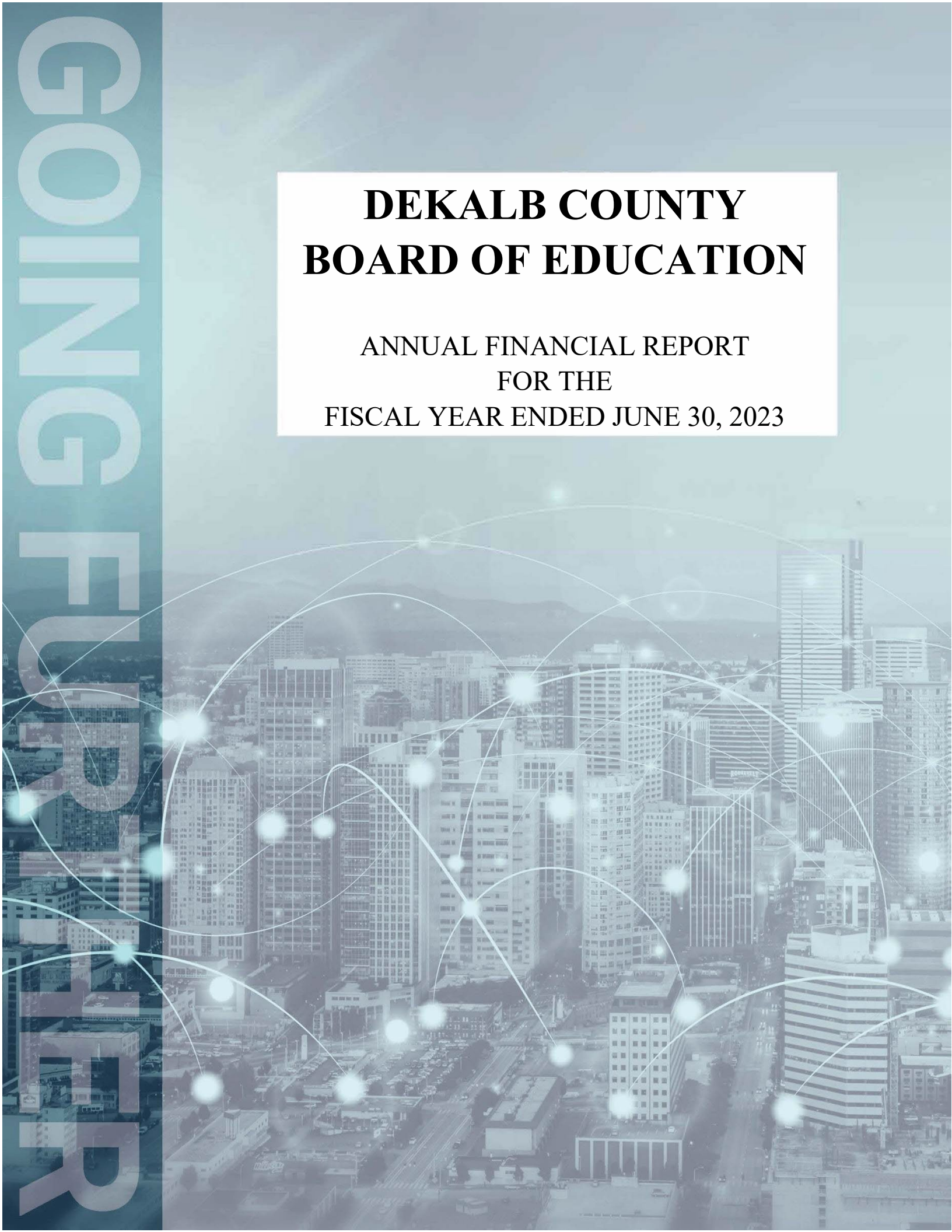




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DEKALB COUNTY BOARD OF EDUCATION

**ANNUAL FINANCIAL REPORT
FOR THE
FISCAL YEAR ENDED JUNE 30, 2023**

**DEKALB COUNTY
BOARD OF EDUCATION**

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FOR THE
FISCAL YEAR ENDED JUNE 30, 2023**

**DEKALB COUNTY BOARD OF EDUCATION
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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I. FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members of
the DeKalb County Board of Education
Decatur, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **DeKalb County Board of Education** as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the DeKalb County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund information of the DeKalb County Board of Education as of June 30, 2023, and the respective changes in financial position and the budgetary comparisons for the General Fund 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 DeKalb County Board of Education 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 DeKalb County Board of Education'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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 DeKalb County Board of Education'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 DeKalb County Board of Education'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, the Schedule of Proportionate Share of Net Pension Liability – TRS, the Schedule of Contributions – TRS, Schedule of Proportionate Share of Net Pension Liability – ERS, the Schedule of Contributions – ERS, the Schedule of Proportionate Share of Net Pension Liability – PSERS, the Schedule of Proportionate Share of Net OPEB Liability – School OPEB Fund, and the Schedule of Contributions – School OPEB Fund, as 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 auditing standards generally accepted in the United States of America, 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 DeKalb County Board of Education's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local option sales tax proceeds, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025 on our consideration of the DeKalb County Board of Education'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 DeKalb County Board of Education'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 DeKalb County Board of Education's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 14, 2025

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

INTRODUCTION

The discussion and analysis of the DeKalb County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance.

The reporting model is a combination of both government-wide financial statements and fund financial statements. The basic financial statements contain three components:

1. Government-wide financial statements including the Statement of Net Position and the Statement of Activities which provide a long-term view of the Board's finances and presents on the full accrual basis of accounting.
2. Fund financial statements including the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances that provides increased detail on the Board's short-term performance by major fund and presents on the modified accrual basis of accounting.
3. Notes to the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023 are as follows:

On the full accrual, government-wide financial statements:

- ❑ In total, net position increased \$221.39 million over the prior year restated net position, due to an increase funding in excess of program expenditures and favorable changes to pension and OPEB, Other Postemployment Benefits, actuarial calculations. Net position reflects the difference between all assets and deferred outflows of resources of the School District (including capital assets, net of depreciation) and all liabilities and deferred inflows of resources.
- ❑ Long-Term Liabilities decreased from \$104.95 million in the prior year to \$59.31 million in the current year as the school district continues to the reduce overall debt burden.
- ❑ The School District had \$1.54 billion in expenses relating to governmental activities, of which only \$750.57 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$1.01 billion were adequate to provide for these program deficits.
- ❑ General revenues, as stated on the Statement of Activities accounted for \$1.01 billion or about 57.27% of all revenues, while program specific revenues in the form of charges for services, grants, and contributions accounted for the remainder.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

On the modified accrual, fund financial statements:

- ❑ Among major funds, the general fund has \$1.62 billion in revenues and \$1.49 billion in expenditures. The general fund's increase in fund balance was \$129.56 million, which is a decrease from the prior year change of \$134.78 million. The fund balance reflects the full accrual of all contracted salaries and benefits unpaid at June 30 in full compliance with GASB 34 regulations.
- ❑ The capital projects fund had \$164.1 million in revenues and \$41.88 million in expenditures. The capital projects fund's increase in fund balance was \$102.41 million, which is an increase from the prior year change of \$57.27 million.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the DeKalb County Board of Education as a financial whole or as an entire operating entity.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Board's most significant funds. In the case of the DeKalb County Board of Education, the general fund is by far the most significant fund.

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document includes a number of funds used by the Board to provide programs and activities, a view of the Board as a whole requires looking at all financial transactions to ask the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using 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 Board's Net Position and changes in Net Position. This change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be a result of many factors, some financial, some not. Nonfinancial factors include the Board's property tax digest base, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Board has one distinct type of activity:

- ❑ **Governmental Activities** - All of the Board's programs and services are reported here including instruction, pupil services, improvement of instructional services, educational media services, general administration, school administration, business administration, maintenance and operation of plant, student transportation services, central support services, enterprise operations, food services and interest on debt.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Reporting the Board's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Board's most significant funds. The Board's major governmental funds are the general fund, capital projects funds, and the debt service fund.

Governmental Funds: Most of the Board'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 an accounting method called *modified accrual* 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 Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The Board as a Whole

The perspective of the Statement of Net Position is of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal year 2023 compared to fiscal year 2022.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
Assets		
Current and Other Assets	\$ 1,176,880,942	\$ 925,785,121.34
Capital Assets, Net	1,638,481,063	1,619,980,312.69
Total Assets	2,815,362,005	2,545,765,434.03
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	763,377,160	347,893,086.39
Related to OPEB Plan	145,546,334	157,839,402.00
Total Deferred Outflows of Resources	908,923,494	505,732,488.39
Liabilities		
Current Liabilities	226,970,060	172,939,133.88
Net Pension Liability	1,597,950,960	458,069,789.00
Net OPEB Liability	586,396,320	674,481,213.00
Other Long-Term Liabilities	59,314,924	104,949,525.07
Total Liabilities	2,470,632,264	1,410,439,660.95
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	57,515,995	687,785,802.00
Related to OPEB Plan	390,926,358	369,452,293.00
Total Deferred Inflows of Resources	448,442,353	1,057,238,095.00
Net Position		
Net Investment in Capital Assets	1,618,216,635	1,584,071,415.38
Restricted	523,851,087	415,325,124.96
Unrestricted	(1,336,856,840)	(1,415,576,373.87)
Total Net Position	\$ 805,210,882	\$ 583,820,166.47

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Table 2 shows the Changes in Net Position for fiscal year ended 2023 compared to 2022.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
Revenues		
Program Revenues:		
Charges for Services	\$ 3,018,500	\$ 440,605.16
Operating Grants and Contributions	737,567,402	867,301,481.01
Capital Grants and Contributions	9,982,512	8,589,212.60
Total Program Revenues	750,568,414	876,331,298.77
General Revenues:		
Property Taxes - Maintenance and Operations	800,025,234	683,832,944.76
Sales Tax - Special Purpose Local Option Tax for Capital Projec	154,165,749	146,644,311.31
Other Sales Taxes	-	17,262,774.60
Investment Earnings	14,440,337	392,110.74
Miscellaneous	37,330,378	29,858,567.07
Total General Revenues	1,005,961,698	877,990,708.48
Total Revenues	1,756,530,112	1,754,322,007.25
Program Expenses:		
Instruction	896,889,116	830,807,323.94
Support Services		
Pupil Services	104,353,499	78,901,498.96
Improvement of Instructional Services	47,695,705	39,005,130.02
Educational Media Services	17,106,192	14,000,688.69
General Administration	48,223,875	21,666,805.77
School Administration	82,894,437	68,996,288.34
Business Administration	15,055,006	12,760,330.50
Maintenance and Operation of Plant	140,597,783	119,708,760.77
Student Transportation Services	69,032,384	65,735,672.29
Central Support Services	33,579,134	39,472,352.93
Other Support Services	1,324,514	2,100,758.82
Operations of Non-Instructional Services		
Community Service	-	(788.90)
Enterprise Operations	-	14,728,601.03
Food Services	72,542,048	56,789,462.82
Interest on Debt	5,845,703	2,326,194.00
Total Expenses	1,535,139,396	1,366,999,079.98
Change in Net Position	221,390,716	387,322,927.27
Beginning Net Position, Restated	583,820,166	196,497,239.20
Ending Net Position	\$ 805,210,882	\$ 583,820,166.47

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities

Instruction, pupil services and improvement of instructional services comprised the majority of governmental program expenses with 68.33%. Additional needed support services such as student transportation, maintenance, and administration comprise 23.18% of program expenses, while non-instructional services comprise the remaining 8.49%. Non-instructional services provided consist primarily of school nutrition and enterprise operations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 below shows, for governmental activities, the net cost of services for fiscal year 2023 compared to fiscal year 2022. That is, it identifies the cost of these services that are supported by tax revenue and unrestricted state entitlements.

Table 3
Governmental Activities

	Net Cost of Services	
	Fiscal Year 2023	Fiscal Year 2022
Instruction	\$ 437,105,860	\$ 246,584,030.74
Support Services:		
Pupil Services	74,537,728	49,085,727.90
Improvement of Instructional Services	18,683,454	9,992,878.75
Educational Media Services	2,881,402	(224,100.98)
General Administration	10,099,560	(16,457,509.07)
School Administration	48,413,781	34,515,632.11
Business Administration	14,879,140	12,584,463.96
Maintenance and Operation of Plant	97,507,782	76,168,395.95
Student Transportation Services	54,413,049	53,135,320.42
Central Support Services	23,618,905	29,512,124.37
Other Support Services	406,573	1,182,817.93
Operations of Non-Instructional Services:		
Community Service	-	(788.90)
Enterprise Operations	-	14,627,234.89
Food Services	(3,821,955)	(19,574,540.52)
Interest on Short-Term and Long-Term Debt	5,845,703	(463,906.34)
Total Expenses	\$ <u>784,570,982</u>	\$ <u>490,667,781.21</u>

Program revenues, primarily derived from state and federal funding, make up only 57.27% of total revenue. To cover the revenue shortfall needed to fund vital services, the School District is dependent upon tax revenues to support the full range of governmental activities.

