



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2022

DeKalb County Board of Education Stone Mountain, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

DeKalb County Board of Education

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Section I

Financial



INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Vasanne S. Tinsley, Interim Superintendent and Members of the
DeKalb County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeKalb County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Emphasis of Matter

As discussed in Note 14 to the financial statements, in 2022, the School District restated the prior period financial statements to correct a misstatement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

June 29, 2023

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTION

The discussion and analysis of the DeKalb County Board of Education's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District'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 School District'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 School District'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 School District'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 fiscal year 2022 are as follows:

On the full accrual, government-wide financial statements:

- ❑ In total, net position increased \$387.32 million over the prior year restated net position, due to an increase in program revenues and favorable changes to pension and OPEB, other post-employment benefits and 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 \$172.89 million in the prior year to \$104.95 million in the current year as the School District continues to the reduce overall debt burden.
- ❑ The School District had \$1.37 billion in expenses relating to governmental activities, of which only \$876.33 million of these expenses were offset by program specific charges for services, grants and contributions. However, general revenues (primarily property and sales taxes) of \$877.99 million were adequate to provide for these program deficits.
- ❑ General revenues, as stated on the Statement of Activities accounted for \$877.99 million or about 50.05% of all revenues, while program specific revenues in the form of charges for services, grants, and contributions accounted for the remainder.

On the modified accrual, fund financial statements:

- ❑ Among major funds, the general fund has \$1.59 billion in revenues and \$1.46 billion in expenditures. The general fund's increase in fund balance was \$134.78 million, which is an increase from the prior year change of \$58.58 million. The fund balance reflects an increase in federal revenue in the amount of \$171.78 million.

DEKALB COUNTY BOARD OF EDUCATION
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- The capital projects fund had \$153.11 million in revenues and \$56.54 million in expenditures. In addition, \$39.29 million was transferred out of the capital projects fund into the debt service fund to pay general obligation bond principal and interest. The capital projects fund balance of \$401.85 million was \$57.28 million higher than the prior year.

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 School District 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 School District, presenting both an aggregate view of the School District'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 School District's most significant funds. In the case of the School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document includes a number of funds used by the School District to provide programs and activities, a view of the School District as a whole requires looking at all financial transactions to ask the question, "How did we do financially during 2022?" 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 School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be a result of many factors, some financial, some not. Nonfinancial factors include the School District'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 School District'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.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Funds: Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 School District'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.

The School District as a Whole

The perspective of the Statement of Net Position is of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2022 compared to fiscal year 2021.

**Table 1
Net Position**

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021 (1)
Assets		
Current and Other Assets	\$ 925,785,121.34	\$ 731,068,105.01
Capital Assets, Net	<u>1,619,980,312.69</u>	<u>1,657,908,958.92</u>
Total Assets	<u>2,545,765,434.03</u>	<u>2,388,977,063.93</u>
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	347,893,086.39	381,104,126.97
Related to OPEB Plan	<u>157,839,402.00</u>	<u>194,213,482.00</u>
Total Deferred Outflows of Resources	<u>505,732,488.39</u>	<u>575,317,608.97</u>
Liabilities		
Current Liabilities	172,939,133.88	175,632,355.23
Net Pension Liability	458,069,789.00	1,281,485,515.00
Net OPEB Liability	674,481,213.00	914,081,630.00
Other Long-Term Liabilities	<u>104,949,525.07</u>	<u>172,888,376.16</u>
Total Liabilities	<u>1,410,439,660.95</u>	<u>2,544,087,876.39</u>
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	687,785,802.00	90,837.00
Related to OPEB Plan	<u>369,452,293.00</u>	<u>187,753,559.00</u>
Total Deferred Inflows of Resources	<u>1,057,238,095.00</u>	<u>187,844,396.00</u>
Net Position		
Net Investment in Capital Assets	1,584,071,415.38	1,575,219,170.19
Restricted	415,325,124.96	350,433,646.75
Unrestricted (Deficit)	<u>(1,415,576,373.87)</u>	<u>(1,693,290,416.43)</u>
Total Net Position	<u>\$ 583,820,166.47</u>	<u>\$ 232,362,400.51</u>

