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Ratings

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**Summary:**

# South Georgia Governmental Services Authority Thomas County School District; School State Program

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| Credit Profile | | |
| --- | --- | --- |
| US$23.2 mil rev bnds (Thomas Cnty Sch Dist) ser 2024 due 03/01/2038 | | |
| *Long Term Rating* | AA+/Stable | New |
| *Underlying Rating for Credit Program* | A+/Stable | New |
| Thomas Cnty Sch Dist STENCHPRO | | |
| *Long Term Rating* | AA+/Stable | Affirmed |
| *Underlying Rating for Credit Program* | A+/Stable | Affirmed |
| **South Georgia Governmental Services Authority, Georgia** | | |
| Thomas County School District, Georgia | | |
| South Georgia Governmental Services Authority (Thomas County School District) rev bnds (Thomas Cnty Sch Dist) ser 2024 due 03/01/2038 | | |
| *Long Term Rating* | AA+/Stable | Rating Assigned |
| *Underlying Rating for Credit Program* | A+/Stable | Rating Assigned |

## Credit Highlights

- S&P Global Ratings assigned its 'AA+' long-term rating to South Georgia Governmental Services Authority, Ga.'s roughly $23.2 million series 2024 general obligation (GO) bonds issued for Thomas County School District.
- At the same time, S&P Global Ratings assigned it 'A+' underlying rating to the series 2024 bonds.
- In addition, S&P Global Ratings affirmed its 'A+' underlying rating on the district's existing GO debt and affirmed its 'AA+' long-term program rating on the district.
- The outlook, where applicable, is stable.

### Security

The district's full-faith-and-credit GO pledge secures the series 2024 bonds. Pursuant to the resolution, payments made by the district to the authority sufficient to pay the principal of and interest on the bonds will be deposited for the account of the authority directly into the sinking fund, which will be held separate and apart from other funds of the authority and will not be used for any purpose other than the payment of the principal of and interest on the series 2024 bonds. The underlying rating reflects our opinion of the district's general creditworthiness.

Proceeds of the 2024 bonds will finance various renovations across the district including a multipurpose addition to a high school, as well as a new bus wash and maintenance building.

### Credit overview

The 'A+' underlying rating reflects our view of the district's strong finances, consisting of recurring positive operating results and increasing available reserves. The rating also reflects stability in the local economy, which experienced a cumulative 13.9% annual tax base growth between 2021 and 2024 due to natural growth. As a result of this growth, the district's millage rate, capped by the state at 20 mills, has decreased in recent years to 11.440 in fiscal year 2023, yielding additional financial flexibility, in our view. The district has also experienced steady enrollment in a per-pupil state funding environment, further supporting its strong financial profile. Its fiscal 2024 budget totals $74.7 million with budget to actuals trending positively and we expect the district to post another positive year-end result. The district's debt is low on a per capita basis, as a percent of market value, and as a percent of expenses, and it all retires very rapidly given that debt is typically issued with a five-year maturity schedule that coincides with special purpose local option sales tax (SPLOST) approvals. Accordingly, the district expects to renew its SPLOST in about two years and take out additional debt to finance technology upgrades, buses, and routine capital improvements; we don't expect the anticipated issuance to impact our view of the district's debt profile. We view the district's pension and other postemployment benefits (OPEB) carrying charges as slightly elevated relative to its fiscal 2023 total governmental fund expenditures, though this is consistent with all school districts in the state.

Other credit factors include our view of the district's:

- Stable but limited local economy, with income levels lagging behind state and national levels, and very strong market value per capita supported by a strong tourism and medical sectors;
- Stable enrollment which has supported steadily growing state aid funding over the past five years;
- Consistent growth in reserve position over the past decade supported by positive general fund operating results during this same time frame;
- Standard management practices and policies under our financial management assessment (FMA), but proven effective budgeting with a demonstrated ability to weather economic cycles; and
- Manageable debt burden that retires rapidly, but slightly elevated pension and OPEB costs.

### Environmental, social, and governance

We view the district's environmental, social, and governance factors as neutral within our credit analysis.

## Outlook

The stable outlook on the underlying rating reflects our view that the district's economy will continue to grow incrementally, combined with a solid revenue environment and conservative budgeting that will continue supporting the district's balanced operations.

### Downside scenario

We could lower the rating if the district experiences financial pressure that leads to budgetary imbalance or material declines in reserves.

### Upside scenario

We could raise the rating if the district's economic metrics improve to levels we consider comparable with higher-rated peers, and if additional management policies are formalized and implemented.

### Georgia State Aid Intercept program

The long-term rating reflects our assessment of the district's eligibility for, and participation in, the Georgia State Aid Intercept Program, a voluntary program that allows the state to support repayment of a local school district's GO bonds. The program rating is one notch below our GO rating on Georgia, reflecting our view that:

- State aid appropriation risks are partially mitigated by strong state support for the program and consistent, well-established state aid funding.
- Maximum annual debt service coverage on all parity debt by state aid payments, currently 11.82x in 2024 and 8.05x for stressed semiannual coverage as of March. 1, 2026, will likely remain strong.
- State aid distribution flow and debt service payment dates result in a moderate assessment of timing-and-administrative risks.

**Thomas County School District, Georgia--key credit metrics**

| | Characterization | Most recent | Historical information | | |
|---|---|---|---|---|---|
| | | | 2023 | 2022 | 2021 |
| **Economic indicators** | | | | | |
| Population | | | | 26,275 | 26,304 |
| Median household EBI % of U.S. | Adequate | | | 78 | 79 |
| Per capita EBI % of U.S. | Adequate | | | 82 | 83 |
| Market value ($000s) | | 3,304,873 | 3,304,873 | 2,918,860 | 2,812,156 |
| Market value per capita ($) | Extremely strong | | 125,780 | 111,089 | 106,910 |
| Top 10 taxpayers % of taxable value | | | | | 17.3 |
| **Financial indicators** | | | | | |
| Total available reserves ($000s) | | | 18,232 | 15,053 | 15,317 |
| Available reserves % of operating expenditures | Very strong | | 22.6 | 19.0 | 21.9 |
| Total government cash % of governmental fund expenditures | | | 53.2 | 53.1 | 54.8 |
| Operating fund result % of expenditures | | | 4.3 | 1.3 | 7.9 |
| **Financial Management Assessment** | | | | | |
| Enrollment | | | 5,727 | 5,782 | 5,853 |
| **Debt and long-term liabilities** | | | | | |
| Overall net debt % of market value | Low | 1.3 | 0.5 | 0.7 | 0.8 |
| Overall net debt per capita ($) | Very Low | | 689 | 798 | 865 |
| Debt service % of governmental fund noncapital expenditures | Low | | 4.6 | 4.4 | 4.5 |
| Direct debt 10-year amortization (%) | Fairly Rapid | 68 | 100 | 100 | 105 |
| Required pension contribution % of governmental fund expenditures | | | 8.4 | 8.0 | 8.3 |
| OPEB actual contribution % of governmental fund expenditures | | | 1.6 | 1.5 | 1.7 |
| Minimum funding progress, largest pension plan (%) | | | 77.5 | 85.2 | 105.7 |

EBI--Effective buying income. OPEB--Other postemployment benefits.

## Related Research

Through The ESG Lens 3.0: The Intersection Of ESG Credit Factors And U.S. Public Finance Credit Factors, March 2, 2022

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.spglobal.com/ratings for further information. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.