The School District's broad tax base is sufficient to cover shortfalls in these operational activities. In addition to program revenues, tax and other general revenues of \$1.01 billion were collected sufficient to fund the shortfall across instruction and other operational activities.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

General Fund Budgeting Highlights

The Schools District's budget is prepared according to Georgia law and utilizes a zero based, site specific budgeting approach. The most significant budgeted fund is the general fund. The budgeting systems are designed to provide flexibility and ensure proper monitoring of total site based budgets.

The anticipated budgeted revenues for the final general fund budget were \$2.03 billion, against anticipated budgeted expenditures of \$2.08 billion. Although actual general fund revenues underperformed budgeted estimates, due to the Board's increased emphasis on expenditure control and dedicated efforts to grow fund balance, actual expenditures were less than budgeted.

During fiscal year 2023, the Board continued to improve operational reserves as the excess of revenues over expenditures helped increase fund balance for the general fund by \$129.56 million. This reserve is vitally important to ensure continuity of services in the advent of an economic downturn, helping ensure the Board can continue to offer high quality education to more than 90,000 students across over 100 school based locations.

Capital Assets and Long-Term Liabilities

Capital Assets

At the end of fiscal year 2023, the Board had \$1.64 billion invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2023 balances compared with fiscal year 2022 balances.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
Land	\$ 71,178,768	\$ 71,178,767.96
Construction in Progress	60,165,505	35,169,421.93
Buildings and Improvement	1,391,087,580	1,423,780,406.97
Equipment	73,556,840	51,883,222.51
Land Improvements	39,059,263	34,208,422.82
Intangible Assets	3,433,107	3,760,070.50
Total	\$ 1,638,481,063	\$ 1,619,980,312.69

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Long-Term Liabilities

At the year of fiscal year 2023, long-term debt was \$59.31 million, a substantial decrease of \$45.63 million from the previous year, improving the Board's financial position. The Board's commitment to continued debt reductions helps ensure that future generations of students benefit from higher proportions of funding serving students as opposed to debt, stream-lined financial operations, and increased spending flexibility.

Table 5 summarizes long-term liabilities outstanding and compares fiscal year 2023 balances to fiscal year 2022 balances.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2023	Fiscal Year 2022
General Obligations Bonds	\$ -	\$ 19,470,000.00
Unamortized Bond Premium	-	1,040,900.00
Qualified School Construction Bonds	5,690,000	8,249,144.32
Claims and Judgments	45,000,000	67,500,000.00
Compensated Absences	8,624,924	8,689,480.75
Total	\$ 59,314,924	\$ 104,949,525.07

The Board maintains an underlying AA and Aa3 credit rating from Standard & Poor's Ratings Services and Moody's Investors Service, respectively.

Current Issues

Federal funding was lower in 2023 than 2022 primarily due to the winding down of federal grant revenue from the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and subsequently the American Rescue Plan (ARP). As a result, combined federal and state revenues decreased. In addition, improvement in funding resulting from the continued increase in property tax funding helped allow the Board to cover operational funding shortfalls. Overall, total general fund revenues have been increasing for the last five years.

During the current high inflationary environment, the Board faces ongoing pressures both in personnel and discretionary budgeting. The cost of educators as well as essential supplies to equip classrooms for the modern educational environment have increased substantially. The continued commitment to zero based budgeting and growing fund balance reserves allows the Board to be better insulated against these current challenges, as well as prepare for anticipated future downturns.

Current financial statements reflect the School District's liability for the unfunded portion of the pension plan administered through the Teachers Retirement System of Georgia (TRS) and Employees Retirement System of Georgia (ERS). This amount is currently being calculated based on actuarial estimates and is reflected on the government-wide financial statements as deferred inflows and outflows of resources and net pension liability. In addition, the financial statements reflect a similar long-term liability for the net OPEB liability related to post-retirement healthcare benefits.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Factors Bearing on the District's Future

The Board has returned to in person education and continues to monitor new developments to strains of coronavirus (COVID-19) that began to spread worldwide in December 2019. To prepare for the potential of an upcoming recession as well as the sunset of current federal coronavirus aid, the Board has continued to improve General Fund Balance and cash reserves. The School District is continually assessing and preparing for future events that may impact its financial position.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Byron Schueneman, Chief Financial Officer, at the DeKalb County Board of Education, 1701 Mountain Industrial Boulevard, Stone Mountain, Georgia, 30083.

BASIC FINANCIAL STATEMENTS

DEKALB COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 983,875,561
Receivables:	
Taxes, net of allowances	35,622,981
Intergovernmental:	
State	82,892,502
Federal	68,021,037
Local	460,705
Other	3,015,744
Inventory	2,992,412
Capital assets (nondepreciable)	131,344,273
Capital assets (depreciable, net of accumulated depreciation)	1,507,136,790
Total assets	<u>2,815,362,005</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	763,377,160
Other postemployment benefits related items	145,546,334
Total deferred outflows of resources	<u>908,923,494</u>
 LIABILITIES	
Accounts payable	24,223,804
Salaries and benefits payable	171,902,170
Contracts payable	11,992,631
Accrued interest payable	100,760
Retainage payable	2,581,797
Unearned revenue	2,238,891
Claims incurred but not reported (IBNR) liability	13,930,007
Claims payable due within one year	22,500,000
Claims payable due in more than one year	22,500,000
Bonds payable due within one year	5,690,000
Compensated absences due in more than one year	8,624,924
Net pension liability due in more than one year	1,597,950,960
Net other postemployment benefits liability due in more than one year	586,396,320
Total liabilities	<u>2,470,632,264</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related items	57,515,995
Other postemployment benefits related items	390,926,358
Total deferred inflows of resources	<u>448,442,353</u>
 NET POSITION	
Net investment in capital assets	1,618,216,635
Restricted for:	
Federal programs	31,583,830
Capital projects	492,267,257
Unrestricted	(1,336,856,840)
Total net position	<u>\$ 805,210,882</u>

The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 896,889,116	\$ 2,586,115	\$ 449,233,612	\$ 7,963,529	\$ (437,105,860)
Support services:					
Pupil services	104,353,499	-	29,815,771	-	(74,537,728)
Improvement of instructional services	47,695,705	-	29,012,251	-	(18,683,454)
Educational media services	17,106,192	-	14,224,790	-	(2,881,402)
General administration	48,223,875	-	38,124,315	-	(10,099,560)
School administration	82,894,437	-	34,480,656	-	(48,413,781)
Business administration	15,055,006	-	175,866	-	(14,879,140)
Maintenance and operation of facilities	140,597,783	-	43,090,001	-	(97,507,782)
Student transportation services	69,032,384	432,220	12,168,132	2,018,983	(54,413,049)
Central support services	33,579,134	-	9,960,229	-	(23,618,905)
Other support services	1,324,514	-	917,941	-	(406,573)
Operations of non-instructional services:					
Food services operation	72,542,048	165	76,363,838	-	3,821,955
Interest on long-term debt	5,845,703	-	-	-	(5,845,703)
Total governmental activities	<u>\$ 1,535,139,396</u>	<u>\$ 3,018,500</u>	<u>\$ 737,567,402</u>	<u>\$ 9,982,512</u>	<u>(784,570,982)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					800,025,234
Sales taxes					154,165,749
Unrestricted investment earnings					14,440,337
Miscellaneous					37,330,378
Total general revenues					<u>1,005,961,698</u>
Change in net position					221,390,716
Net position, beginning of year					583,820,166
Net position, end of year					<u>\$ 805,210,882</u>

The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2023

ASSETS	General	District-Wide Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	\$ 452,667,270	\$ 531,160,686	\$ 47,605	\$ 983,875,561
Receivables:				
Taxes, net of allowances	21,149,613	14,473,368	-	35,622,981
Intergovernmental:				
State	82,892,502	-	-	82,892,502
Federal	68,021,037	-	-	68,021,037
Local	460,705	-	-	460,705
Other	3,014,284	1,460	-	3,015,744
Due from other funds	32,878,480	-	-	32,878,480
Inventory	2,992,412	-	-	2,992,412
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 664,076,303</u>	<u>\$ 545,635,514</u>	<u>\$ 47,605</u>	<u>\$ 1,209,759,422</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 23,400,946	\$ 822,858	\$ -	\$ 24,223,804
Contracts payable	6,030,142	5,962,489	-	11,992,631
Salaries and benefits payable	171,900,148	2,022	-	171,902,170
Retainage payable	872,020	1,709,777	-	2,581,797
Unearned revenue	2,238,891	-	-	2,238,891
Due to other funds	-	32,878,480	-	32,878,480
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>204,442,147</u>	<u>41,375,626</u>	<u>-</u>	<u>245,817,773</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	13,901,037	-	-	13,901,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>13,901,037</u>	<u>-</u>	<u>-</u>	<u>13,901,037</u>
FUND BALANCES				
Nonspendable:				
Inventory	2,992,412	-	-	2,992,412
Restricted for:				
Federal programs	28,591,418	-	-	28,591,418
Capital projects	-	504,259,888	-	504,259,888
Debt service	-	-	47,605	47,605
Assigned:				
Subsequent year's budget	76,983,210	-	-	76,983,210
School activity accounts	5,152,466	-	-	5,152,466
Unassigned:				
General fund	332,013,613	-	-	332,013,613
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>445,733,119</u>	<u>504,259,888</u>	<u>47,605</u>	<u>950,040,612</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 664,076,303</u>	<u>\$ 545,635,514</u>	<u>\$ 47,605</u>	<u>\$ 1,209,759,422</u>

The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances - governmental funds	\$	950,040,612
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.

Cost	\$ 2,412,519,612	
Less accumulated depreciation	<u>(774,038,549)</u>	1,638,481,063

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

Property taxes	13,901,037
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The net pension liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.

Net pension liability	(1,597,950,960)	
Deferred outflows of resources	763,377,160	
Deferred inflows of resources	<u>(57,515,995)</u>	(892,089,795)

The net other postemployment benefits liability is not expected to be paid with current financial resources and is therefore not reported in governmental funds.

Net other postemployment benefits liability	(586,396,320)	
Deferred outflows of resources	145,546,334	
Deferred inflows of resources	<u>(390,926,358)</u>	(831,776,344)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(5,690,000)	
Accrued interest	(100,760)	
Compensated absences	(8,624,924)	
Claims incurred but not reported (IBNR)	(13,930,007)	
Claims and judgments liability	<u>(45,000,000)</u>	<u>(73,345,691)</u>

Net position of governmental activities	\$	<u><u>805,210,882</u></u>
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The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	District - Wide Capital Projects	Debt Service	Total Governmental Funds
REVENUES				
Property taxes	\$ 802,298,422	\$ -	\$ -	\$ 802,298,422
Sales taxes	-	154,165,749	-	154,165,749
State funds	540,279,956	599,851	-	540,879,807
Federal funds	215,813,317	-	-	215,813,317
Investment income	14,440,337	7,963,529	-	22,403,866
Charges for services	3,018,500	-	-	3,018,500
Miscellaneous	46,972,099	1,419,132	-	48,391,231
Total revenues	1,622,822,631	164,148,261	-	1,786,970,892
EXPENDITURES				
Current:				
Instruction	851,023,798	3,897,174	-	854,920,972
Support services:				
Pupil services	102,989,654	-	-	102,989,654
Improvement of instructional services	46,291,062	-	-	46,291,062
Educational media services	15,821,815	-	-	15,821,815
General administration	47,997,684	10,000	-	48,007,684
School administration	78,510,483	-	-	78,510,483
Business administration	14,781,779	73,269	-	14,855,048
Maintenance and operation of facilities	141,236,884	4,172,889	-	145,409,773
Student transportation services	66,755,709	773,700	-	67,529,409
Central support services	30,647,321	2,312,337	-	32,959,658
Other support services	1,361,668	-	-	1,361,668
Food services operation	78,649,443	-	-	78,649,443
Capital outlay	17,272,443	21,220,188	-	38,492,631
Debt service:				
Principal retirement	-	2,559,144	19,470,000	22,029,144
Interest and fees	-	6,862,113	389,400	7,251,513
Total expenditures	1,493,339,743	41,880,814	19,859,400	1,555,079,957
Excess (deficiency) of revenues over expenditures	129,482,888	122,267,447	(19,859,400)	231,890,935
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19,859,400	19,859,400
Transfers out	-	(19,859,400)	-	(19,859,400)
Proceeds from sale of capital assets	72,321	-	-	72,321
Total other financing sources (uses)	72,321	(19,859,400)	19,859,400	72,321
Net change in fund balances	129,555,209	102,408,047	-	231,963,256
FUND BALANCES, beginning of year	316,177,910	401,851,841	47,605	718,077,356
FUND BALANCES, end of year	\$ 445,733,119	\$ 504,259,888	\$ 47,605	\$ 950,040,612

The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	231,963,256
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlay exceeded depreciation in the current period is as follows:

Capital outlay	\$ 67,677,976	
Depreciation expense	<u>(48,695,813)</u>	18,982,163

The net effect of miscellaneous transactions involving capital assets is as follows:

Net book value of capital assets disposed	(481,413)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property taxes	(2,273,188)
GSFIC revenues	(4,952,235)
Federal revenues	(22,246,308)

In the governmental funds, current year expenditures related to pensions are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to pensions include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of pensions and related items.