(1) The amounts reported for fiscal year 2021 do not reflect the effect of the restatement of net position as described in Note 14 to the basic financial statements.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Table 2 shows the changes in net position for fiscal year ending 2022 compared to 2021.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021 (1)
Revenues:		
Program Revenues:		
Charges for Services	\$ 440,605.16	\$ 1,307,272.15
Operating Grants and Contributions	867,301,481.01	685,222,070.61
Capital Grants and Contributions	8,589,212.60	11,902,437.05
Total Program Revenues	876,331,298.77	698,431,779.81
General Revenues:		
Property Taxes - Maintenance and Operations	683,832,944.76	639,075,602.81
Sales Tax - Special Purpose Local Option Tax for Capital Projects	146,644,311.31	132,327,044.52
Other Sales Taxes	17,262,774.60	19,905,786.52
Investment Earnings	392,110.74	114,699.56
Miscellaneous	29,858,567.07	6,080,414.41
Total General Revenues	877,990,708.48	797,503,547.82
Total Revenues	1,754,322,007.25	1,495,935,327.63
Program Expenses:		
Instruction	830,807,323.94	928,611,856.78
Support Services		
Pupil Services	78,901,498.96	80,409,973.43
Improvement of Instructional Services	39,005,130.02	51,091,837.23
Educational Media Services	14,000,688.69	16,122,919.32
General Administration	21,666,805.77	19,737,096.50
School Administration	68,996,288.35	82,978,001.91
Business Administration	12,760,330.50	10,469,698.89
Maintenance and Operation of Plant	119,708,760.77	117,455,731.84
Student Transportation Services	65,735,672.29	55,771,445.31
Central Support Services	39,472,352.92	24,547,559.59
Other Support Services	2,100,758.82	1,005,051.52
Operations of Non-Instructional Services		
Community Service	(788.90)	2,628.13
Enterprise Operations	14,728,601.03	3,923,857.47
Food Services	56,789,462.82	42,939,108.97
Interest on Long-term Debt	2,326,194.00	3,830,294.34
Total Expenses	1,366,999,079.98	1,438,897,061.23
Change in Net Position	387,322,927.27	57,038,266.40
Beginning Net Position, Restated	196,497,239.20	175,324,134.11
Ending Net Position	\$ 583,820,166.47	\$ 232,362,400.51

(1) The amounts reported for fiscal year 2021 do not reflect the effect of the restatement of net position as described in Note 14 to the basic financial statements.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Activities

Instruction, pupil services and improvement of instructional services comprised the majority of governmental program expenses with 69.40%. Additional needed support services such as student transportation, maintenance, and administration comprise 25.20% of program expenses, while non-instructional services comprise the remaining 5.40%. 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 2022 compared to fiscal year 2021. 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 2022	Fiscal Year 2021 (1)
		\$
Instruction	246,584,030.74	426,473,850.56
Support Services:		
Pupil Services	49,085,727.90	68,287,973.86
Improvement of Instructional Services	9,992,878.75	26,066,408.36
Educational Media Services	(224,100.98)	2,276,035.11
General Administration	(16,457,509.07)	6,588,940.23
School Administration	34,515,632.11	54,253,694.54
Business Administration	12,584,463.96	10,297,398.95
Maintenance and Operation of Plant	76,168,395.95	81,119,194.27
Student Transportation Services	53,135,320.42	44,729,501.44
Central Support Services	29,512,124.37	23,695,452.54
Other Support Services	1,182,817.93	557,494.88
Operations of Non-Instructional Services:		
Community Service	(788.90)	2,457.45
Enterprise Operations	14,627,234.89	2,640,116.93
Food Services	(19,574,540.52)	(6,078,591.41)
Interest on Long-Term Debt	(463,906.34)	(444,646.29)
Total Net Costs of Services	\$ 490,667,781.21	\$ 740,465,281.42

(1) The amounts reported for fiscal year 2021 do not reflect the effect of the restatement of net position as described in Note 14 to the basic financial statements.

Program revenues, primarily derived from state and federal funding, make up only 49.95% 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 \$877.99 million 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, 2022

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 \$1.90 billion, against anticipated budgeted expenditures of \$1.87 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 2022, the School District continued to improve operational reserves as the excess of revenues over expenditures helped increase fund balance for the general fund by \$134.78 million. This reserve is vitally important to ensure continuity of services in the advent of an economic downturn, helping ensure the School District can continue to offer high quality education to more than 90,000 students across 100+ school-based locations.

Capital Assets and Long-Term Liabilities

Capital Assets

At the end of fiscal year 2022, the School District had \$1.62 billion invested in capital assets net of depreciation, all in governmental activities. Table 4 shows fiscal year 2022 balances compared with fiscal year 2021 balances.

Table 4
Capital Assets
(Net of Depreciation and Amortization)

	Governmental Activities	
	Fiscal Year	Fiscal Year
	2022	2021 (1)
Land	\$ 71,178,767.96	\$ 71,236,712.56
Construction in Progress	35,169,421.93	99,797,962.67
Buildings and Improvement	1,423,780,406.97	1,403,169,215.60
Equipment	51,883,222.51	57,238,203.94
Land Improvements	34,208,422.82	26,466,864.15
Intangible Assets	3,760,070.50	-
Total	\$ 1,619,980,312.69	\$ 1,657,908,958.92

(1) The amounts reported for fiscal year 2021 do not reflect the effect of the restatement of net position as described in Note 14 to the basic financial statements.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Long-Term Liabilities

At the end of fiscal year 2022, long-term debt was \$104.95 million, a substantial decrease of \$67.94 million from the previous year, improving the School District's financial position. The School District'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 2022 balances to fiscal year 2021 balances.

