144,153.90	$ 11,144,153.90	$ -	$ 53,868,001.68	20.69%
2024	$ 10,698,829.43	$ 10,698,829.43	$ -	$ 53,745,447.84	19.91%
2023	$ 10,222,814.47	$ 10,222,814.47	$ -	$ 51,286,982.59	19.93%
2022	$ 9,667,779.93	$ 9,667,779.93	$ -	$ 49,001,199.08	19.73%
2021	$ 8,421,137.11	$ 8,421,137.11	$ -	$ 44,357,338.07	18.98%
2020	$ 8,941,170.49	$ 8,941,170.49	$ -	$ 42,459,243.32	21.06%
2019	$ 8,235,903.09	$ 8,235,903.09	$ -	$ 39,589,606.96	20.80%
2018	$ 6,546,048.34	$ 6,546,048.34	$ -	$ 39,127,366.15	16.73%
2017	$ 5,456,446.48	$ 5,456,446.48	$ -	$ 38,673,234.64	14.11%
2016	$ 5,360,865.43	$ 5,360,865.43	$ -	$ 38,069,372.98	14.08%

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Employees' Retirement System of Georgia

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2025	0.004859%	$ 218,745.00	$ 142,891.60	153.08%	78.75%
2024	0.004998%	$ 298,160.00	$ 137,200.08	217.32%	71.20%
2023	0.004832%	$ 322,703.00	$ 121,294.71	266.05%	67.44%
2022	0.007345%	$ 171,792.00	$ 176,070.11	97.57%	87.62%
2021	0.007707%	$ 324,847.00	$ 206,943.46	156.97%	76.21%
2020	0.007150%	$ 295,047.00	$ 180,218.56	163.72%	76.74%
2019	0.005132%	$ 210,978.00	$ 130,926.01	161.14%	76.68%
2018	0.005232%	$ 212,489.00	$ 128,331.00	165.58%	76.33%
2017	0.004803%	$ 227,202.00	$ 111,677.30	203.45%	72.34%
2016	0.003427%	$ 138,841.00	$ 78,360.00	177.18%	76.20%

Required Supplementary Information
Schedule of Contributions
Employees' Retirement System of Georgia

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	$ 44,698.82	$ 44,698.82	$ -	$ 153,077.86	29.20%
2024	$ 41,938.64	$ 41,938.64	$ -	$ 142,891.60	29.35%
2023	$ 42,545.72	$ 42,545.72	$ -	$ 137,200.08	31.01%
2022	$ 29,874.93	$ 29,874.93	$ -	$ 121,294.71	24.63%
2021	$ 43,418.88	$ 43,418.88	$ -	$ 176,070.11	24.66%
2020	$ 51,023.36	$ 51,023.36	$ -	$ 206,943.46	24.66%
2019	$ 44,658.15	$ 44,658.15	$ -	$ 180,218.56	24.78%
2018	$ 32,475.72	$ 32,475.72	$ -	$ 130,926.01	24.81%
2017	$ 31,838.88	$ 31,838.88	$ -	$ 128,331.00	24.81%
2016	$ 27,606.43	$ 27,606.43	$ -	$ 111,677.30	24.72%

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Public School Employees Retirement System of Georgia

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%	$ -	$ 716,168.00	$ 716,168.00	$ 3,338,189.37	N/A	90.02%
2024	0.00%	$ -	$ 982,527.00	$ 982,527.00	$ 2,942,834.89	N/A	85.67%
2023	0.00%	$ -	$ 865,123.00	$ 865,123.00	$ 1,610,002.90	N/A	81.21%
2022	0.00%	$ -	$ 81,342.00	$ 81,342.00	$ 1,629,035.10	N/A	98.00%
2021	0.00%	$ -	$ 563,934.00	$ 563,934.00	$ 1,569,655.68	N/A	84.45%
2020	0.00%	$ -	$ 553,552.00	$ 553,552.00	$ 1,712,200.77	N/A	85.02%
2019	0.00%	$ -	$ 565,141.00	$ 565,141.00	$ 1,883,260.87	N/A	85.26%
2018	0.00%	$ -	$ 551,379.00	$ 551,379.00	$ 1,810,170.59	N/A	85.69%
2017	0.00%	$ -	$ 762,372.00	$ 762,372.00	$ 1,791,780.27	N/A	81.00%
2016	0.00%	$ -	$ 485,473.00	$ 485,473.00	$ 1,790,955.74	N/A	87.00%