(94,127,290)

In the governmental funds, current year expenditures related to other postemployment benefits are comprised solely of amounts contributed to the plan for the current year. However, in the statement of activities, expenses related to other postemployment benefits include amounts that do not require the use of current financial resources. This amount represents the difference in the required accounting treatment of other postemployment benefits and related items.

54,317,760

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. This amount is the principal repayment of long-term debt.

22,029,144

Some expenses 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.

Amortization of bond premium	1,040,900	
Change in claims payable	(5,791,540)	
Claims and judgments	22,500,000	
Change in compensated absences	64,557	
Change in accrued interest	<u>364,910</u>	<u>18,178,827</u>

Change in net position of governmental activities	\$	<u><u>221,390,716</u></u>
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The accompanying notes are an integral part of these financial statements.

DEKALB COUNTY BOARD OF EDUCATION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND

CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 792,721,752	\$ 792,721,752	\$ 802,298,422	\$ 9,576,670
State funds	543,003,508	545,615,822	540,279,956	(5,335,866)
Federal funds	568,402,822	670,483,838	215,813,317	(454,670,521)
Charges for services	11,273,810	7,052,182	3,018,500	(4,033,682)
Investment income	148,422	333,201	14,440,337	14,107,136
Miscellaneous	9,242,296	10,424,327	46,972,099	36,547,772
Total revenues	<u>1,924,792,610</u>	<u>2,026,631,122</u>	<u>1,622,822,631</u>	<u>(403,808,491)</u>
EXPENDITURES				
Current:				
Instruction	933,960,071	964,115,247	851,023,798	113,091,449
Support services:				
Pupil services	187,747,064	206,566,079	102,989,654	103,576,425
Improvement of instructional services	87,890,919	117,442,854	46,291,062	71,151,792
Educational media services	22,810,221	20,160,586	15,821,815	4,338,771
General administration	93,091,106	69,822,111	47,997,684	21,824,427
School administration	77,411,484	78,996,754	78,510,483	486,271
Business administration	19,123,467	19,449,649	14,781,779	4,667,870
Maintenance and operation of plant	229,527,526	224,143,520	141,236,884	82,906,636
Student transportation services	85,584,971	111,206,441	66,755,709	44,450,732
Central support services	22,846,434	26,577,858	30,647,321	(4,069,463)
Other support services	5,855,512	4,346,212	1,361,668	2,984,544
Food services operation	95,887,854	88,250,393	78,649,443	9,600,950
Capital outlay	120,152,067	144,648,427	17,272,443	127,375,984
Total expenditures	<u>1,981,888,696</u>	<u>2,075,726,131</u>	<u>1,493,339,743</u>	<u>582,386,388</u>
Excess (deficiency) of revenues over expenditures	<u>(57,096,086)</u>	<u>(49,095,009)</u>	<u>129,482,888</u>	<u>178,577,897</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	279,854	-	(279,854)
Transfers out	(311,140)	-	-	-
Proceeds from sale of capital assets	-	-	72,321	72,321
Total other financing sources	<u>(311,140)</u>	<u>279,854</u>	<u>72,321</u>	<u>(207,533)</u>
Net change in fund balances	<u>(57,407,226)</u>	<u>(48,815,155)</u>	<u>129,555,209</u>	<u>178,370,364</u>
FUND BALANCES, beginning of year	<u>316,177,910</u>	<u>316,177,910</u>	<u>316,177,910</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 258,770,684</u>	<u>\$ 267,362,755</u>	<u>\$ 445,733,119</u>	<u>\$ 178,370,364</u>

The accompanying notes are an integral part of these financial statements.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The DeKalb County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a school board comprised of seven members elected by the voters and a Superintendent appointed by the Board. The School District is composed of a diverse combination of numerous locations that consist of administrative offices, traditional schools, and non-traditional charter schools. 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

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 of the DeKalb County Board of Education.

Government-Wide Statements:

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

The Statement of 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.

In the Statement of Net Position, equity is reported as net position and consists of net investment in capital assets, amounts restricted by outside parties for specific purposes and unrestricted amounts.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

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

The School District reports the following major governmental funds:

- *General Fund* is the School District's primary operating fund. It accounts for all financial resources of the School District, except those resources required to be accounted for in another fund.
- *District-Wide Capital Projects Fund* accounts for financial resources including Special Purpose Local Option Sales Tax (SPLOST), bond proceeds and grants from the Georgia State Financing and Investment Commission to be used for the acquisition, construction or renovation of major capital facilities.
- *Debt Service Fund* accounts for accumulated resources legally restricted for the payment of general long-term debt principal, interest and paying agent's fees.

Basis of Accounting/Measurement Focus

The basis of accounting determines when transactions are reported on the financial statements. The District-wide governmental activities 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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period; however, intergovernmental revenues reported in the governmental funds are considered to be available if they are collected within 120 days after year end.

Property taxes, sales taxes, intergovernmental revenue, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and capital leases are reported as other financing sources.

Revenue from grants and donations are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

The State of Georgia reimburses the School District for teachers' salaries and operating costs through the Quality Basic Education (QBE) Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally teachers are contracted for the school year (July 1 – June 30) and paid over a twelve month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School District over the same twelve month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in Government Accounting Standards Board (GASB) Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School District recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

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 net position 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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

COMPOSITION OF DEPOSITS

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Georgia law OCGA 45-8-14 authorizes the School District to deposit its funds in one or more solvent banks or insured federal savings and loan associations.

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on federal, state or other grants for expenditures made but not reimbursed and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded on the basic financial statements are reported net of an allowance for uncollectible receivables when necessary.

Property Taxes

The DeKalb County Tax Commissioner levied the property tax for the 2022 tax digest year (calendar year) on August 1, 2022 (levy date). Taxes were due on November 15, 2022 (lien date). Taxes collected within the current fiscal year or within 60 days after year end on the 2022 tax digest are reported as revenue in the governmental funds for fiscal year 2023. The DeKalb County Tax Commissioner bills and collects the property taxes for the School District, withholds 1.25% 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, 2023, for maintenance and operations amounted to \$766,524,849. Allowances for uncollectible property taxes at June 30, 2023 for the School District's General Fund are \$2,349,957.

The Georgia Constitution, Article VIII, Section VI, Paragraph I requires the Board of Education of each school system to annually certify to its fiscal authority or authorities a school tax not greater than 20 mills per dollar for the support and maintenance of education. The DeKalb County Board of Education is in compliance with this law. Tax millage rates levied for the 2022 tax year (calendar year) for the DeKalb County Board of Education were as follows (a mill equals \$1 per thousand dollars of assessed value):

School Maintenance and Operations	23.08 mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$35,773,573 during fiscal year ended June 30, 2023.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes

Special Purpose Local Option Sales Tax, at the fund reporting level, during the year amounted to \$154,165,749 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 reauthorized at least every five years.

Inventories

CONSUMABLE SUPPLIES

On the basic financial statements, consumable supplies are reported at cost (first-in, first-out). The School District uses the consumption method to account for the consumable supplies inventory whereby an asset is recorded when supplies are purchased and expenses/expenditures are recorded at the time the supplies are consumed.

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 (first-in, first-out). The School District uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

Payments made to vendors for services that will benefit periods subsequent to June 30, 2023 are recorded as prepaid items.

Capital Assets

Capital assets purchased, including capital outlay costs, are recorded as expenditures in the fund financial statements at the time of purchase (including ancillary charges). On the District-wide financial statements, all purchased capital assets are valued 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 estimated acquisition value. Disposals are deleted at depreciated recorded cost. 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. Depreciation is computed using the straight-line method. The School District does not capitalize book collections or works of art. Depreciation is used to allocate the actual or estimated historical cost of all capital assets over estimated useful lives. Amortization of intangible assets such as water, timber and mineral rights, easements, patents, trademarks, copyrights, and software are computed using the straight-line method over the estimated useful lives of the assets.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 100,000	20-40 years
Buildings and Additions	\$ 100,000	Up to 80 years
Building Improvements	\$ 100,000	Up to 80 years
Equipment	\$ 5,000	5-20 years
Intangible Assets - Software	\$ 1,000,000	5-10 years
Intangible Assets - Other	\$ 100,000	20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has six (6) items that qualify for reporting in this category which occurs only in the governmental activities. Governmental Activities report: (1) a deferred outflow of resources for the School District's actual contributions to the pension plan during the fiscal year ended June 30, 2023 which are subsequent to the measurement date of the net pension liability and will be recognized in fiscal year 2024; (2) a deferred outflow of resources for experience gains or losses related to the pension and OPEB plans which will be amortized over the remaining service period; (3) a deferred outflow of resources for the changes in pension and OPEB actuarial assumptions which will be amortized over the remaining service period; (4) a deferred outflow of resources for the School District's actual contributions to the OPEB plan during the fiscal year ended June 30, 2023 which are subsequent to the measurement date of the net OPEB liability and will be recognized in fiscal year 2024; (5) a deferred outflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (6) a deferred outflow of resources for the net difference between projected and actual investment earnings on the pension plan and OPEB assets, which will be amortized over a five year period.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has one type of deferred inflow under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The School District has three (3) items that qualify for reporting in this category which occur only in the governmental activities. Governmental Activities report: (1) a deferred inflow of resources for experience gains or losses from periodic studies by the actuary for the pension and OPEB plans, which will be amortized over the remaining service period; (2) a deferred inflow of resources for the change in the School District's proportionate share based on actual contributions towards the pension and OPEB plans, which will be amortized over the remaining service period; and (3) a deferred inflow of resources for the changes in actuarial assumptions in relation to the OPEB plan which will be amortized over the remaining service period.

Compensated Absences

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Districts. Otherwise sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

Vacation leave of 10 to 20 days is awarded on a fiscal year basis to all full time personnel employed on a twelve month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days. 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.

Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward early retirement. The liability for early retirement will be borne by TRS rather than by the individual School Districts. Otherwise, sick leave does not vest with the employee, and no liability is reported in the School District's financial statements.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Obligation Bonds

The School District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund existing general obligation bonds. Bond issuance costs are recognized in the financial statements during the fiscal year bonds are issued. General obligation bonds are direct obligations and pledge the full faith and credit of the government.

In the fund financial statements, the face amount of debt issued and any related premium, is reported as other financing sources. Issuance costs, whether or not withheld from actual proceeds, are reported as debt service expenditures.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows and inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 fiduciary net position of the Teachers Retirement System of Georgia (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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 fiduciary net position of the Public School Employees Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. 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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiduciary net position of the Employees Retirement System (ERS) and additions to/deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. 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.

Other Postemployment Benefits (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 Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from the School OPEB Fund's fiduciary net position have been determined on the same basis as they are reported by the 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 Equity/Net Position

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- ***Nonspendable*** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.
- ***Restricted*** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- ***Committed*** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Education through the adoption of a resolution. Only the Board of Education may modify or rescind the commitment, also through a resolution.
- ***Assigned*** – Fund balances are reported as assigned when amounts are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Through resolution, the Board of Education has authorized the Superintendent or his or her designee to assign fund balances.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- ***Unassigned*** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The School District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in all funds.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District’s policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

It is the goal of the School District to achieve and maintain a committed, assigned and unassigned fund balance in the General Fund at fiscal year end of not less than 5% of budgeted expenditures and not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with Official Code of Georgia annotated 20-2-167(a)5. If unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in reporting which utilizes the economic resources measurement focus. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the School District has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The School System adopts an annual budget for the General Fund and Debt Service Fund. The budget is prepared in accordance with provisions of the Quality Basic Education Act, OCGA Section 20-2-167 and in accordance with U.S. generally accepted accounting principles. After the Board of Education has tentatively adopted the budget, such budget is advertised at least one time in a local newspaper of general circulation. At the next regular meeting of the Board after advertisement, the budget is revised as necessary and adopted as the final budget.