**Table 5
Debt at June 30**

	Governmental Activities	
	Fiscal Year 2022	Fiscal Year 2021
	General Obligations Bonds	\$ 19,470,000.00
Unamortized Bond Premium	1,040,900.00	3,122,698.00
Qualified School Construction Bonds	8,249,144.32	13,367,429.66
Claims and Judgments	67,500,000.00	90,000,000.00
Compensated Absences	8,689,480.75	9,173,248.50
Total	\$ 104,949,525.07	\$ 172,888,376.16

The School District 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 higher in 2022 than 2021 primarily due to an increase in 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 increased. In addition, improvement in funding resulting from the continued increase in property tax funding helped allow the School District to cover operational funding shortfalls. Overall, total general fund revenues have been increasing for the last four years.

During the current high inflationary environment, the School District 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 School District 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, 2022

Factors Bearing on the School District's Future

The School District 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 School District 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 School District's Financial Management

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

DeKalb County Board of Education

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2022

EXHIBIT "A"

		<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$	726,489,454.29
Accounts Receivable, Net		
Taxes		35,454,813.04
State Government		79,577,288.10
Federal Government		78,577,395.59
Local		460,705.02
Other		1,665,845.27
Inventories		3,439,620.03
Prepaid Items		120,000.00
Capital Assets, Non-Depreciable		106,348,189.89
Capital Assets, Depreciable (Net of Accumulated Depreciation)		1,513,632,122.80
Total Assets		<u>2,545,765,434.03</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		347,893,086.39
Related to OPEB Plan		157,839,402.00
Total Deferred Outflows of Resources		<u>505,732,488.39</u>
 <u>LIABILITIES</u>		
Accounts Payable		23,782,872.11
Salaries and Benefits Payable		130,505,831.08
Payroll Withholdings Payable		2,310,342.91
Interest Payable		465,670.17
Claims Incurred but not Reported (IBNR)		8,138,466.28
Contracts Payable		4,964,566.72
Retainages Payable		2,108,728.69
Deposits and Unearned Revenues		662,655.92
Net Pension Liability		458,069,789.00
Net OPEB Liability		674,481,213.00
Long-Term Liabilities		
Due Within One Year		45,570,044.66
Due in More Than One Year		59,379,480.41
Total Liabilities		<u>1,410,439,660.95</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>		
Related to Defined Benefit Pension Plans		687,785,802.00
Related to OPEB Plan		369,452,293.00
Total Deferred Inflows of Resources		<u>1,057,238,095.00</u>
 <u>NET POSITION</u>		
Net Investment in Capital Assets		1,584,071,415.38
Restricted for		
Continuation of Federal Programs		1,790,262.00
Debt Service		19,664,700.00
Capital Projects		393,870,162.96
Unrestricted (Deficit)		<u>(1,415,576,373.87)</u>
Total Net Position	\$	<u><u>583,820,166.47</u></u>

DEKALB COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 331,296,341.40	\$ 395,145,508.38	\$ 47,604.51	\$ 726,489,454.29
Accounts Receivable, Net				
Taxes	22,665,964.76	12,788,848.28	-	35,454,813.04
State Government	74,625,053.40	4,952,234.70	-	79,577,288.10
Federal Government	78,577,395.59	-	-	78,577,395.59
Local	460,705.02	-	-	460,705.02
Other	298,582.65	1,367,262.62	-	1,665,845.27
Inventories	3,439,620.03	-	-	3,439,620.03
Prepaid Items	120,000.00	-	-	120,000.00
Total Assets	\$ 511,483,662.85	\$ 414,253,853.98	\$ 47,604.51	\$ 925,785,121.34
<u>LIABILITIES</u>				
Accounts Payable	\$ 23,408,526.83	\$ 374,345.28	\$ -	\$ 23,782,872.11
Salaries and Benefits Payable	130,505,831.08	-	-	130,505,831.08
Payroll Withholdings Payable	2,308,205.26	2,137.65	-	2,310,342.91
Contracts Payable	-	4,964,566.72	-	4,964,566.72
Retainages Payable	-	2,108,728.69	-	2,108,728.69
Deposits and Unearned Revenues	662,655.92	-	-	662,655.92
Total Liabilities	156,885,219.09	7,449,778.34	-	164,334,997.43
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	16,174,225.51	-	-	16,174,225.51
Unavailable Revenue - Federal Revenue	22,246,308.08	-	-	22,246,308.08
Unavailable Revenue - GSFIC Revenue	-	4,952,234.70	-	4,952,234.70
Total Liabilities	38,420,533.59	4,952,234.70	-	43,372,768.29
<u>FUND BALANCES</u>				
Nonspendable	3,559,620.03	-	-	3,559,620.03
Restricted	-	401,851,840.94	47,604.51	401,899,445.45
Assigned	49,259,969.69	-	-	49,259,969.69
Unassigned	263,358,320.45	-	-	263,358,320.45
Total Fund Balances	316,177,910.17	401,851,840.94	47,604.51	718,077,355.62
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 511,483,662.85	\$ 414,253,853.98	\$ 47,604.51	\$ 925,785,121.34