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability
School OPEB Fund

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	0.454959%	$ 51,848,667.00	$ -	$ 51,848,667.00	$ 47,694,708.62	108.71%	6.88%
2024	0.451977%	$ 49,506,904.00	$ -	$ 49,506,904.00	$ 44,966,753.26	110.10%	6.05%
2023	0.427251%	$ 42,311,444.00	$ -	$ 42,311,444.00	$ 40,901,821.91	103.45%	6.17%
2022	0.405694%	$ 43,940,016.00	$ -	$ 43,940,016.00	$ 37,827,087.46	116.16%	6.14%
2021	0.395104%	$ 58,031,576.00	$ -	$ 58,031,576.00	$ 36,339,858.85	159.69%	3.99%
2020	0.391779%	$ 48,079,689.00	$ -	$ 48,079,689.00	$ 32,761,391.83	146.76%	4.63%
2019	0.396941%	$ 50,449,983.00	$ -	$ 50,449,983.00	$ 32,469,171.98	155.38%	2.93%
2018	0.402911%	$ 56,608,834.00	$ -	$ 56,608,834.00	$ 31,880,339.52	177.57%	1.61%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information
Schedule of Contributions
School OPEB Fund

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2025	$ 1,944,423.43	$ 1,944,423.43	$ -	$ 48,224,140.10	4.03%
2024	$ 1,860,686.00	$ 1,860,686.00	$ -	$ 47,694,708.62	3.90%
2023	$ 1,737,597.00	$ 1,737,597.00	$ -	$ 44,966,753.26	3.86%
2022	$ 1,544,832.00	$ 1,544,832.00	$ -	$ 40,901,821.91	3.78%
2021	$ 1,509,114.00	$ 1,509,114.00	$ -	$ 37,827,087.46	3.99%
2020	$ 1,336,150.00	$ 1,336,150.00	$ -	$ 36,339,858.85	3.68%
2019	$ 2,110,001.00	$ 2,110,001.00	$ -	$ 32,761,391.83	6.44%
2018	$ 2,057,312.00	$ 2,057,312.00	$ -	$ 32,469,171.98	6.34%
2017	$ 2,100,811.00	$ 2,100,811.00	$ -	$ 31,880,339.52	6.59%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Required Supplementary Information
Schedule of Changes in the Net Position Liability and Related Ratios
Social Security Replacement Plan
Year Ending December 31