For the year ended June 30, 2023, expenditures exceeded the budget in the General Fund departments as follows:

General Fund:

Support services:

Central support services	\$ 4,069,463
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The excess of expenditures over budget that are noted above were primarily funded by savings in other functional expenditures.

Note 4: DEPOSITS AND INVESTMENTS

CATEGORIZATION OF INVESTMENTS

The investment in the local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard & Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year end and the School District's investment in the Georgia Fund 1 is reported at fair value. The School District considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Georgia Fund 1	28 days	\$ 835,803,208

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4: DEPOSITS AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FAIR VALUE MEASUREMENTS

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the School District does not disclose investment in the Georgia Fund 1 within the fair value hierarchy.

CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Board will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require all deposits and investments (other than federal or state government instruments) amounts that exceed standard depository insurance limits are required to be collateralized either: (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2023, the financial institution holding some of the Board's deposits is a participant in the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer, requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2023, the Board's cash accounts were insured and/or collateralized as defined by GASB Standards.

Note 5: NON-MONETARY TRANSACTIONS

The School District receives food commodities from the United States Department of Agriculture (USDA) for school breakfast and lunch programs. For the year ended June 30, 2023, the commodities usage is recorded at their federally assigned value of \$8,212,623.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6: RECEIVABLES

Receivables at June 30, 2023, for the School District's individual funds, including the applicable allowances for uncollectible accounts are as follows:

	General	District-Wide Capital Projects	Total
Receivables:			
Taxes	\$ 23,499,570	\$ 14,473,368	\$ 37,972,938
Intergovernmental	151,374,244	-	151,374,244
Other	3,014,284	-	3,014,284
Gross receivables	177,888,098	14,473,368	192,361,466
Less allowance for uncollectibles	(2,349,957)	-	(2,349,957)
Net total receivables	<u>\$ 175,538,141</u>	<u>\$ 14,473,368</u>	<u>\$ 190,011,509</u>

Note 7: CAPITAL ASSETS

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

	Balances July 1, 2022	Increases	Decreases	Transfers	Balances June 30, 2023
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 71,178,768	\$ -	\$ -	\$ -	\$ 71,178,768
Construction in progress	35,169,422	41,238,481	-	(16,242,398)	60,165,505
Total	<u>106,348,190</u>	<u>41,238,481</u>	<u>-</u>	<u>(16,242,398)</u>	<u>131,344,273</u>
Capital assets, being depreciated:					
Building and improvements	2,053,287,267	-	(5,548,669)	9,501,965	2,057,240,563
Equipment	140,603,778	26,439,495	(6,620,755)	-	160,422,518
Land improvements	50,937,881	-	(245,695)	6,740,433	57,432,619
Intangible assets	6,079,639	-	-	-	6,079,639
Total	<u>2,250,908,565</u>	<u>26,439,495</u>	<u>(12,415,119)</u>	<u>16,242,398</u>	<u>2,281,175,339</u>
Less accumulated depreciation for:					
Building and improvements	(629,506,860)	(37,346,320)	700,197	-	(666,152,983)
Equipment	(88,720,555)	(9,164,595)	11,019,472	-	(86,865,678)
Land improvements	(16,729,458)	(1,857,935)	214,037	-	(18,373,356)
Intangible assets	(2,319,569)	(326,963)	-	-	(2,646,532)
Total	<u>(737,276,442)</u>	<u>(48,695,813)</u>	<u>11,933,706</u>	<u>-</u>	<u>(774,038,549)</u>
Total capital assets, being depreciated, net	<u>1,513,632,123</u>	<u>(22,256,318)</u>	<u>(481,413)</u>	<u>16,242,398</u>	<u>1,507,136,790</u>
Governmental activities capital assets, net	<u>\$ 1,619,980,313</u>	<u>\$ 18,982,163</u>	<u>\$ (481,413)</u>	<u>\$ -</u>	<u>\$ 1,638,481,063</u>

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions as follows:

Instruction	\$ 37,466,899
Support Services:	
Pupil Services	864,699
Improvement of Instructional Services	762,882
Educational Media Services	274,996
General Administration	10,582
School Administration	53,011
Business Administration	2,726
Maintenance and Operation of Plant	1,872,161
Student Transportation Service	5,199,028
Support Services - Central	741,548
Operation of Non-Instructional Services:	
School Nutrition Program	1,447,281
	\$ 48,695,813

Note 8: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

These balances resulted from the time lag between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances as of the fiscal year ended June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General	Capital Projects	\$ 32,878,480

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfer From	Transfers To	Amount
Capital Projects	Debt Service	\$ 19,859,400

Transfers are used to move SPLOST proceeds from the District-Wide Capital Projects Fund to the Debt Service Fund to fund debt service as allowed in the referendum.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9: RISK MANAGEMENT

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 illnesses or injuries to employees; acts of God; and unemployment compensation.

The School District participates in the Georgia School Boards Association Risk and Insurance Management System, a public entity risk pool organized on July 1, 1994, to develop and administer a plan to reduce risk of loss on account of general liability, motor vehicle liability, or property damage, including safety engineering and other loss prevention and control techniques, and to administer one or more groups of self-insurance funds, including the processing and defense of claims brought against members of the system. The School District pays an annual premium to the system for its general insurance coverage.

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the General Fund by the School District. The School District accounts for claims within the General Fund with expense/expenditures, and liability being reported when it is probably that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$350,000 loss per occurrence, up to the statutory limit.

For purposes of estimating the unpaid claims liability as of June 30, 2023, the School District's third-party administrator calculated the reserve liability based on the estimated costs of each outstanding claim, and an estimate for incurred by not reported claims, from claims experience for like claims.

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

	Beginning of Year	Claims and Changes in Estimates	Claims Paid	End of Year
2022	\$ 6,272,551	\$ 9,709,170	\$ 7,843,255	\$ 8,138,466
2023	\$ 8,138,466	\$ 13,498,109	\$ 7,706,568	\$ 13,930,007

The School District has purchased surety bonds to provide additional insurance coverage as follows:

Position covered	Amount
Superintendent	\$ 1,000,000

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9: RISK MANAGEMENT (CONTINUED)

The School District is self-insured with regard to unemployment compensation claims. A premium is charged when needed by the General Fund to each user program on the basis of the percentage of the fund's payroll to total payroll in order to cover estimated claims budgeted by management based on known claims and prior experience. 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	Changes in Estimates	Claims Paid	End of Year
2022	\$ -	\$ 254,884	\$ 254,884	\$ -
2023	\$ -	\$ 63,441	\$ 63,441	\$ -

Note 10: LONG-TERM DEBT

The changes in long-term obligations during the fiscal year ended June 30, 2023, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 19,470,000	\$ -	\$ (19,470,000)	\$ -	\$ -
Unamortized bond premium	1,040,900	-	(1,040,900)	-	-
Qualified school construction bonds	8,249,144	-	(2,559,144)	5,690,000	5,690,000
Total bonds payable	28,760,044	-	(23,070,044)	5,690,000	5,690,000
Claims payable	67,500,000	-	(22,500,000)	45,000,000	22,500,000
Net pension liability	458,069,789	1,364,089,249	(224,208,078)	1,597,950,960	-
Net OPEB liability	674,481,213	105,547,192	(193,632,085)	586,396,320	-
Compensated absences	8,689,481	7,833,491	(7,898,048)	8,624,924	-
Governmental activity Long-term liabilities	<u>\$ 1,237,500,527</u>	<u>\$ 1,477,469,932</u>	<u>\$ (471,308,255)</u>	<u>\$ 2,243,662,204</u>	<u>\$ 28,190,000</u>

COMPENSATED ABSENCES

Compensated absences represent obligations of the School District relating to employees' rights to receive compensation for future absences based upon service already rendered. This obligation relates only to vesting accumulating leave in which payment is probable and can be reasonably estimated. 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. The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10: LONG-TERM DEBT (CONTINUED)

GENERAL OBLIGATION DEBT OUTSTANDING

The School District's bonded debt consists of general obligation bonds that are generally callable with interest payable semiannually. Bond proceeds primarily pay for acquiring or constructing capital facilities. The School District repays general obligation bonds from voter-approved Education Special Purpose Local Option Sales Tax (ESPLOST) proceeds. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

In the event the entity is unable to make the principal and interest payments using proceeds of the Education Special Purpose Local Option Sales Tax (ESPLOST), the debt will be satisfied from the General Fund or from a direct annual ad valorem tax levied upon all taxable property within the School District. Additional security is provided by the State of Georgia Intercept Program which allows for the state appropriations entitled to the School District to be transferred to the Debt Service Account Custodian for the payment of debt.

Voters have authorized \$200,000,000 of general obligation debt. Of the total amount originally authorized, \$68,975,000 remains unissued. As of June 30, 2023, all issued general obligation bonds have been repaid in full.

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)

On May 1, 2011, the School District entered into an agreement with the Georgia Municipal Association, Inc., for the purchase of a replacement high school. The Georgia Municipal Association, Inc. sold \$57,770,000 in Qualified School Construction Taxable Certificates of Participation Bonds (QSCB) and \$5,690,000 in Certificates of Participation Tax-Exempt Bonds to fund the construction of the new school. The agreement with Georgia Municipal Association, Inc. provides that the School District owns the high school and is responsible for the payment of principal and interest on the Certificate of Participation and QSCB.

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by School Districts in connection with the construction, rehabilitation or repair of a public-school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows School Districts to borrow without incurring interest costs.

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2022 was \$1,395,050, which funded all but \$351,683 of interest expense due on the QSCB.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10: LONG-TERM DEBT (CONTINUED)

The School District's outstanding Qualified School Construction Bonds of \$5,690,000 contain provisions that in an event of a default, outstanding amounts may become immediately due if the School District is unable to make payment.

Debt currently outstanding under Qualified School Construction Bonds is as follows:

<u>Description</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Georgia Municipal Association - COP Series 2011B	\$ 5,690,000	\$ 5,690,000

The following is a schedule of total Qualified School Construction Bond payments:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,690,000	\$ 120,913

CLAIMS AND JUDGMENTS

On June 9, 2020, the School District Board voted to approve the settlement of the Gold lawsuit, for a breach of contract for \$117,500,000. The settlement, to be paid out by the School District to the Settlement Administrator over a five-year period is recorded as a long-term liability on the Statement of Net Position.

The following is a schedule of annual settlement payments:

<u>Fiscal Year Ending June 30,</u>	<u>Settlement Payments</u>
2024	\$ 22,500,000
2025	22,500,000
Total	<u>\$ 45,000,000</u>

The net pension liability, net OPEB liability, and claims payable typically have been paid from the General Fund.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 11: ON-BEHALF PAYMENTS

The School District has recognized revenues and costs in the amount of \$2,117,312 for retirement contributions paid on the School District's behalf by the following State Agencies.

Georgia Department of Education
Paid to the Teachers Retirement System
for Teachers Retirement (TRS)
in the amount of \$153,978

State Treasurer of the State of Georgia
Paid to the Public School Employees Retirement System
for Public School Employees Retirement (PSERS) Employer's Cost
in the amount of \$1,963,334

Note 12: CONTINGENCIES

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. The School District believes that such disallowances, if any, will be immaterial to its overall financial position.

The School District is the defendant in various legal actions related to claims for alleged damages to persons and property, civil rights violations, and other similar types of actions arising in the course of normal School District operations. The total range of reasonably possible amounts for these cases is from \$1,000 to \$10,000,000. In the opinion of the School District's management and legal counsel, any potential liability related to these suits pending or unasserted claims are not estimable.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 13: SIGNIFICANT COMMITMENTS

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2023:

Project	Unearned Executed Contracts	Payments through June 30, 2023
New Dunwoody Chamblee Elementary School	\$ 26,097,447	\$ 3,493,470
Green Forrest Drive Facility Renovations	3,411,283	671,989
New Cross Keys High School	4,180,084	234,789
Redan Middle School	4,795,661	443,041
Fairington Elementary School	3,836,518	520,829
Dresden Elementary School	2,166,000	114,000
Salem Middle School	7,083,443	2,173,095
E.L. Miller Elementary School	4,895,241	2,159,403
New Sequoyah High School and Middle School	8,550,000	450,000
HVAC and Roofing Projects - Multiple Locations	1,696,508	3,302,534
Playgrounds, Roofing, and ADA Assessment Services Projects - Multiple Locations	10,782,110	13,962,724
	<u>\$ 77,494,295</u>	<u>\$ 27,525,874</u>

The amounts described in this note are not reflected as liabilities in the basic financial statements.