DEKALB COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	718,077,355.62
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land	\$	71,178,767.96
Construction in progress		35,169,421.93
Buildings and improvements		2,053,287,266.85
Equipment		140,603,777.82
Land improvements		50,937,880.83
Intangible assets		6,079,639.78
Accumulated depreciation and amortization		<u>(737,276,442.48)</u>
		1,619,980,312.69
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability	\$	(458,069,789.00)
Net OPEB liability		<u>(674,481,213.00)</u>
		(1,132,551,002.00)
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Related to pensions	\$	(339,892,715.61)
Related to OPEB		<u>(211,612,891.00)</u>
		(551,505,606.61)
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		16,174,225.51
Georgia State Financing and Investment Commission grant receipts that are not available to pay for current period expenditures are deferred in the funds.		
		4,952,234.70
Federal revenue reported in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
		22,246,308.08
Long-term liabilities, and related accrued interest, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(19,470,000.00)
Accrued interest payable		(465,670.17)
Qualified School Construction Bonds		(8,249,144.32)
Compensated absences payable		(8,689,480.75)
Unamortized bond premiums		(1,040,900.00)
Claims incurred but not reported (IBNR)		(8,138,466.28)
Claims and judgments payable		<u>(67,500,000.00)</u>
		<u>(113,553,661.52)</u>
Net position of governmental activities (Exhibit "A")	\$	<u>583,820,166.47</u>

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL
REVENUES				
Property Taxes	\$ 681,056,239.70	\$ -	\$ -	\$ 681,056,239.70
Sales Taxes	17,262,774.60	146,644,311.31	-	163,907,085.91
State Funds	547,756,104.87	3,436,741.22	-	551,192,846.09
Federal Funds	314,999,490.40	-	-	314,999,490.40
Charges for Services	440,605.16	-	-	440,605.16
Investment Earnings	360,068.37	32,042.37	-	392,110.74
Miscellaneous	30,936,291.47	2,995,798.34	-	33,932,089.81
Total Revenues	<u>1,592,811,574.57</u>	<u>153,108,893.24</u>	<u>-</u>	<u>1,745,920,467.81</u>
EXPENDITURES				
Current				
Instruction	877,772,691.74	3,769,950.83	-	881,542,642.57
Support Services				
Pupil Services	86,904,520.82	13,440.71	-	86,917,961.53
Improvement of Instructional Services	42,437,695.38	-	-	42,437,695.38
Educational Media Services	15,295,874.37	-	-	15,295,874.37
General Administration	45,681,984.90	18,000.00	-	45,699,984.90
School Administration	78,306,729.04	9,933.28	-	78,316,662.32
Business Administration	13,559,210.62	45,505.18	-	13,604,715.80
Maintenance and Operation of Plant	121,170,385.10	2,434,844.97	-	123,605,230.07
Student Transportation Services	64,769,218.29	-	-	64,769,218.29
Central Support Services	36,472,938.37	4,955,885.77	-	41,428,824.14
Other Support Services	2,163,155.98	-	-	2,163,155.98
Enterprise Operations	14,758,279.01	-	-	14,758,279.01
Food Services Operation	58,739,682.56	-	-	58,739,682.56
Capital Outlay	-	36,925,634.83	-	36,925,634.83
Debt Services				
Principal	-	5,118,285.34	37,755,000.00	42,873,285.34
Interest	-	3,251,642.00	1,533,900.00	4,785,542.00
Total Expenditures	<u>1,458,032,366.18</u>	<u>56,543,122.91</u>	<u>39,288,900.00</u>	<u>1,553,864,389.09</u>
Revenues over (under) Expenditures	<u>134,779,208.39</u>	<u>96,565,770.33</u>	<u>(39,288,900.00)</u>	<u>192,056,078.72</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	39,288,900.00	39,288,900.00
Transfers Out	-	(39,288,900.00)	-	(39,288,900.00)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(39,288,900.00)</u>	<u>39,288,900.00</u>	<u>-</u>
Net Change in Fund Balances	134,779,208.39	57,276,870.33	-	192,056,078.72
Fund Balances - Beginning (Restated)	<u>181,398,701.78</u>	<u>344,574,970.61</u>	<u>47,604.51</u>	<u>526,021,276.90</u>
Fund Balances - Ending	<u>\$ 316,177,910.17</u>	<u>\$ 401,851,840.94</u>	<u>\$ 47,604.51</u>	<u>\$ 718,077,355.62</u>

DEKALB COUNTY BOARD OF EDUCATION
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TO THE STATEMENT OF ACTIVITIES
 JUNE 30, 2022

