Research Update:

Thomas County School District, GA Series 2026 GO Sales Tax Bonds Assigned 'A+' Rating

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Overview

- S&P Global Ratings assigned its 'AA+' long-term rating (based on credit enhancement) and 'A+' underlying rating to Thomas County School District, Ga.'s $20 million series 2026 general obligation (GO) sales tax bonds.
- At the same time, S&P Global Ratings affirmed its 'AA+' long-term rating and 'A+' underlying rating on the district's existing GO sales tax bonds.
- The outlook is stable.

Rationale

Security

The district's full-faith-and-credit GO pledge secures the series 2026 bonds. The district plans to pay principal and interest on the bonds from a 1% special purpose local option sales tax for educational purposes (SPLOST). If this revenue is insufficient, the bonds are payable from an unlimited-ad valorem tax on all taxable property within the district. Proceeds of the 2026 bonds will finance capital improvements and renovations at the district's facilities, as well as address technology and transportation needs.

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. For more information, see "Georgia Credit Enhancement Programs," July 10, 2024.

Credit highlights

The 'A+' underlying rating reflects our view of the district's strong finances, consisting of recurring positive operating results and increasing available reserves. The local economy has generally been stable, and its millage rate of 12.391 is among the lowest in southern Georgia in fiscal 2025, yielding additional financial flexibility, in our view. Tax levied against the millage rate accounted for approximately 20% of total general fund revenues, which is in line with previous years. The district has experienced modest tax base growth, as well as steady enrollment growth in a state where per-pupil state funding accounts for most (65%) of the district's operating

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budget. Although the local economy is stable overall, we believe it impedes upward rating potential, as incomes are below those of higher-rated peers.

Thomas County School District has a history of maintaining positive general fund performance, which we expect to continue over the medium term. The district ended fiscal 2025 with another positive year after transfers to its capital projects fund. We believe conservative budgeting and fairly predictable revenue streams allow management to accurately forecast future revenue and expenditures, which has led to positive position historically. Year-over-year surpluses have increased reserves to their highest levels in the past 10 years, and management indicates they could be used for pay-as-you-go capital projects. Even so, we do not believe a drawdown will materially affect the district's available reserve position and expect reserves will remain strong as a percentage of general fund revenues.

After this issuance, the district will have approximately $50.4 million in net direct debt, which we consider low on a per capita basis. We anticipate debt service carrying charges will increase with the onset of this issuance from a shortened maturity schedule that coincides with SPLOST approvals, although there are no specific debt plans in the near future. We view the district's pension and other postemployment benefits (OPEB) carrying charges as slightly elevated relative to its fiscal 2025 total governmental fund revenues, though this is consistent with all school districts in the state.

Other credit factors include our view of the following:

- The district's tax base is growing, though local incomes are below county and national levels and economic output lags national levels. Steady population increases have produced enrollment growth that we expect to continue.
- The district has a long track record of solid operating surpluses and ample reserves that we expect to continue into fiscal 2026. Management indicates fiscal 2026 is tracking on par with previous years and expects to end the year with another surplus, albeit with slightly lower margins compared to previous years.
- Solid management has led to a track record of operating strength. Highlights include a formal reserve policy calling for an unassigned fund balance of 5%-15% of the budget and monthly updates on budget-to-actual results and investment holdings to the board. The district maintains a five-year facilities improvement plan that includes cost estimates and funding sources identified for each project and that is updated every five years. Thomas County School District does not perform long-term financial planning beyond the budget and does have a formal debt management policy, although it is fairly basic. The district has several protective measures in place to prepare for, respond to, and recover from cybersecurity threats.
- The debt burden is low, and fixed costs are yet slightly elevated. We believe pressures lie within its unfunded pension and OPEB liabilities that are sizable and have weaker funding levels and elevated discount rates.
- The institutional framework assessment reflects a generally predictable operating environment with some flexibility to raise local source revenues for operations, similar to most Georgia school districts. For more information on our institutional framework assessment for Georgia schools, see "Institutional Framework Assessment: Georgia Local Governments," Sept. 10, 2024.

Environmental, social, and governance

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We analyzed the district's environmental, social, and governance (ESG) factors and view them as neutral in our credit analysis.

Outlook

The stable outlook on the underlying rating reflects our view that the district's economy will continue to grow incrementally, and that a solid revenue environment and conservative budgeting 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 those of higher-rated peers, and if additional management policies are formalized and implemented.

Thomas County School District, Georgia--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.43
Economy	3.5
Financial performance	2
Reserves and liquidity	1
Management	2.65
Debt and liabilities	3.00

Thomas County School District, Georgia--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	76	--	76	77
County PCPI % of U.S.	81	--	81	81
Market value ($000s)	4,364,975	3,973,925	3,687,025	3,304,873
Market value per capita ($)	163,030	148,425	137,709	122,498
Top 10 taxpayers % of taxable value	--	--	--	--
County unemployment rate (%)	3.2	3.2	3.3	3.0
Local median household EBI % of U.S.	89	--	89	82
Local per capita EBI % of U.S.	84	--	84	81
Local population	26,774	--	26,774	26,979
Financial performance				
Operating fund revenues ($000s)	--	102,803	94,190	83,929
Operating fund expenditures ($000s)	--	95,755	91,160	80,589
Net transfers and other adjustments ($000s)	--	(3,666)	(1,890)	138
Operating result ($000s)	--	3,382	1,140	3,478

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Thomas County School District, Georgia--key credit metrics

	Most recent	2025	2024	2023
Operating result % of revenues	--	3.3	1.2	4.1
Operating result three-year average %	--	2.9	2.2	4.2
Enrollment	--	5,818	5,791	5,727
Reserves and liquidity				
Available reserves % of operating revenues	--	23.3	22.3	21.7
Available reserves ($000s)	--	24,000	20,967	18,232
Debt and liabilities				
Debt service cost % of revenues	--	4.5	4.2	4.3
Net direct debt per capita ($)	1,884	1,271	547	671
Net direct debt ($000s)	50,431	34,027	14,637	18,096
Direct debt 10-year amortization (%)	84	76	100	--
Pension and OPEB cost % of revenues	--	10.0	9.0	10.0
NPLs per capita ($)	--	2,427	2,427	2,866
Combined NPLs ($000s)	--	64,985	64,985	77,332

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$20,000,000 Thomas County School District, Georgia, General Obligation Slaes Tax Bonds, Series 2026, dated: Date of Delivery, due: March 1, 2033	
Long Term Rating	AA+/Stable
Underlying Rating for Credit Program	A+/Stable
Ratings Affirmed	
Local Government	
Thomas Cnty Sch Dist, GA Enhanced State Aid Intercept Program	AA+/Stable
Thomas Cnty Sch Dist, GA Unlimited Tax General Obligation	A+/Stable
Thomas Cnty Sch Dist, GA Unlimited Tax General Obligation and Sales Tax	A+/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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