Note 14: RETIREMENT PLANS

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)

Plan Description: All teachers of the School District as defined in §47-3-60 of the *Official Code of Georgia Annotated* (O.C.G.A.) and certain other support personnel as defined by §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. TRS issues a publicly available 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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14: RETIREMENT PLANS (CONTINUED)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)(CONTINUED)

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 2023. The School District's contractually required contribution rate for the year ended June 30, 2023 was 19.98% of annual School District payroll, excluding payroll attributable to those personnel funded on behalf of the School District by the State. School District contributions to TRS were \$131,623,204 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2023, the School District reported a liability for its proportionate share of the net pension liability that 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:

District's proportionate share of the net pension liability	\$ 1,596,205,276
State of Georgia's proportionate share of the net pension liability associated with the District	<u>2,168,476</u>
Total	<u><u>\$ 1,598,373,752</u></u>

The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2022 was determined using standard rollforward techniques. The School District's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the School District's proportion was 4.915646 %, which was an decrease of 0.254002% from its proportion measured as of June 30, 2021.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)(CONTINUED)

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

For the year ended June 30, 2023, the School District recognized pension expense of \$228,548,305 and revenue of \$446,467 for support provided by the State of Georgia for certain support personnel. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 66,258,877	\$ 8,308,621
Net difference between projected and actual earnings on pension plan investments	313,608,924	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,849,273	48,975,032
Actuarial assumption changes	240,279,824	-
District contributions subsequent to the measurement date	<u>134,653,328</u>	<u>-</u>
Total	<u>\$ 762,650,226</u>	<u>\$ 57,283,653</u>

School District contributions subsequent to the measurement date of \$134,653,328 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, 2024. 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 Ending June 30:

2024	\$ 156,718,246
2025	112,728,747
2026	78,814,705
2027	<u>222,451,547</u>
Total	<u>\$ 570,713,245</u>

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)(CONTINUED)

Actuarial Assumptions: The total pension liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

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
Postretirement benefit increases	1.50% semiannually

Postretirement 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. Postretirement 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.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018, with the exception of the long-term expected rate of return on assets (discount rate) which was changed from 7.50% to 7.25% effective with the June 30, 2018 valuation, and then from 7.25% to 6.90 effective with the June 30, 2021 valuation. In addition, the assumed annual rate of inflation was changed from 2.75% to 2.50% effective with the June 30, 2018 valuation, and the payroll growth assumption was changed from 3.00% to 2.50% effective with the June 30, 2021 valuation.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)(CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension 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 pension plan 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%	0.20%
Domestic large equities	46.30	9.40
Domestic small equities	1.20	13.40
International developed market equities	12.30	9.40
International emerging market equities	5.20	11.40
Alternatives	5.00	10.50
Total	<u>100.00%</u>	

* 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 6.90%. 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 State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was 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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

TEACHERS RETIREMENT SYSTEM OF GEORGIA (TRS)(CONTINUED)

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

	1% Decrease (5.90%)	Current discount rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 2,408,145,137	\$ 1,596,205,276	\$ 933,148,976

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS financial report which is publicly available at www.trsga.com/publications.

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 \$15.50, 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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

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.

Pension Liabilities and Pension Expense

At June 30, 2023, the School District did not have a liability for a proportionate share of the net pension liability because of the related State of Georgia support. The amount of the State's proportionate share of the net pension liability associated with the School District is \$14,058,234.

The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021. An expected total pension liability as of June 30, 2022 was determined using standard rollforward 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, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$3,532,828 and revenue of \$3,532,828 for support provided by the State of Georgia.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	N/A
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Postretirement benefit increase	1.50% semiannually

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

Actuarial Assumptions (Continued)

Mortality rates are as follows:

- The Pub-2010 Below-Median 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 postretirement mortality assumptions as follows:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, with the exception of the assumed investment rate of return.

The long-term expected rate of return on 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	0.20%
Domestic large stocks	46.30	9.40
Domestic small stocks	1.20	13.40
International developed market stocks	12.30	9.40
International emerging market stocks	5.20	11.40
Alternatives	5.00	10.50
Total	100.00%	

* Net of inflation

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14: RETIREMENT PLANS (CONTINUED)

PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) (Continued)

Discount Rate: The discount rate used to measure the total 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 pension plan's fiduciary net position was 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.

EMPLOYEES RETIREMENT SYSTEM (ERS)

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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 14: RETIREMENT PLANS (CONTINUED)

EMPLOYEES RETIREMENT SYSTEM (ERS) (CONTINUED)

Contributions: Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200, plus 6.00% of annual compensation in excess of \$4,200. 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, 2023 was 224.67% of annual covered payroll for old and new plan members and 21.59% 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 \$157,614 for the current fiscal year.

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

At June 30, 2023, the School District report a liability of \$1,745,684 for its proportionate share of the net pension liability for ERS. At June 30, 2022, the School District's ERS proportion was 0.026139%, which was a decrease of 0.010156% from its proportion measured as of June 30, 2021.

The net pension liability for ERS was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 was determined using standard rollforward techniques. The School District's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$307,538. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,749	\$ 15,833
Net difference between projected and actual earnings on pension plan investments	202,831	-
Changes in proportion and differences between District contributions and proportionate share of contributions	32,443	216,509
Actuarial assumption changes	310,313	-
District contributions subsequent to the measurement date	177,598	-
Total	<u>\$ 726,934</u>	<u>\$ 232,342</u>

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

EMPLOYEES RETIREMENT SYSTEM (ERS) (CONTINUED)

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

School District contributions subsequent to the measurement date of \$177,598 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, 2024. 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 Ending June 30:	
2024	\$ 130,896
2025	25,053
2026	5,058
2027	155,987
Total	<u><u>\$ 316,994</u></u>

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00% - 6.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

- The Pub-2010 Below-Median 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 postretirement mortality assumptions as follows:

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

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

EMPLOYEES RETIREMENT SYSTEM (ERS) (CONTINUED)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, with the exception of the assumed investment rate of return.

The long-term expected rate of return on 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 asset 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%	0.20%
Domestic large stocks	46.30	9.40
Domestic small stocks	1.20	13.40
International developed market stocks	12.30	9.40
International emerging market stocks	5.20	11.40
Alternatives	5.00	10.50
Total	100.00%	

* Net of inflation

Discount Rate: The discount rate used to measure the total 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 the actuarially determined employer contribution rates. Based on those assumptions, the pension plan's fiduciary net position was 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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 14: RETIREMENT PLANS (CONTINUED)

EMPLOYEES RETIREMENT SYSTEM (ERS) (CONTINUED)

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 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current discount rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 2,323,828	\$ 1,745,684	\$ 1,259,509

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

DEFINED CONTRIBUTION PLAN

On July 11, 1983, DeKalb County Board of Education began an employer paid 403(b) annuity plan for the group of employees covered under the Public School Employees Retirement System (PSERS). Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for an adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

The Board selected Fidelity Investments as the provider of this plan. For each employee covered under PSERS, the Board began contributing to the plan an amount equal to 8% of the employee's base pay. The employee becomes vested in the plan when the first contribution is made. Funds accumulated in the employer paid accounts become available to the employee upon retirement or when the employee reaches age 59½.

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

<u>Fiscal Year Ended June 30,</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>
2023	100%	\$ 4,680,793
2022	100%	\$ 4,072,085
2021	100%	\$ 3,841,590

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 15: POSTEMPLOYMENT BENEFITS

GEORGIA SCHOOL PERSONNEL EMPLOYEES POSTEMPLOYMENT HEALTH BENEFIT FUND

Plan Description: The School District participates in the State of Georgia School Employees Postemployment Benefit Fund (School OPEB Fund), which is an other postemployment benefit (OPEB) plan administered by the State of Georgia Department of Community Health (DCH). Certified teachers and non-certified 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 postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (DCH 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 DCH Board. The School OPEB Fund is included in the State of Georgia Annual Comprehensive Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/statewide-reporting/acfr>.

Benefits: 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 of Community Health, 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 required and made to the School OPEB Fund from the School District were \$21,506,924 for the year ended June 30, 2023. Active employees are not required to contribute to the School OPEB Fund.

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

At June 30, 2023, the School District reported a liability of \$586,396,320 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021. An expected total OPEB liability as of June 30, 2022 was determined using standard rollforward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions to the School OPEB Fund during the fiscal year ended June 30, 2022. At June 30, 2022, the School District's proportion was 5.921292%, which was a decrease of 0.306129% from its proportion measured as of June 30, 2021.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$32,810,836. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 3,576,852	\$ -
Differences between expected and actual experience	23,406,359	230,471,513
Changes in proportion and differences between District contributions and proportionate share of contributions	7,746,840	41,855,375
Changes in plan assumptions	89,309,359	118,599,470
District contributions subsequent to the measurement date	21,506,924	-
Total	<u>\$ 145,546,334</u>	<u>\$ 390,926,358</u>

School District contributions subsequent to the measurement date of \$21,506,924 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, 2024. 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 Ending June 30,	
2024	\$ (70,296,577)
2025	(58,252,037)
2026	(47,753,593)
2027	(55,494,325)
2028	(31,027,298)
2029	(4,063,118)
	<u>\$ (266,886,948)</u>

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions: The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021 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, 2022:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Long-term rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate:	
Pre-Medicare eligible	6.50%
Medicare eligible	5.00%
Ultimate trend rate:	
Pre-Medicare eligible	4.50%
Medicare eligible	4.50%
Year of ultimate trend rate:	
Pre-Medicare eligible	2029
Medicare eligible	2023

Mortality rates were based as follows:

- For TRS members: For TRS: Postretirement 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. Postretirement 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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections Scale applied generationally. Postretirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection Scale applied generationally. Postretirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection Scale applied generationally. Postretirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project Scale applied generationally.
- For ERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Table, with no adjustments, with the MP-2019 Projections Scale applied generationally. Postretirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection Scale applied generationally. Postretirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection Scale applied generationally. Postretirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 105% for females) with the MP-2019 Project Scale applied generationally.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the pension systems, which covered the period ended July 1, 2013 – 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, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Board 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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Note 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	2.00%
Equities	70.00%	9.40%
Total	<u>100.00%</u>	

*Net of Inflation

Discount Rate: The discount rate was 3.57%, an increase from the prior year's rate of 2.20%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.57% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.54% 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 employer 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 2025.

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 3.57%, 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 (2.57%) or 1-percentage-point higher (4.57%) than the current rate:

	<u>1% Decrease (2.57%)</u>	<u>Current Discount Rate (3.57%)</u>	<u>1% Increase (4.57%)</u>
District's proportionate share of the net OPEB liability	\$ 663,284,646	\$ 586,396,320	\$ 521,230,083

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 15: POSTEMPLOYMENT BENEFITS (CONTINUED)

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, 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 trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 505,250,528	\$ 586,396,320	\$ 686,124,157

Note 16: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2023, DeKalb County abated property taxes due to the School District on the 2022 tax levy totaling \$12,297,506. Included in that amount abated, the following are individual abatement agreements to Dunwoody Development Authority that exceeded 10% of the total amount abated:

- A 95% property tax abatement on residential and retail rental property. The abatement amounted to \$2,105,695.
- A 95% property tax abatement on residential and retail rental property. The abatement amounted to \$1,554,965.
- A 95% property tax abatement on residential and retail rental property. The abatement amounted to \$1,237,729.