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")	\$	192,056,078.72
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 39,333,268.34	
Depreciation and amortization expense	<u>(46,085,883.44)</u>	(6,752,615.10)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.</p>		
		(1,283,979.23)
<p>Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes		2,776,705.06
<p>Georgia State Financing and Investment Commission grants reported in the funds are not reported as revenue in the Statement of Activities during the current period.</p>		
		1,912,007.40
<p>Federal revenue reported in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.</p>		
		8,126,921.51
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.</p>		
Qualified School Construction Bonds payment	\$ 5,118,285.34	
Amortization of bond premium	2,081,798.00	
Bond principal retirements	<u>37,755,000.00</u>	44,955,083.34
<p>District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.</p>		
Pension expense	\$ 102,509,720.42	
OPEB expense	<u>21,527,603.00</u>	124,037,323.42
<p>Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Accrued interest on issuance of bonds	\$ 377,550.00	
Compensated absences	483,767.75	
Claims incurred but not reported (IBNR)	(1,865,915.60)	
Claims and judgments	<u>22,500,000.00</u>	<u>21,495,402.15</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>387,322,927.27</u></u>

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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 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

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

Basis of Presentation

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

Government-Wide Statements:

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

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

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

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "G"

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

Basis of Accounting

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

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

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "G"

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

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

New Accounting Pronouncements

In fiscal year 2022, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The primary objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of this statement did not have an impact on the School District's financial statements.

Cash and Cash Equivalents

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

Receivables

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

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

Prepaid Items

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

Capital Assets

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

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

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

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.

During the fiscal year, management changed the estimated useful life for buildings and additions and building improvements from up to 50 years to up to 80 years, vehicles from 8 years to 8 to 20 years, miscellaneous equipment from 5 to 20 years to 2 to 20 years, and buses from 15 years to 15 to 20 years. The changes in threshold and estimated useful lives do not have a material or significant impact on the financial statements.

DEKALB COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022

EXHIBIT "G"

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 100,000.00	20 to 40 years
Buildings and Additions	\$ 100,000.00	Up to 80 years
Building Improvements	\$ 100,000.00	Up to 80 years
Equipment		
Outdoor Equipment	\$ 5,000.00	15 to 20 years
Vehicles	\$ 5,000.00	8 to 20 years
Kitchen Equipment	\$ 5,000.00	15 years
Computer Hardware	\$ 5,000.00	5 years
Miscellaneous Equipment	\$ 5,000.00	2 to 20 years
Buses	\$ 5,000.00	15 to 20 years
Intangible Assets - Software	\$ 1,000,000.00	5 to 10 years
Intangible Assets - Other	\$ 100,000.00	20 years

Deferred Outflows/Inflows of Resources

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

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

Compensated Absences

Compensated absences payable consists of vacation leave employees earned based on services already rendered.

Vacation leave of 10 to 20 days is awarded to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized prior to December 31 may be carried over to the next calendar 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.

Long-Term Liabilities and Bond Discounts/Premiums

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

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

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

The School District's fund balances are classified as follows:

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant constraints either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

EXHIBIT "G"

fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned consists of resources constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by (1) the Board or (2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the general fund not meeting the definition of any aforementioned category. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

The DeKalb County Board of Commissioners adopted the property tax levy for the 2021 tax digest year (calendar year) on July 13, 2021 (levy date) based on property values as of January 1, 2021. Taxes were due on November 15th, 2021 (lien date) and could be paid in two installments on September 30, 2021 and November 15, 2021 (due dates). Taxes collected within the current fiscal year or within 60 days after year-end on the 2021 tax digest are reported as revenue in the governmental funds for fiscal year 2022. 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, 2022, for maintenance and operations amounted to \$645,967,854.25.

The tax millage rate levied for the 2021 tax digest year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>23.08</u> mills
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Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$35,088,385.45 during fiscal year ended June 30, 2022.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$146,644,311.31 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be re-authorized at least every five years.

NOTE 3: BUDGETARY DATA

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

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

The Superintendent is authorized by the Board to approve adjustments of no more than 10% of the amount budgeted for expenditures in any budget function for any fund. The Superintendent shall report any such adjustments to the Board. If expenditure of funds in any budget function for any fund is anticipated to be more than 10% of the budgeted amount, the Superintendent shall request Board approval for the budget amendment. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

Collateralization of Deposits

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

At June 30, 2022, \$84,671,791.21 of deposits were not secured by surety bond, insurance or collateral as specified above. The School District is working with the affected financial institutions to ensure appropriate levels of collateral are maintained for all the School District's deposits.