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 490,039.00	$ 454,877.00	$ 218,057.00	$ 215,007.00	$ 196,414.00	$ 200,141.00	$ 205,015.00	$ 202,546.00	$ 211,474.00	$ 252,078.00
Interest	555,902.00	539,905.00	493,630.00	436,433.00	436,782.00	429,921.00	424,569.00	416,164.00	393,557.00	357,947.00
Differences between Expected and Actual Experience	(581,303.00)	(33,766.00)	335,104.00	231,688.00	74,724.00	(21,491.00)	(128,097.00)	(63,999.00)	70,820.00	62,585.00
Change of Assumptions	(1,100,470.00)	458,816.00	67,243.00	(510,867.00)	474,227.00	177,923.00	(149,027.00)	128,319.00	(153,139.00)	(61,902.00)
Benefit Payments	(480,637.00)	(392,668.00)	(402,301.00)	(392,159.00)	(375,690.00)	(358,105.00)	(333,310.00)	(332,304.00)	(321,825.00)	(294,805.00)
Net Change in Total Pension Liability	(1,116,469.00)	1,027,164.00	711,733.00	(19,898.00)	806,457.00	428,389.00	19,150.00	350,726.00	200,887.00	315,903.00
Total Pension Liability - beginning	10,769,005.00	9,741,841.00	9,030,108.00	9,050,006.00	8,243,549.00	7,815,160.00	7,796,010.00	7,445,284.00	7,244,397.00	6,928,494.00
Total Pension Liability - ending (a)	$ 9,652,536.00	$ 10,769,005.00	$ 9,741,841.00	$ 9,030,108.00	$ 9,050,006.00	$ 8,243,549.00	$ 7,815,160.00	$ 7,796,010.00	$ 7,445,284.00	$ 7,244,397.00
Plan Fiduciary Net Position										
Contributions - employer	$ 618,982.00	$ 599,524.00	$ 375,595.00	$ 337,570.00	$ 336,514.00	$ 335,053.00	$ 332,646.00	$ 335,798.00	$ 349,969.00	$ 315,891.00
Net Investment Income	466,829.00	512,250.00	(822,171.00)	618,247.00	503,539.00	684,749.00	(271,717.00)	392,875.00	238,741.00	(20,197.00)
Benefit Payments	(480,637.00)	(392,668.00)	(402,301.00)	(392,159.00)	(375,690.00)	(358,105.00)	(333,310.00)	(332,304.00)	(321,825.00)	(294,805.00)
Administrative Expenses	(32,800.00)	(23,507.00)	(18,711.00)	(25,369.00)	(9,949.00)	(22,682.00)	(21,147.00)	(24,030.00)	(21,220.00)	(29,660.00)
Due to Broker	-	-				-	-	-	(1,113.00)	(1,229.00)
Net change in Plan Fiduciary Net Position	572,374.00	695,599.00	(867,588.00)	538,289.00	454,414.00	639,015.00	(293,528.00)	372,339.00	244,552.00	(30,000.00)
Plan Fiduciary Net Position - beginning	5,312,165.00	4,616,566.00	5,484,154.00	4,945,865.00	4,491,451.00	3,852,436.00	4,145,964.00	3,773,625.00	3,529,073.00	3,559,073.00
Plan Fiduciary Net Position - ending (b)	5,884,539.00	5,312,165.00	4,616,566.00	5,484,154.00	4,945,865.00	4,491,451.00	3,852,436.00	4,145,964.00	3,773,625.00	3,529,073.00
Net Pension Liability - ending (a - b)	$ 3,767,997.00	$ 5,456,840.00	$ 5,125,275.00	$ 3,545,954.00	$ 4,104,141.00	$ 3,752,098.00	$ 3,962,724.00	$ 3,650,046.00	$ 3,671,659.00	$ 3,715,324.00
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	60.96%	49.33%	47.39%	60.73%	54.65%	54.48%	49.29%	53.18%	50.68%	48.71%
Covered-Employee Payroll	$ 4,652,287.00	$ 4,750,071.00	$ 2,439,700.00	$ 2,060,390.00	$ 2,110,591.00	$ 2,290,640.00	$ 2,347,678.00	$ 2,416,621.00	$ 2,377,259.00	$ 2,600,407.00
Net Pension Liability as percentage of Covered-Employee Payroll	80.99%	114.88%	210.08%	172.10%	194.45%	163.80%	168.79%	151.04%	154.45%	142.87%

Required Supplementary Information
Schedule of Contributions
Social Security Replacement Plan
For the Year End December 31

For the Year Ended June 30	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	$ 618,982.00	$ 618,982.00	$ -	$ 4,652,287.00	13.30%
2024	$ 599,524.00	$ 599,524.00	$ -	$ 4,750,071.00	12.62%
2023	$ 375,595.00	$ 375,595.00	$ -	$ 2,439,700.00	15.40%
2022	$ 337,570.00	$ 337,570.00	$ -	$ 2,060,390.00	16.38%
2021	$ 336,514.00	$ 336,514.00	$ -	$ 2,110,591.00	15.94%
2020	$ 335,053.00	$ 335,053.00	$ -	$ 2,290,640.00	14.63%
2019	$ 332,646.00	$ 332,646.00	$ -	$ 2,347,678.00	14.17%
2018	$ 335,798.00	$ 335,798.00	$ -	$ 2,416,621.00	13.90%
2017	$ 328,611.00	$ 349,969.00	$ (21,358.00)	$ 2,377,259.00	14.72%
2016	$ 315,891.00	$ 315,891.00	$ -	$ 2,600,407.00	12.15%

Required Supplementary Information
Schedule of Investment Returns
Social Security Replacement Plan
For the Year End December 31

Year Ended	Annual Money-Weighted Rate of Return, Net of Investment Expense
2025	9.15%
2024	11.58%
2023	(15.45%)
2022	13.09%
2021	11.52%
2020	18.47%
2019	(6.73%)
2018	10.88%
2017	7.04%
2016	(0.59%)

Notes to the Required Supplementary Information for the Year Ended June 30, 2025

Teachers Retirement System

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

Changes of assumptions: On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

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

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

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

Employees' Retirement System

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

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forwarded 2 years for both males and females).