II. REQUIRED SUPPLEMENTARY INFORMATION

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
School District's proportion of the net pension liability	4.915646%	5.169648%	5.284677%	5.214897%	5.138067%
School District's proportionate share of the net pension liability	\$ 1,596,205,276	\$ 457,220,884	\$ 1,280,155,612	\$ 1,121,343,866	\$ 953,735,293
State of Georgia's proportionate share of the net pension liability associated with the School District	2,168,476	640,241	1,742,184	1,502,609	1,246,448
Total	<u>\$ 1,598,373,752</u>	<u>\$ 457,861,125</u>	<u>\$ 1,281,897,796</u>	<u>\$ 1,122,846,475</u>	<u>\$ 954,981,741</u>
School District's covered payroll	\$ 665,933,220	\$ 673,940,061	\$ 682,862,278	\$ 637,487,717	\$ 613,539,685
School District's proportionate share of the net pension liability as a percentage of its covered payroll	239.69%	67.84%	187.47%	175.90%	155.45%
Plan fiduciary net position as a percentage of the total pension liability	72.85%	92.03%	77.01%	78.56%	80.27%
	2018	2017	2016	2015	
School District's proportion of the net pension liability	5.018739%	4.854299%	4.712696%	4.712930%	
School District's proportionate share of the net pension liability	\$ 932,748,101	\$ 1,001,496,009	\$ 717,461,169	\$ 595,416,542	
State of Georgia's proportionate share of the net pension liability associated with the School District	5,136,236	7,883,562	5,869,616	4,485,967	
Total	<u>\$ 937,884,337</u>	<u>\$ 1,009,379,571</u>	<u>\$ 723,330,785</u>	<u>\$ 599,902,509</u>	
School District's covered payroll	\$ 579,389,485	\$ 536,892,957	\$ 501,452,947	\$ 483,104,965	
School District's proportionate share of the net pension liability as a percentage of its covered payroll	160.99%	186.54%	143.08%	123.25%	
Plan fiduciary net position as a percentage of the total pension liability	79.33%	76.06%	81.44%	84.03%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 134,653,328	\$ 131,721,591	\$ 128,272,082	\$ 144,220,338	\$ 133,220,772
Contributions in relation to the contractually required contributions	134,653,328	131,721,591	128,272,082	144,220,338	133,220,772
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 673,940,581	\$ 665,933,220	\$ 673,940,061	\$ 682,862,278	\$ 637,487,717
Contributions as a percentage of covered payroll	19.98%	19.78%	19.03%	21.12%	20.90%
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 103,010,906	\$ 82,226,356	\$ 76,015,170	\$ 65,941,063	\$ 59,325,216
Contributions in relation to the contractually required contributions	103,010,906	82,226,356	76,015,170	65,941,063	59,325,216
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 613,539,685	\$ 579,389,485	\$ 536,892,957	\$ 501,452,947	\$ 483,104,965
Contributions as a percentage of covered payroll	16.79%	14.19%	14.16%	13.15%	12.28%

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
School District's proportion of the net pension liability	0.026139%	0.036295%	0.031552%	0.034441%	0.036753%
School District's proportionate share of the net pension liability	\$ 1,745,684	\$ 848,905	\$ 1,329,903	\$ 1,421,219	\$ 1,510,928
Total	\$ 1,745,684	\$ 848,905	\$ 1,329,903	\$ 1,421,219	\$ 1,510,928
School District's covered payroll	\$ 656,114	\$ 901,326	\$ 799,520	\$ 868,144	\$ 1,065,707
School District's proportionate share of the net pension liability as a percentage of its covered payroll	266.06%	94.18%	166.34%	163.71%	141.78%
Plan fiduciary net position as a percentage of the total pension liability	67.44%	87.62%	76.21%	76.74%	76.68%
	2018	2017	2016	2015	
School District's proportion of the net pension liability	0.043448%	0.036208%	0.037839%	0.038132%	
School District's proportionate share of the net pension liability	\$ 1,764,569	\$ 1,712,790	\$ 1,533,008	\$ 1,430,186	
Total	\$ 1,764,569	\$ 1,712,790	\$ 1,533,008	\$ 1,430,186	
School District's covered payroll	\$ 1,035,482	\$ 841,877	\$ 917,547	\$ 900,182	
School District's proportionate share of the net pension liability as a percentage of its covered payroll	170.41%	203.45%	167.08%	158.88%	
Plan fiduciary net position as a percentage of the total pension liability	76.33%	72.34%	76.20%	77.99%	

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 177,598	\$ 161,601	\$ 222,267	\$ 197,162	\$ 215,126
Contributions in relation to the contractually required contributions	177,598	161,601	222,267	197,162	215,126
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 802,387	\$ 656,114	\$ 901,326	\$ 799,521	\$ 868,144
Contributions as a percentage of covered payroll	22.13%	24.63%	24.66%	24.66%	24.78%
	2018	2017	2016	2015	2014
Contractually required contributions	\$ 264,402	\$ 256,903	\$ 208,112	\$ 201,493	\$ 166,174
Contributions in relation to the contractually required contributions	264,402	256,903	208,112	201,493	166,174
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 1,065,707	\$ 1,035,482	\$ 841,877	\$ 917,546	\$ 900,184
Contributions as a percentage of covered payroll	24.81%	24.81%	24.72%	21.96%	18.46%

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>14,058,234</u>	<u>1,509,014</u>	<u>10,770,643</u>	<u>10,297,967</u>	<u>9,955,524</u>
Total	<u>\$ 14,058,234</u>	<u>\$ 1,509,014</u>	<u>\$ 10,770,643</u>	<u>\$ 10,297,967</u>	<u>\$ 9,955,524</u>
School District's covered-employee payroll	\$ 60,456,642	\$ 17,990,923	\$ 19,352,396	\$ 19,320,253	\$ 18,782,083
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	81.21%	98.00%	84.45%	85.02%	85.26%
	<u>2018</u>	<u>2017</u>			
School District's proportion of the net pension liability	0.000000%	0.000000%			
School District's proportionate share of the net pension liability	\$ -	\$ -			
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>8,973,183</u>	<u>11,997,914</u>			
Total	<u>\$ 8,973,183</u>	<u>\$ 11,997,914</u>			
School District's covered-employee payroll	\$ 18,179,668	\$ 19,214,220			
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	N/A	N/A			
Plan fiduciary net position as a percentage of the total pension liability	85.69%	81.00%			

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's proportion of the net OPEB liability	5.921292%	6.227421%	6.223462%	6.276415%	6.228755%
School District's proportionate share of the net OPEB liability	<u>\$ 586,396,320</u>	<u>\$ 674,481,213</u>	<u>\$ 914,081,630</u>	<u>\$ 770,250,780</u>	<u>\$ 791,655,645</u>
Total	<u><u>\$ 586,396,320</u></u>	<u><u>\$ 674,481,213</u></u>	<u><u>\$ 914,081,630</u></u>	<u><u>\$ 770,250,780</u></u>	<u><u>\$ 791,655,645</u></u>
School District's covered-employee payroll	\$ 736,354,501	\$ 654,779,256	\$ 649,698,559	\$ 587,544,464	\$ 552,356,240
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	79.64%	103.01%	140.69%	131.10%	143.32%
Plan fiduciary net position as a percentage of the total OPEB liability	6.17%	6.14%	3.99%	4.63%	2.93%
	<u>2018</u>				
School District's proportion of the net OPEB liability	6.123753%				
School District's proportionate share of the net OPEB liability	<u>\$ 860,384,832</u>				
Total	<u><u>\$ 860,384,832</u></u>				
School District's covered-employee payroll	\$ 531,360,186				
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	161.92%				
Plan fiduciary net position as a percentage of the total OPEB liability	1.61%				

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DEKALB COUNTY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SCHOOL OPEB FUND
FOR THE FISCAL YEAR ENDED JUNE 30

	2023	2022	2021	2020	2019
Contractually required contributions	\$ 21,506,924	\$ 21,409,913	\$ 23,164,958	\$ 21,046,297	\$ 33,802,837
Contributions in relation to the contractually required contributions	21,506,924	21,409,913	23,164,958	21,046,297	33,802,837
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 658,493,514	\$ 736,354,501	\$ 654,779,256	\$ 649,698,559	\$ 587,544,464
Contributions as a percentage of covered-employee payroll	3.266%	2.908%	3.538%	3.239%	5.753%
	2018	2017			
Contractually required contributions	\$ 32,283,037	\$ 31,929,735			
Contributions in relation to the contractually required contributions	32,283,037	31,929,735			
Contribution deficiency (excess)	\$ -	\$ -			
School District's covered-employee payroll	\$ 552,356,240	\$ 531,360,186			
Contributions as a percentage of covered-employee payroll	5.845%	6.009%			

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

DEKALB COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Teachers Retirement System of Georgia:

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 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 2010 Teachers Headcount Weighted Below Median Healthy 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. In 2010, assumed rates of salary increase 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 6.9% and the payroll growth assumption was changed from 3.0% to 2.50%.

Public Schools Employees Retirement System of Georgia:

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

DEKALB COUNTY BOARD OF EDUCATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Employees Retirement System of Georgia:

Changes of benefit terms : A new benefit tier was added for members joining the System on and after July 1, 2009. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2021 and January 2022.

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, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table Projected Scale BB (set forward 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 ended 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.

School OPEB Fund:

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

Changes in assumptions: 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 Systems 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 to 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% of June 30, 2019, and to 2.22% as of June 30, 2020.

III. OTHER SUPPLEMENTARY INFORMATION

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Issue - Project	Original Estimated Cost(1)	Current Estimated Cost(2)	Expended In Prior Years (3)	Expended In Current Year (3)	Total Expended To Date	Project Status
2012 SPLOST						
Americans with Disabilities Act (ADA) Improvements	\$ 2,342,500	\$ 15,041,595	\$ 15,041,595	\$ -	\$ 15,041,595	Completed
Stadiums	9,557,400	10,628,647	10,628,647	-	10,628,647	Completed
Capital Renewal Program	84,892,200	97,547,199	93,676,748	498,407	94,175,155	June 2024
Code Requirements	2,342,500	2,677,726	2,677,726	-	2,677,726	Completed
Coralwood Diagnostic Center Addition	9,932,200	6,164,483	6,164,483	-	6,164,483	Completed
Early Learning Center	2,717,300	2,188,330	2,188,330	-	2,188,330	Completed
Arts School at former Avondale Middle School	4,029,100	11,127,167	310,896	-	310,896	June 2024
Renovation of Southwest DeKalb High School and Stone Mountain High School	11,056,600	34,163,839	34,163,839	-	34,163,839	Completed
Replacement of Austin Elementary School, Fernbank Elementary School, Gresham Park Elementary School, Pleasantdale Elementary School, Peachcrest Elementary School, Rockbridge Elementary School, Smoke Rise Elementary School	135,021,700	172,480,186	169,625,808	49,565	169,675,373	June 2024
Henderson Middle School Renovation/Addition	14,992,000	19,245,872	19,245,872	-	19,245,872	Completed
Redan High School Renovation/Addition	20,988,800	22,065,648	22,065,648	-	22,065,648	Completed
Chamblee High School Replacement	55,001,900	67,917,653	53,857,597	9,421,257	63,278,854	June 2024
McNair Middle School Replacement	35,043,800	40,733,608	40,733,608	-	40,733,608	Completed
Local School Priority Requests	5,153,500	2,902,294	2,902,294	-	2,902,294	Completed
Demolition	2,342,500	4,221,329	4,221,329	-	4,221,329	Completed
Safety/Security Systems Upgrade	2,342,500	2,292,719	2,292,719	-	2,292,719	Completed
Technology Equipment and Infrastructure Refresh	36,261,900	33,277,357	33,277,357	-	33,277,357	Completed
School Buses	9,463,700	12,800,248	12,800,248	-	12,800,248	Completed
Service Vehicles	1,592,900	2,252,530	2,252,530	-	2,252,530	Completed
Other Capital Improvements and Supporting Services (includes Bond Series 2012 Bond Issuance Costs, Principal Payments, and 2011 COPs Interest Payments)	29,925,000	82,132,562	80,264,916	4,280	80,269,196	June 2024
Total 2012 SPLOST	\$ 475,000,000	\$ 641,860,992	\$ 608,392,190	\$ 9,973,509	\$ 618,365,699	
2017 SPLOST						
Making of site, facility and technology improvements deemed necessary to improve safety and security, such as enhancing surveillance systems, fire alarm systems, fire sprinkler installation, perimeter fencing, etc. at some or all of the DeKalb County School District (DCSD) schools and facilities;	\$ 12,872,000	\$ 41,245,876	\$ 3,082,151	\$ 5,989,771	\$ 9,071,922	June 2024
Adding to, modifying, replacing, reconfiguring schools and/or creating new schools and/or facilities to accommodate current and future student enrollment, address major facility conditions, develop early childhood centers, enhance regional support of schools, and accommodate expanded new programmatic needs, and acquiring land for constructing and equipping new and/or replacement schools/facilities, or equivalent facility capacity, including, but not limited to, site preparation and the demolition of all or portions of existing structures and/or acquiring leasehold purchasing of facilities/properties as needed based on DCSD's determination of need priorities;	298,180,000	260,642,220	121,748,155	6,439,880	128,188,035	June 2026
Adding to, renovating, modifying, reconfiguring, equipping, upgrading, supplementing, acquiring, replacing, and installing capital improvements for various existing and new schools, buildings and facilities (including schools, buildings and facilities to be constructed pursuant to this resolution, once completed and including any site preparation and demolition of existing structures if necessary) e.g., roofing, plumbing, wiring, painting, water piping, HVAC, making athletic field and physical education facility upgrades and improvements, ADA renovations, infrastructure improvements, repaving, restroom facilities, systems for environmental and air quality control, physical education facilities, kitchens, improvements to comply with health, safety and applicable building codes, traffic control and optimization, parking and parking capacity, stormwater management facilities, and program-driven modifications, as needed based on the DCSD's determination of need priorities;	96,948,000	184,311,643	32,397,645	12,786,074	45,183,719	December 2025