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Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Categorization of Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At June 30, 2022, School District had deposits with a carrying amount of \$574,066,169.88 and a bank balance of \$586,259,406.95. The bank balances insured by Federal depository insurance were \$500,000.00 and the bank balances collateralized with securities held by the pledging financial institution's trust department or agent in the School District's name were \$350,481,061.71. At June 30, 2022, \$235,278,345.24 of the School District's bank balance was exposed to custodial credit risk. Of this balance, \$84,671,791.21 of the School District's bank balance was uninsured and uncollateralized and the remaining \$84,671,791.21 was uninsured and uncollateralized and the remaining \$150,606,554.03 was in the State's Secure Deposit Program (SDP).

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

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In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of the SDP are considered to be fully collateralized.

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

Cash and cash equivalents		
Statement of Net Position	\$	726,489,454.29
Less:		
Cash on hand		97,575.00
Investment pools reported as cash and cash equivalents		
Georgia Fund 1		152,325,709.41
Total carrying value of deposits - June 30, 2022	\$	574,066,169.88

Categorization of Cash Equivalents

The School District reported cash equivalents of \$152,325,709.41 in Georgia Fund 1, a local government investment pool, which is included in the cash balances above. Georgia Fund 1 is not registered with the SEC as an investment company and does not operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The investment is valued at the pool's share price, \$1.00 per share, which approximates fair value. The pool is an AAf rated investment pool by Standard and Poor's. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2022 was 43 days.

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

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NOTE 5: CAPITAL ASSETS

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

	Balances (Restated) July 1, 2021	Increases	Decreases	Balances June 30, 2022
Governmental Activities				
Capital Assets,				
Not Being Depreciated:				
Land	\$ 71,179,324.79	\$ -	\$ 556.83	\$ 71,178,767.96
Construction in Progress	83,206,446.20	35,595,640.34	83,632,664.61	35,169,421.93
Total Capital Assets				
Not Being Depreciated	154,385,770.99	35,595,640.34	83,633,221.44	106,348,189.89
Capital Assets				
Being Depreciated/Amortized:				
Buildings and Improvements	1,981,243,276.20	72,043,990.65	-	2,053,287,266.85
Equipment	139,228,070.28	4,591,370.51	3,215,662.97	140,603,777.82
Land Improvements	41,413,958.83	9,523,922.00	-	50,937,880.83
Intangible Assets	6,079,639.78	-	-	6,079,639.78
Less Accumulated Depreciation/Amortization:				
Buildings and Improvements	593,242,986.40	36,263,873.48	-	629,506,859.88
Equipment	84,024,147.08	7,839,658.25	3,143,250.02	88,720,555.31
Land Improvements	15,074,068.95	1,655,389.06	-	16,729,458.01
Intangible Assets	1,992,606.63	326,962.65	-	2,319,569.28
Total Capital Assets,				
Being Depreciated/Amortized, Net	1,473,631,136.03	40,073,399.72	72,412.95	1,513,632,122.80
Governmental Activities				
Capital Assets - Net	\$ 1,628,016,907.02	\$ 75,669,040.06	\$ 83,705,634.39	\$ 1,619,980,312.69

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Current year depreciation and amortization expense by function is as follows:

Instruction		\$ 37,276,144.47
Support Services		
Pupil Services	\$ 14,574.88	
Improvements of Instructional Services	139,661.97	
Educational Media Services	281,504.63	
General Administration	17,111.03	
Business Administration	2,725.71	
Maintenance and Operation of Plant	1,865,486.13	
Student Transportation Services	5,356,363.54	
Central Support Services	710,452.21	
Enterprise Operations	2,055.64	8,389,935.74
Food Services		419,803.23
		\$ 46,085,883.44

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	\$ <u>39,288,900.00</u>

Transfers are used to move Education Special Purpose Local Option Sales Tax (ESPLOST) revenues collected in the capital projects fund to the debt service fund to fund the bond principal and interest payments.

NOTE 7: LONG-TERM LIABILITIES

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

	Governmental Activities				
	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
General Obligation (G.O.) Bonds	\$ 57,225,000.00	\$ -	\$ 37,755,000.00	\$ 19,470,000.00	\$ 19,470,000.00
Unamortized Bond Premiums	3,122,698.00	-	2,081,798.00	1,040,900.00	1,040,900.00
Qualified School Construction Bonds	13,367,429.66	-	5,118,285.34	8,249,144.32	2,559,144.66
Claims and Judgments	90,000,000.00	-	22,500,000.00	67,500,000.00	22,500,000.00
Compensated Absences(1)	9,173,248.50	7,507,934.33	7,991,702.08	8,689,480.75	-
	\$ 172,888,376.16	\$ 7,507,934.33	\$ 75,446,785.42	\$ 104,949,525.07	\$ 45,570,044.66

(1) The portion of compensated absences due within one year has been determined to be immaterial to the basic financial statements.

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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 \$200,000,000.00 of general obligation debt. Of the total amount originally authorized, \$68,975,000.00 remains unissued.

General obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
General Government - Series 2017	4.00%	3/2/2017	10/2/2022	\$ <u>131,025,000.00</u>	\$ <u>19,470,000.00</u>

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized
	Principal	Interest	Bond Premium
2023	\$ <u>19,470,000.00</u>	\$ <u>389,400.00</u>	\$ <u>1,040,900.00</u>

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 \$57,770,000.00 in Qualified School Construction Taxable Certificates of Participation Bonds (QSCB) and \$5,690,000.00 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.

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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 \$2,790,100.34, which funded all but \$461,541.66 of interest expense due on the QSCB.

The School District's outstanding Qualified School Construction Bonds of \$8,249,144.32 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:

Description	Amount Issued	Amount Outstanding
Georgia Municipal Association - COP Series 2011A	\$ 57,770,000.00	\$ 2,559,144.32
Georgia Municipal Association - COP Series 2011B	5,690,000.00	5,690,000.00
	\$ 63,460,000.00	\$ 8,249,144.32

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

Fiscal Year Ended June 30:	Principal	Interest
2023	\$ 2,559,144.66	\$ 1,746,733.50
2024	5,690,000.00	120,912.50
Total Principal and Interest	\$ 8,249,144.66	\$ 1,867,646.00

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 \$117,500,000.00. 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:

Fiscal Year Ended June 30:	Settlement Payments
2023	\$ 22,500,000.00
2024	22,500,000.00
2025	22,500,000.00
Total Payments	\$ 67,500,000.00

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.

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

The School District has elected to self-insure for errors or omissions, which includes, among other risks, risks for sexual harassment and discrimination.

Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$1,250,000.00 loss per occurrence, up to the statutory limit.

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2021	\$ 6,977,657.99	\$ 5,932,415.61	\$ 6,637,522.92	\$ 6,272,550.68
2022	\$ 6,272,550.68	\$ 9,709,170.47	\$ 7,843,254.87	\$ 8,138,466.28

Unemployment Compensation

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

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

		Beginning of Year Liability		Claims and Changes in Estimates		Claims Paid		End of Year Liability
2021	\$	-	\$	2,415,798.50	\$	2,415,798.50	\$	-
2022	\$	-	\$	254,883.93	\$	254,883.93	\$	-

Surety Bond

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

<u>Position Covered</u>		<u>Amount</u>
Superintendent	\$	1,000,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2022:

Nonspendable		
Inventories	\$	3,439,620.03
Prepaid Assets		120,000.00
		\$ 3,559,620.03
Restricted		
Capital Projects	\$	382,040,045.45
Debt Service		19,859,400.00
		401,899,445.45
Assigned		
Claims and Judgements	\$	45,000,000.00
School Activity Accounts		4,259,969.69
		49,259,969.69
Unassigned		263,358,320.45
Fund Balance, June 30, 2022		\$ 718,077,355.62

When multiple categories of fund balance are available for an expenditure, the School District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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 expenditures, not to exceed 15% of the total budget of the subsequent fiscal year. If the 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.

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NOTE 10: SIGNIFICANT COMMITMENTS

Commitments under Construction Contracts

The following is an analysis of significant outstanding construction or renovation contracts executed by the School District as of June 30, 2022.

<u>Project</u>	<u>Unearned Executed Contracts (1)</u>	<u>Payments through June 30, 2022 (2)</u>
Hambrick Elementary School Improvements	\$ 879,491.31	\$ 289,760.69
Cedar Grove High School	839,114.55	10,899,113.65
New Dunwoody Chamblee Elementary School	29,590,917.11	2,063,665.53
Druid Hills MS/Redan HS - Baseball Facilities Improvement	1,841,999.81	235,814.19
Laurel Ridge Elementary School Window Replacement	895,033.66	311,810.34
Green Forrest Drive Facility Renovations	4,083,271.80	823,228.20
New Cross Keys High School	4,284,000.00	1,086,094.75
	<u>\$ 42,413,828.24</u>	<u>\$ 15,709,487.35</u>

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

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

NOTE 11: SIGNIFICANT CONTINGENT LIABILITIES

Federal Grants

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

Litigation

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

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

Plan Description: Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund – a cost-sharing multiple-employer defined benefit post-employment

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healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (Board). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

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

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School District were \$21,409,913.00 for the year ended June 30, 2022. 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, 2022, the School District reported a liability of \$674,481,213.00. for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The School District's proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2021. At June 30, 2021, the School District's proportion was 6.227421%, which was an increase of 0.003959% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the School District recognized OPEB expense of \$(125,658.00). At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 307,965,980.00
Changes of assumptions	123,507,917.00	55,037,239.00
Net difference between projected and actual earnings on OPEB plan investments	-	1,069,514.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	12,921,572.00	5,379,560.00
School District contributions subsequent to the measurement date	21,409,913.00	-
 Total	 \$ 157,839,402.00	 \$ 369,452,293.00