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

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

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

Public School Employees Retirement System

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

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table projected to 2025 with projection scale BB (set forward 3 years for males and 2 years for females).

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

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

School OPEB Fund

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

Changes in assumptions: June 30, 2023 valuation: Medicare health care trend rates were updated.
June 30, 2022 valuation: The tobacco use assumption and aging factors were revised.

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

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

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

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

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

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

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

Social Security Replacement Plan

Changes of benefit terms: There have been no changes in benefit terms that affected the measurement of the total pension liability since prior measurement date. However, in 2024 the amounts reported as changes in assumptions resulted from a increase in the account rate from 5.05% to 6.00% since the prior measurement date.

Method and assumption used in calculations of actuarially determined contributions: The actuarially determined contribution rates I the schedule of contribution are calculated as of January 1, 2025. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2025 reported in the schedule:

Valuation date	January 1, 2025
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll
Remaining amortization	14 years
Asset valuation method	Method recognized portion of the difference between the market value of assets and expected actuarial value of assets, based on the assumed interest rate of return. The amount recognized each year is 20% of the difference between market value and expected actuarial value.
Inflation rate	2.50%
Salary increases	3.00% per annum
Investment rate of return	7.00%, net of pension plan investment

General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2025

	Nonappropriated Budgets			
	Original (1)	Final (1)	Actual Amounts	Variance Over/Under
Revenues				
Property Taxes	$ 26,686,459.00	$ 26,686,459.00	$ 25,042,811.08	$ (1,643,647.92)
Sales Taxes	300,000.00	300,000.00	332,712.99	32,712.99
State Funds	67,439,827.32	68,249,840.44	69,893,949.79	1,644,109.35
Federal Funds	11,551,734.38	13,025,934.18	11,644,476.34	(1,381,457.84)
Charges for Services	23,360.00	458,504.00	481,449.92	22,945.92
Investment Earnings	1,900.00	1,973.00	1,637.07	(335.93)
Miscellaneous	745,000.00	3,065,579.00	3,618,212.03	552,633.03
Total Revenues	106,748,280.70	111,788,289.62	111,015,249.22	(773,040.40)
Expenditures				
Current				
Instruction	68,722,778.07	68,897,454.06	68,748,211.79	149,242.27
Support Services				
Pupil Services	4,634,210.33	7,105,389.66	6,934,367.06	171,022.60
Improvement of Instructional Services	2,549,284.69	2,605,140.69	2,330,032.95	275,107.74
Educational Media Services	1,231,171.08	1,366,482.55	1,386,134.92	(19,652.37)
General Administration	1,039,531.86	1,086,187.50	1,631,993.75	(545,806.25)
School Administration	6,002,175.62	6,168,737.62	6,230,938.18	(62,200.56)
Business Administration	1,341,419.48	1,341,419.48	1,122,822.25	218,597.23
Maintenance and Operation of Plant	9,494,362.71	9,839,048.43	10,012,459.19	(173,410.76)
Student Transportation Services	4,864,545.46	4,949,630.79	4,936,078.99	13,551.80
Central Support Services	433,788.78	433,789.78	425,613.46	8,176.32
Other Support Services	45,000.00	124,706.61	121,335.11	3,371.50
Enterprise Operation	-	400.00	147,788.66	(147,388.66)
Food Services Operation	7,269,579.00	7,303,368.79	7,160,072.09	143,296.70
Total Expenditures	107,627,847.08	111,221,755.96	111,187,848.40	33,907.56
Excess of Revenues over (under) Expenditures	(879,566.38)	566,533.66	(172,599.18)	(739,132.84)
Other Financing Sources (Uses)				
Other Sources	-	296,115.00	-	(296,115.00)
Other Uses	(350,000.00)	(920,397.00)	(544,942.56)	375,454.44
Total Other Financing Sources (Uses)	(350,000.00)	(624,282.00)	(544,942.56)	79,339.44
Net Change in Fund Balances	(1,229,566.38)	(57,748.34)	(717,541.74)	(659,793.40)
Fund Balances - Beginning	11,287,294.77	11,287,294.77	11,287,355.67	60.90
Fund Balances - Ending	$ 10,057,728.39	$ 11,229,546.43	$ 10,569,813.93	$ (659,732.50)

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 $2,755,792.40 and $2,640,170.42, 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.