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Issue - Project	Original Estimated Cost(1)	Current Estimated Cost(2)	Expended In Prior Years (3)	Expended In Current Year (3)	Total Expended To Date	Project Status
Making technology improvements, by acquiring, replacing, purchasing, installing, upgrading or supplementing technology including, but not limited to technology that supports and/or enhances instruction, digital communication technology, enhanced school security solutions, wireless technology, enterprise content management solutions, replacement and/or enhancement of technology/systems in support of an Enterprise Resource Planning (ERP) upgrade, data storage systems, telecommunication systems, digital records retention, technology hardware, software, and related infrastructure at some or all of the DCSD schools and facilities, as needed;	65,000,000	71,500,000	61,270,994	1,967,984	63,238,978	June 2024
Replacing, purchasing, upgrading, refurbishing or supplementing school buses and support vehicles and other capital equipment as needed including, but not limited to items such as desks, chairs, tables, instructional equipment, band equipment, kitchen equipment, waste compactors, portable classroom/modular buildings, custodial equipment, grounds equipment, etc. at some or all DCSD schools and facilities;	40,000,000	40,312,169	32,143,321	1,384,654	33,527,975	June 2024
Expenses incidental to accomplishing the DeKalb projects including, but not limited to, implementation expenses, management expenses, and legal expenses.	48,000,000	32,288,092	29,567,039	892,680	30,459,719	June 2024
Total 2017 SPLOST	\$ 561,000,000	\$ 630,300,000	\$ 280,209,305	\$ 29,461,043	\$ 309,670,348	
2021 SPLOST						
Adding to, upgrading, reconfiguring, renovating, replacing, modifying and equipping existing and replacement schools, support facilities, athletic fields and physical education facilities;	\$ 150,000,000	\$ 150,000,000	\$ -	\$ 2,835,662	\$ 2,835,662	January 2028
Acquiring and developing land for, constructing and equipping, new and replacement schools and support facilities, as well as additions to existing facilities;	352,000,000	352,000,000	-	-	-	January 2028
Installing capital improvements for various existing and new schools, buildings and facilities;	69,000,000	69,000,000	-	-	-	January 2028
Providing hardware, software, and related infrastructure and making technology improvements;	129,000,000	129,000,000	-	-	-	January 2028
Replacing, purchasing, upgrading school buses, support vehicles, and other capital equipment	40,000,000	40,000,000	-	-	-	January 2028
Total 2021 SPLOST	\$ 740,000,000	\$ 740,000,000	\$ -	\$ 2,835,662	\$ 2,835,662	
	\$ 1,776,000,000	\$ 2,012,160,992	\$ 888,601,495	\$ 42,270,214	\$ 930,871,709	

IV. SINGLE AUDIT SECTION



**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***

**To the Superintendent and Members of
the DeKalb County Board of Education
Decatur, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the DeKalb County Board of Education, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the DeKalb County Board of Education's basic financial statements, and have issued our report thereon dated January 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DeKalb County Board of Education's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DeKalb County Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the DeKalb County Board of Education'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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DeKalb County Board of Education'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*.

DeKalb County Board of Education's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the DeKalb County Board of Education's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. DeKalb County Board of Education's responses were not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 14, 2025

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

**To the Superintendent and Members of
the DeKalb County Board of Education
Cartersville, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the DeKalb County Board of Education's 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 DeKalb County Board of Education's major federal programs for the year ended June 30, 2023. The DeKalb County Board of Education'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 DeKalb County Board of Education's 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, 2023.

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; 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 DeKalb County Board of Education 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 DeKalb County Board of Education'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 DeKalb County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the DeKalb County Board of Education'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 generally accepted auditing standards, *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 DeKalb County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 DeKalb County Board of Education'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 DeKalb County Board of Education'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 DeKalb County Board of Education'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on DeKalb County Board of Education's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. DeKalb County Board of Education's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-004 and 2023-005 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on DeKalb County Board of Education's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. DeKalb County Board of Education's responses were not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the responses.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
January 14, 2025

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Georgia Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	235GA324N1199	\$ 12,084,112
National School Lunch Program	10.555	235GA324N1199	37,363,221
COVID-19 - National School Lunch Program	10.555	225GA324N1099	2,471,544
Total Child Nutrition Cluster			<u>51,918,877</u>
Total U. S. Department of Agriculture			<u>51,918,877</u>
U. S. DEPARTMENT OF DEFENSE			
Department of the Air Force			
Junior R.O.T.C.	12.000	N/A	446,319
Department of the Army			
Junior R.O.T.C.	12.000	N/A	131,369
Department of the Navy			
Junior R.O.T.C.	12.000	N/A	1,346,003
Total U. S. Department of Defense			<u>1,923,691</u>
U. S. DEPARTMENT OF JUSTICE:			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program	16.738	N/A	19,587
Total U. S. Department of Justice			<u>19,587</u>
U.S. FEDERAL COMMUNICATIONS COMMISSION			
COVID-19 - Emergency Connectivity Fund Program	32.009	N/A	20,496,197
Total U. S. Federal Communications Commission			<u>20,496,197</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Human Trafficking Youth Prevention Education Grant	93.327	N/A	522,636
Passed Through Georgia Regional Board:			
Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	2310GACCDD	568,861
Total Child Care and Development Fund Cluster:			<u>568,861</u>
Pass-Through From DeKalb County Board of Health			
Racial and Ethnic Approaches to Community Health	93.738	NU58DP006588	13,499
Total Pass-Through From DeKalb County Board of Health			<u>13,499</u>
Total U. S. Department of Health and Human Services:			<u>1,104,996</u>

(Continued)

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Expenditures
U. S. DEPARTMENT OF EDUCATION			
Pass-Through from Georgia Department of Natural Resources			
Adult Education - Basic Grants to States	84.002A	V002A220010	\$ 319,359
Total Pass Through from Georgia Department of Natural Resources			<u>319,359</u>
Passed Through Georgia Department of Education:			
Title I Grants to Local Educational Agencies	84.010A	S010A220010	19,891,352
Title I Grants to Local Educational Agencies	84.010A	S010A230010	24,415,833
Total Title I, Part A			<u>44,307,185</u>
Migrant Education State Grant Program	84.011A	S011A220011	3,023
Migrant Education State Grant Program	84.011A	A011A230011	19,740
Total Migrant Education State Grant Program			<u>22,763</u>
Special Education Cluster:			
Grants to States	84.027A	H027A220073	10,308,694
Grants to States	84.027A	H027A220073	4,907,592
COVID-19 - American Rescue Plan - Grants to States	84.027X	H027X220073	1,361,318
Preschool Grants	84.173A	H173A220081	437,965
COVID-19 - American Rescue Plan - Preschool Grants	84.173X	H173X220081	219,653
Total Special Education Cluster:			<u>17,235,222</u>
Career and Technical Education - Basic Grants to States	84.048A	V048A230010	1,089,772
Education for Homeless Children and Youth	84.196A	S196A220011	12,259
Education for Homeless Children and Youth	84.196A	S196A230011	33,027
Total Education for Homeless Children and Youth			<u>45,286</u>
English Language Acquisition State Grants	84.365A	S365A220010	2,436,620
Supporting Effective Instruction State Grants	84.367A	S367A220001	3,775,515
Student Support and Academic Enrichment Program	84.424A	S424A220011	2,178,483
Education Stabilization Fund:			
COVID-19 - Governor's Emergency Education Relief Fund	84.425C	S425C220049	1,298,303
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	112,165
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	26,979,168
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	34,732,731
Total Education Stabilization Fund:			<u>63,122,367</u>
Total Passed Through Georgia Department of Education			<u>134,213,213</u>
Total U. S. Department of Education			<u>134,532,572</u>
Total Expenditures of Federal Awards			<u>\$ 209,995,920</u>

(1) The amounts shown for the Food Distribution Program represents the federally assigned value of nonmonetary assistance for donated commodities received and/or consumed by the system during the current fiscal year.

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the DeKalb County Board of Education and is presented on the modified accrual basis of accounting.

The School District did not utilize the 10% de minimis indirect cost rate.

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. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified	<u> </u> yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards

Internal control over major program:

Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified	<u> </u> yes	<u> X </u> none reported

Type of auditor's report issued on compliance for major program	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u> yes	<u> </u> no
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Identification of major program:

10.553 and 10.555	Child Nutrition Cluster
32.009	Emergency Connectivity Fund
84.010	Title I Grants to Local Education Agencies
84.425C, 84.425D, and 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs	\$3,000,000
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Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
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DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 Timely Financial Reporting and Maintenance of the General Ledger

Criteria: Timely and accurate financial reporting and maintenance of the general ledger of all funds included in the financial statements of the School District to facilitate informed financial decisions by the District's management and those with oversight of management is imperative.

Condition: Internal controls and available resources were not sufficient to facilitate the accurate, timely reporting of the District's overall financial position and results of operations as of and for the fiscal year ended June 30, 2023.

Context/Cause: The District did not maintain the general ledger on a regular basis or complete its year-end closing process to provide final trial balances and the necessary subsidiary ledgers for its funds for the fiscal year ended June 30, 2023 for auditing until December 2023. Additionally, several subsidiary listings and schedules were not provided until November 2024. The following adjustments were required to properly report various balances:

- General Fund – Decrease fund balance by \$25,900,000 to reconcile equity, increase grant expenditures and revenues by \$20,500,000, decrease unearned revenue by \$10,000,000, increase retainage payable by \$900,000, increase federal intergovernmental receivable by \$1,500,000, increase miscellaneous revenues by \$9,000,000, and increase tax revenue by \$2,000,000.
- Capital Projects Fund – Decrease accounts payable by \$2,100,000, increase contracts payable by \$6,000,000, increase retainage payable by \$1,700,000, decrease fund balance by \$8,900,000 to reconcile equity, and decrease total expenditures by \$3,300,000.

Effects: The District was unable to report accurate financial information on either an accrual or modified accrual basis, as appropriate, in a timely manner.

Recommendation: We recommend management implement procedures to ensure timely and accurate financial reporting to facilitate informed financial decisions.

Auditee's Response: We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023-002 Cash and Interfund Balances

Criteria: Internal controls should be in place to ensure financial statements properly present the financial position of the District's funds in accordance with generally accepted accounting principles and that funds properly report cash balances and interfund payables and receivables.

Condition: Internal controls were not sufficient to detect misstatements in cash balances and interfund balances.

Context/Cause: During our testing of cash and interfund balances, we noted the District was not preparing bank reconciliations at the fund level which resulted in misstatements to both cash balances and the interfund payable and receivable balances in both the General Fund and Capital Projects Fund. The following adjustments were required to properly report cash and interfund balances:

- The General Fund required an adjustment to decrease cash balances and increase interfund receivable by \$32,900,000.
- The Capital Projects Fund required an adjustment to increase cash balances and decrease interfund payable by \$32,900,000.

Effect: Total misstatements related to the reporting of cash and interfund balances in the General Fund and Capital Projects Fund totaled \$32,900,000.

Recommendation: We recommend the School District begin preparing bank reconciliations at the fund level and regularly evaluate the interfund balances to ensure they are properly reported.

Auditee's Response: We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023-003 Receivables and Related Balances

Criteria: Internal controls should be in place to ensure that amounts reported as receivables, revenues, and unavailable revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the School District's intergovernmental receivable, revenue, and unavailable revenue associated with certain funding arrangements.