See notes to the basic financial statements.

Supplementary Information

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Funding Agency Program/Grant	Assistance Listing Number	Pass-Through Entity ID Number	Federal Expenditures
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	255GA324N1199	$ 2,002,224.37
National School Lunch Program	10.555	255GA324N1199	4,861,738.72
Total Child Nutrition Cluster			6,863,963.09
Other Programs			
Pass-Through From Georgia Department of Education			
Food Services			
Local Food for Schools Cooperative Agreement Program	10.185	AM23CPLFS000C018	36,585.60
Child Nutrition Discretionary Grants Limited Availability	10.579	258GA000L4303	13,282.63
Total Other Programs			49,868.23
Total U. S. Department of Agriculture			6,913,831.32
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	47,587.00
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425W	S425W210011	14,531.32
Total Education Stabilization Fund			62,118.32
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A230073	522,169.00
Grants to States	84.027A	H027A240073	1,125,018.36
Preschool Grants	84.173A	H173A230081	23,270.00
Preschool Grants	84.173A	H173A240081	12,255.71
Total Special Education Cluster			1,682,713.07
Other Programs			
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A240010	111,759.49
Education for Homeless Children and Youth	84.196A	S196A240011	92,839.00
English Language Acquisition State Grants	84.365A	S365A230010	52,620.00
English Language Acquisition State Grants	84.365A	T365A240010	32,911.61
Rural Education - Rural and Low-Income School Program	84.358B	S358B230010	100.00
Student Support and Academic Enrichment Program	84.424A	S424A230011	20,767.00
Student Support and Academic Enrichment Program	84.424A	S424A240011	219,187.00
Student Support and Academic Enrichment Program	84.424F	S424F220011	212,133.25
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	S367A230001	56,828.00
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	S367A240001	314,545.04
Title I Grants to Local Educational Agencies	84.010A	S010A230010	76,597.00
Title I Grants to Local Educational Agencies	84.010A	S010A240010	2,611,417.06
Total Other Programs			3,801,704.45
Total U. S. Department of Education			5,546,535.84
Total Expenditures of Federal Awards			$ 12,460,367.16

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 Polk County School District (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.

See notes to the basic financial statements.

Schedule of State Revenue
Governmental Funds
Year Ended June 30, 2025

Agency/Funding	General Fund	Capital Projects Fund	Total
Grants			
Bright From the Start:			
Pre-Kindergarten Program	$ 2,096,137.96	$ -	$ 2,096,137.96
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	2,874,023.00	-	2,874,023.00
Kindergarten Program - Early Intervention Program	925,182.00	-	925,182.00
Primary Grades (1-3) Program	6,585,225.00	-	6,585,225.00
Primary Grades - Early Intervention (1-3) Program	2,941,949.00	-	2,941,949.00
Upper Elementary Grades (4-5) Program	2,956,698.00	-	2,956,698.00
Upper Elementary Grades - Early Intervention (4-5) Program	1,752,157.00	-	1,752,157.00
Middle School (6-8) Program	6,540,513.00	-	6,540,513.00
High School General Education (9-12) Program	5,935,799.00	-	5,935,799.00
Vocational Laboratory (9-12) Program	2,780,951.00	-	2,780,951.00
Students with Disabilities	9,223,830.00	-	9,223,830.00
Gifted Student - Category VI	2,401,493.00	-	2,401,493.00
Remedial Education Program	461,485.00	-	461,485.00
Alternative Education Program	513,332.00	-	513,332.00
English Speakers of Other Languages (ESOL)	1,729,872.00	-	1,729,872.00
Media Center Program	1,168,969.00	-	1,168,969.00
20 Days Additional Instruction	366,207.00	-	366,207.00
Staff and Professional Development	203,881.00	-	203,881.00
Principal Staff and Professional Development	3,819.00	-	3,819.00
Indirect Cost			
Central Administration	1,404,082.00	-	1,404,082.00
School Administration	2,398,747.00	-	2,398,747.00
Facility Maintenance and Operations	2,026,741.00	-	2,026,741.00
Mid-Term Adjustment Hold-Harmless	50,638.00	-	50,638.00
Categorical Grants			
Pupil Transportation			
Regular	1,079,259.00	-	1,079,259.00
Nursing Services	188,154.00	-	188,154.00
Education Equalization Funding Grant	7,966,502.00	-	7,966,502.00
Other State Programs			
Bus Purchases - State Allotment	88,110.00	-	88,110.00
Custodian Supplement	49,710.50	-	49,710.50
Dyslexia Service Grant	24,041.00	-	24,041.00
Food Services	189,070.62	-	189,070.62
Hygiene Products	6,440.14	-	6,440.14
Math and Science Supplements	26,422.00	-	26,422.00
Paraprofessional to Teacher Reimbursement Grant	5,000.00	-	5,000.00
Preschool Disability Services	140,529.00	-	140,529.00
Residential Treatment Centers Grant	666,734.00	-	666,734.00
School Security Grant	518,364.00	-	518,364.00
Teachers Retirement	50,127.80	-	50,127.80
Vocational Education	229,230.00	-	229,230.00
Vocational Supervisors	28,884.00	-	28,884.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	148,644.78	148,644.78
Office of the State Treasurer			
Public School Employees Retirement	103,212.00	-	103,212.00
Community Health, Georgia Department of			
Other Post-Employment Benefits (OPEB)	1,136,185.33	-	1,136,185.33
Contracts			
Family Connection	56,243.44	-	56,243.44
	$ 69,893,949.79	$ 148,644.78	$ 70,042,594.57