Context/Cause: The fiscal year ended June 30, 2023 trial balances for all funds were requested in October 2023. At that time, we requested that the trial balances be closed out and all entries posted prior to providing the trial balances. The trial balances were provided in December 2023. The School District agreed to the commencement of the audit in April 2024. At that time, we requested all additional journal entries for the fiscal year ended June 30, 2023 to be provided. During our testing of intergovernmental revenues and receivables, a variance in the property taxes receivable and unavailable revenue from the prior year was noted. This variance was discussed with the School District in August 2024 and a request for any journal entries, necessary to adjust property taxes receivable and unavailable revenues, was made. Guidance was provided to the School District on the calculation of property taxes receivable and unavailable revenue in August 2024. After the calculation was discussed with and agreed to by the School District, a journal entry was posted.

Adjustments were required in the General Fund to increase intergovernmental receivable by approximately \$16,200,000, increase unavailable revenue by \$13,900,000, and increase tax revenue by \$2,300,000. Also, during our testing of school nutrition revenues, we noted the School District did not record unearned revenue for funds received for meals paid in advance. Adjustments were required in the General Fund to decrease revenue and increase unearned revenue by \$2,200,000.

Effect: Total misstatements related to the reporting of intergovernmental receivable and the related accounts for the fiscal year ended June 30, 2023 were approximately \$18,400,000.

Recommendation: We recommend the School District carefully review receivables and related balances during the financial close-out process to ensure all balances are properly reported at fiscal year-end.

Auditee's Response: We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Program Name: Child Nutrition Cluster
Assistance Listing Number: 10.553 and 10.555
Pass-Through Agency: Georgia Department of Education

Finding: 2023-004 – Allowable Costs

Criteria: In accordance with the terms of the Child Nutrition Grant and 2 CFR 200, Cost Principles for States, Local Governments, and Indian Tribes, specific documentation must be maintained to support salaries and wages charged to the federal program. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Condition and Context: For the fiscal year ended June 30, 2023, internal controls over compliance were not sufficient to ensure the District was properly charging payroll costs which were reimbursed by the Child Nutrition grant. In our sample of forty (40) employees who were paid with Child Nutrition funds, we noted two of the selected employees did not have any of the required monthly certifications, six employees were missing one or more month's certifications, and four employees' certifications were missing signatures from the supervising official.

Cause: A lack of oversight by personnel in the Office of Federal Grants and Program Compliance led to noncompliance with the requirements of the Uniform Guidance in relation to charging of personnel costs to a federal grant.

Effects or Possible Effects: Personnel salaries unrelated to eligible Child Nutrition activities could be charged to and reimbursed by the District's federal grants.

Questioned Costs: All amounts paid to those employees who did not have a semiannual certification could be questioned. These amounted to \$247,000. When comparing the known questioned costs to the sample total of \$16,683,000, the error rate for the selected sample was 5%. The error rate projected onto the total population of payroll costs, resulted in a likely questioned cost of \$4,884,000.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

Program Name: Child Nutrition Cluster
Assistance Listing Number: 10.553 and 10.555
Pass-Through Agency: Georgia Department of Education

Finding: 2023-004 – Allowable Costs (Continued)

Recommendation: We recommend District personnel perform periodic reviews of the general ledger to ensure appropriate documentation is obtained for all payroll costs charged to the Child Nutrition grant. Furthermore, in instances where changes are made to employee assignments (including termination) involving federal grants, we recommend the District review payroll costs for those employees in the periods immediately following the changes to ensure they are appropriately reflected in the accounting records and thus properly charged to the District's federal grant programs.

Auditee's Response: We concur with this finding.

U.S. Federal Communications Commission
Program Name: Emergency Connectivity Funds
Assistance Listing Number: 32.009

Finding: 2023-005 – Equipment & Real Property Management

Criteria: Internal controls should be in place to ensure that equipment and real property management requirements are met as specified in the guidance provided by the Federal Communications Commission (FCC). FCC guidance specified that the District was required to maintain asset inventories of the devices purchased with the ECF program. The Uniform Guidance requires any recipients of federal awards to comply with the equipment and real property management requirements indicated by the grantor agency.

Condition: The District did not have adequate internal controls to ensure compliance with equipment and real property management requirements.

Context/cause: During our testing of equipment and real property requirements, the District made bulk purchases of laptops and wi-fi hot spots that had a total purchase value over the \$10,000 capital asset threshold. Upon the initial review of the District's capital asset listing, these bulk equipment purchases were not included. An adjustment in the General Fund totaling \$19,776,000 was required to report the capital outlay expenditure and grant revenue.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

U.S. Federal Communications Commission

Program Name: Emergency Connectivity Funds

Assistance Listing Number: 32.009

Finding: 2023-005 – Equipment & Real Property Management (Continued)

Effect: Equipment purchases made with grant funding could be improperly excluded from the capital asset listing which would misstate the District's capital asset balances.

Questioned Costs: \$19,776,000

Recommendation: We recommend the District enhances internal controls to ensure accuracy and compliance with equipment and real property requirements.

Auditee's Response: We concur with this finding.

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS

FS 2022-001 Strengthen Oversight of the Information System Conversion

Condition: Three years after the conversion project began, the School District continued to operate its legacy system while running its new financial system. Continued delays in finalizing the legacy financial and HR/payroll systems conversion to the new financial system increases the cost and complexity of operations and creates ongoing risks to data integrity and a potential for significant financial misclassification and/or omissions. In addition, there is a lack of segregation of duties in both the financial data entry and the data transfer processes. One individual is heavily involved in data preparation and data entry combined with executing all data transfer tasks including data extraction from legacy accounting, data manipulation/formatting in Excel, then data import to the new financial system and reconciliation of the transfer.

Status: Corrected.

FS 2022-002 Strengthen Information Technology General Controls

Condition: We noted the School District did not have adequate general controls in operation to protect the integrity, availability and confidentiality of information maintained in significant financial applications.

In accordance with the Official Code of Georgia (O.C.G.A.) §50-6-9(b), due to the sensitive nature of the deficiencies noted, we have communicated the findings to management and to those charged with governance, however we have elected not to issue the specific findings to the public.

Status: Corrected.

FS 2022-003 Internal Control Procedures

Condition: The School District's prior year auditors noted inadequate controls at the central office pertinent to cash and cash equivalents, revenues and receivables, expenditures and accounts payable, manual journal entries, fund balances, and capital assets.

Status: See findings 2023-001, 2023-002 and 2023-003.

FS 2022-004 Strengthen Controls over Employee Compensation

Condition: The School District's prior year auditors noted inadequate controls at the central office pertinent to compensated absences, employee compensation, supporting documentation for pay increases, and advanced credentials.

Status: Corrected.

DEKALB COUNTY BOARD OF EDUCATION

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS (CONTINUED)

FA 2022-001 Education Stabilization Fund – Improve Budgetary Controls over Expenditures

Condition: Significant tested expenditures were not appropriately approved by GaDOE through the Consolidated Application process as required.

Status: Corrected.

FA 2022-002 Education Stabilization Fund – Improve Controls over Indirect Costs

Condition: A review of the School District's accounting records and supporting documentation revealed that costs associated with capitalizable equipment, payments to charter schools, and rental costs were not appropriately deducted in the calculation of the net expenditures to which the approved unrestricted indirect cost rate was applied. Therefore, the School District claimed an additional \$559,442.53 in indirect costs beyond the maximum indirect cost amount allowed.

Status: Corrected.

FA 2022-003 Education Stabilization Fund – Improve Controls over Equipment

Condition: Significant tested equipment items were excluded from the program equipment listing.

Status: Corrected.



Dr. Devon Q. Horton, Superintendent

Mrs. Deirdre P. Pierce, Board Chair
Ms. Allyson Gevertz, Vice Chair
Mr. Andrew B. Ziffer
Ms. Whitney McGinniss
Tiffany Hogan, Ph.D.
Mr. Dijon DaCosta, Sr.
Mr. Awet Eyasu

Corrective Action Plans – Financial Statement Findings

2023-001 Timely Financial Reporting and Maintenance of the General Ledger

Criteria: Timely and accurate financial reporting and maintenance of the general ledger of all funds included in the financial statements of the School District to facilitate informed financial decisions by the District's management and those with oversight of management is imperative.

Corrective Action Plan: We concur with this finding. The District developed corrective actions to strengthen Finance Division internal controls, policies, and procedures and ensured adherence through improved monitoring. Correcting entries were made on the general ledger to reconcile equity, various balance sheet accounts, and subsidiary ledgers and balance sheet accounts were reconciled in advance of fiscal year 2024 year-end close.

The District's corresponding fiscal year 2024 financial statement exhibits, notes, and schedules were completed in house and were submitted timely before the December 31, 2024 deadline. Additionally, Finance has supporting documentation prepared in anticipation of the fiscal year 2024 audit.

Estimated Completion Date: Implementation completed in fiscal year 2024

Contact Person: Mr. Byron Schueneman, Chief Financial Officer

Telephone: 678-676-1200

E-mail: Byron_Schueneman@dekalbschoolsga.org

2023-002 Cash and Interfund Balances

Criteria: Internal controls should be in place to ensure financial statements properly present the financial position of the District's funds in accordance with generally accepted accounting principles and that funds properly report cash balances and interfund payables and receivables.

Corrective Action Plan: We concur with this finding. As of June 2024, the District completed its migration to a new ERP system. Over the course of fiscal year 2025, the bank reconciliations for all central office accounts will transition to and be performed within the new ERP bank reconciliation module. This will assist the District in reconciling by bank and fund and ensuring appropriate bank balances are maintained across all central office accounts.

Estimated Completion Date: Fiscal Year 2025

Contact Person: Mr. Byron Schueneman, Chief Financial Officer

Telephone: 678-676-1200

E-mail: Byron_Schueneman@dekalbschoolsga.org

2023-003 Receivables and Related Balances

Criteria: Internal controls should be in place to ensure that amounts reported as receivables, revenues, and unavailable revenues are appropriate and properly valued in accordance with generally accepted accounting principles.

Corrective Action Plan: We concur with this finding. The District is familiar with and was fully prepared to make this audit entry in fiscal year 2023, as it has done in all prior years. The District engaged Mauldin and Jenkins to compile the fiscal year 2023 financial statements and misunderstood the expectations to provide this entry in advance and without the collaboration of Mauldin and Jenkins.

The fiscal year 2024 financial statements were prepared by the District; all receivables and amounts due from the DeKalb County Tax Commissioner for property taxes were appropriately set up, accrued and reconciled to the tax confirmation prepared by the DeKalb County Tax Commissioner's office.

Estimated Completion Date: Implementation completed in fiscal year 2024

Contact Person: Mr. Byron Schueneman, Chief Financial Officer

Telephone: 678-676-1200

E-mail: Byron_Schueneman@dekalbschoolsga.org

Corrective Action Plans – Federal Award Findings and Questioned Costs

2023-004 Allowable Costs

Program Name: Child Nutrition Cluster

Assistance Listing Number: 10.553 and 10.555

Pass-Through Agency: Georgia Department of Education

Criteria: In accordance with the terms of the Child Nutrition Grant and 2 CFR 200, Cost Principles for States, Local Governments, and Indian Tribes, specific documentation must be maintained to support salaries and wages charged to the federal program. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation.

Corrective Action Plan: We concur with this finding. The District is developing corrective actions to strengthen Child Nutrition Cluster Department internal controls, policies, and procedures and ensure adherence through improved monitoring. Through collaboration, the Finance Division and the School Nutrition Department will review payroll detail reports and ensure periodic certifications for all employees are completed timely.

Estimated Completion Date: Fiscal Year 2025

Contact Person: Dr. Connie Walker, School Nutrition Executive Director

Telephone: 678-676-1200

E-mail: Connie_R_Walker@dekalbschoolsga.org

2023-005 Equipment and Real Property Management

Program Name: Emergency Connectivity Funds

Assistance Listing Number: 32.009

Pass-Through Agency:

Criteria: Internal controls should be in place to ensure that equipment and real property management requirements are met as specified in the guidance provided by the Federal Communications Commission (FCC). FCC guidance specified that the District was required to maintain asset inventories of the devices purchased with the ECF program. The Uniform Guidance requires any recipients of federal awards to comply with the equipment and real property management requirements indicated by the grantor agency.

Corrective Action Plan: We concur with this finding. The District is developing corrective actions to strengthen Technology Division internal controls, policies, and procedures and ensure adherence through improved monitoring. The Capital Asset policy will be updated to document the District's guidelines around bulk purchases, which will go before the Board for approval. Finance will work with all Divisions to ensure qualifying purchases are recorded in the financial records and properly inventoried.

Estimated Completion Date: Fiscal Year 2025

Contact Person: Dr. Kermit Belcher, Interim Chief Technology Officer

Telephone: 678-676-1200

E-mail: Kermit_Belcher@dekalbschoolsga.org