See notes to the financial statements.

Schedule of Approved Local Option Sales Tax Projects
Year Ended June 30, 2025

Project	Original Estimated Cost (1)	Current Estimated Costs (2)	Estimated Completion Date
SPLOST V			
Construction, remodeling, improving, and equipping of existing facilities including Cedartown High School, Rockmart High School, Westside Elementary School and Eastside Elementary School.	$ 300,000.00	$ 6,598,132.85	Complete
SPLOST VI			
For the purposes acquiring, constructing, and equipping the following capital projects:			
Elementary school classroom additions and related facilities, roofing and air conditioning HVAC improvements, track resurfacing at Rockmart and Cedartown High Schools, gym renovations at Rockmart High School, parking lots and access roads, equipment and furnishings, technology devices, and physical and athletic equipment;	11,644,647.02	9,979,626.75	6/30/2026
System-wide instructional and administrative technology/infrastructure;	1,750,000.00	1,002,284.37	6/30/2026
Cedartown High School Fine Arts building with the expansion of and improvements to band and drama facilities, college and career facilities, and expansions to administrative offices;	6,850,682.01	8,987,577.43	Complete
Rockmart High agriculture barn/learning center and college and career facilities;	1,276,159.00	1,297,842.65	Complete
System-wide safety and security systems and equipment;	284,750.00	780,169.23	6/30/2026
Press box at Rockmart High School;	480,000.00	444,547.00	Complete
Concession Stand-Rockmart High School/Rockmart Middle;	274,002.00	33,741.36	Complete
Purchasing of school buses;	889,000.00	813,423.00	6/30/2026
Rockmart Middle School field house;	-	198,749.99	Complete
Purchasing vocational, fine arts and cafeteria equipment;	-	-	6/30/2026
Purchasing textbooks;	-	-	6/30/2026
Acquiring real and personal property necessary or to be used for the foregoing purposes;	301,142.00	409,091.78	Complete
All other general purposes related to these capital outlay projects; and	925,008.00	6,286,484.18	6/30/2026
2017 bond issuance costs.	324,609.97	331,059.97	6/30/2026
Subtotal SPLOST VI Projects	25,000,000.00	30,564,597.71	
SPLOST VII			
Constructing, remodeling, improving, and equipping of existing facilities, including a fine arts building and new turf for athletic fields at Rockmart High School, an auxiliary gym and new turf for athletic fields at Cedartown High School, and system-wide roofing, HVAC, bathrooms, and classroom upgrades and improvements; instructional and administrative technology; system-wide safety and security systems and equipment; purchasing school buses, transportation, and maintenance vehicles and equipment; purchasing vocational, fine arts, cafeteria, physical education, and athletic equipment; purchasing textbook and e-books; and acquiring real and personal property necessary or to be used for the foregoing purposes and all other general purposes related to these capital outlay projects and for expansion of facilities.	$ 25,000,000.00	$ 26,405,599.15	6/30/2031
Total	$ 50,300,000.00	$ 63,568,329.71	

Schedule of Approved Local Option Sales Tax Projects
Year Ended June 30, 2025

Project	Amount Expended In Current Year (3) (4)	Amount Expended In Prior Years (3) (4)	Total Completion Cost	Excess Proceeds Not Expended
SPLOST V				
Construction, remodeling, improving, and equipping of existing facilities including Cedartown High School, Rockmart High School, Westside Elementary School and Eastside Elementary School.	$ 1,980.90	$ 6,596,151.95	$ 6,598,132.85	$ -
SPLOST VI				
For the purposes acquiring, constructing, and equipping the following capital projects:				
Elementary school classroom additions and related facilities, roofing and air conditioning HVAC improvements, track resurfacing at Rockmart and Cedartown High Schools, gym renovations at Rockmart High School, parking lots and access roads, equipment and furnishings, technology devices, and physical and athletic equipment;	19,395.00	7,042,062.21	-	-
System-wide instructional and administrative technology/infrastructure;	-	1,002,284.37	-	-
Cedartown High School Fine Arts building with the expansion of and improvements to band and drama facilities, college and career facilities, and expansions to administrative offices;	-	8,987,577.43	8,987,577.43	-
Rockmart High agriculture barn/learning center and college and career facilities;	-	1,297,842.65	1,297,842.65	-
System-wide safety and security systems and equipment;	12,658.10	767,511.13	-	-
Press box at Rockmart High School;	-	444,547.00	444,547.00	-
Concession Stand-Rockmart High School/Rockmart Middle;	-	33,741.36	33,741.36	-
Purchasing of school buses;	52,762.00	711,200.00	-	-
Rockmart Middle School field house;		198,749.99	198,749.99	
Purchasing vocational, fine arts and cafeteria equipment;				
Purchasing textbooks;				
Acquiring real and personal property necessary or to be used for the foregoing purposes;	40,345.00	368,746.78	409,091.78	
All other general purposes related to these capital outlay projects; and	136,118.34	6,150,365.84		
2017 bond issuance costs.	-	331,059.97	-	-
Subtotal SPLOST VI Projects	261,278.44	27,335,688.73	11,371,550.21	-
SPLOST VII				
Constructing, remodeling, improving, and equipping of existing facilities, including a fine arts building and new turf for athletic fields at Rockmart High School, an auxiliary gym and new turf for athletic fields at Cedartown High School, and system-wide roofing, HVAC, bathrooms, and classroom upgrades and improvements; instructional and administrative technology; system-wide safety and security systems and equipment; purchasing school buses, transportation, and maintenance vehicles and equipment; purchasing vocational, fine arts, cafeteria, physical education, and athletic equipment; purchasing textbook and e-books; and acquiring real and personal property necessary or to be used for the foregoing purposes and all other general purposes related to these capital outlay projects and for expansion of facilities.	$ 3,589,649.47	$ 17,205,956.88	$ -	$ -
Total	$ 3,852,908.81	$ 51,137,797.56	$ 17,969,683.06	$ -

(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 Polk County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.
(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	$ 9,376,139.44
Current Year	1,626,250.00
Total	$ 11,002,389.44

Section II

Compliance and Internal Control Reports

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Mark Lumpkin, Superintendent and Members of the
Polk County School District

We have audited the financial statements of the governmental activities, each major fund, and fiduciary activities of the Polk County School District (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 June 30, 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

June 30, 2026

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Mr. Mark Lumpkin, Superintendent and Members of the
Polk County School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Polk County School District'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

June 30, 2026

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

Polk County School District

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

Polk County School District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Governmental Activities, Each Major Fund, and Fiduciary Activities	Unmodified

Internal control over financial reporting:

▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported

Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over major programs:

▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	None Reported

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

All major programs	Unmodified

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

Identification of major programs:

Assistance Listing Number	Assistance Listing Program or Cluster Title
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?	No

II Financial Statement Findings

No matters were reported.

III Federal Award Findings and Questioned Costs

No matters were reported.