School District contributions subsequent to the measurement date are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB
2023	\$ (58,338,821.00)
2024	\$ (53,961,590.00)
2025	\$ (41,190,840.00)
2026	\$ (30,053,105.00)
2027	\$ (38,211,681.00)
Thereafter	\$ (11,266,767.00)

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Actuarial Assumptions: The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 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, 2021:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	6.75%
Medicare Eligible	5.13%
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 on the Pub-2010 Mortality Tables for Males or Females, as appropriate, as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and

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adjusted 103% for males and 106% for females) with the MP-2019 Projections scaled applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 106% for males and 158% for females) with the MP-2019 Project scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	0.14%
Equities	70.00%	9.20%
	100.00%	

*Net of Inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.20% was used as the discount rate, as compared with last year's rate of 2.22%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

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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 2.20%, 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 (1.20%) or 1-percentage-point higher (3.20%) than the current discount rate:

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
School District's proportionate share of the Net OPEB liability	\$ 771,083,291.00	\$ 674,481,213.00	\$ 593,616,133.00

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the School District's proportionate share of the net OPEB liability, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 572,323,458.00	\$ 674,481,213.00	\$ 802,186,439.00

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

NOTE 13: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6.00% of their annual pay during fiscal year 2022. The School District's contractually required contribution rate for the year ended June 30, 2022 was 19.81% of annual School District payroll, of which 19.78% of payroll was required from the School District and 0.03% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$131,721,590.68 and \$188,228.13 from the School District and the State, respectively.

Employees' Retirement System

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

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

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

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

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Contributions: Member contributions under the old plan are 4.00% of annual compensation, up to \$4,200.00, plus 6.00% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2022 was 24.63% of annual covered payroll for old and new plan members and 21.57% 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 \$161,600.71 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$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.

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$1,917,413.00.

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

At June 30, 2022, the School District reported a liability of \$458,069,789.00 for its proportionate share of the net pension liability for TRS (\$457,220,884.00) and ERS (\$848,905.00).

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The TRS net pension liability reflected a reduction for support provided to the School District by the State of Georgia for certain public school support personnel. The amount recognized by the School District as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School District were as follows:

School District's proportionate share of the net pension liability	\$	457,220,884.00
State of Georgia's proportionate share of the net pension liability associated with the School District		<u>640,241.00</u>
Total	\$	<u><u>457,861,125.00</u></u>

The net pension liability for TRS and 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 roll-forward techniques. The School District's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended June 30, 2021.

At June 30, 2021, the School District's TRS proportion was 5.169648%, which was a decrease of 0.115029% from its proportion measured as of June 30, 2020. At June 30, 2021, the School District's ERS proportion was 0.036295%, which was an increase of 0.004743% from its proportion measured as of June 30, 2020.

At June 30, 2022, the School District did not have a PSERS liability for a proportionate share of the net pension liability because of a Special Funding Situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School District is \$1,509,014.00.

The PSERS net pension liability 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 roll-forward techniques. The State's proportion of the net pension liability associated with the School District was based on actuarially determined contributions paid by the State during the fiscal year ended June 30, 2022.

For the year ended June 30, 2022, the School District recognized pension expense of \$28,145,806.00 for TRS, \$107,557.00 for ERS and \$15,862.00 for PSERS and revenue of (\$1,040,893.00) for TRS and \$15,862.00 for PSERS. The revenue is support provided by the State of Georgia. For TRS the State of Georgia support is provided only for certain support personnel.

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At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 109,107,437.00	\$ -	\$ 20,089.00	\$ -
Changes of assumptions	88,493,621.00	-	244,461.00	-
Net difference between projected and actual earnings on pension plan investments	-	668,785,006.00	-	784,590.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	18,030,737.00	18,192,835.00	113,550.00	23,371.00
School District contributions subsequent to the measurement date	<u>131,721,590.68</u>	<u>-</u>	<u>161,600.71</u>	<u>-</u>
Total	<u>\$ 347,353,385.68</u>	<u>\$ 686,977,841.00</u>	<u>\$ 539,700.71</u>	<u>\$ 807,961.00</u>

The School District contributions subsequent to the measurement date for TRS and for ERS are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	TRS	ERS
2023	\$ (83,679,312.00)	\$ 47,378.00
2024	\$ (86,636,058.00)	\$ (76,997.00)
2025	\$ (132,694,334.00)	\$ (190,672.00)
2026	\$ (168,336,342.00)	\$ (209,570.00)

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Actuarial Assumptions: The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers Retirement System:

Inflation	2.50%
Salary increases	3.00% – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% as used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Employees' Retirement System:

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

Mortality rates are as follows:

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

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

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The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

Public School Employees Retirement System:

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

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

Asset class	TRS Target allocation	Long-term expected real rate of return*	ERS/PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.80)%	30.00%	(1.50)%
Domestic large stocks	46.30%	9.30%	46.40%	9.20%
Domestic small stocks	1.20%	13.30%	1.10%	13.40%
International developed market stocks	11.50%	9.30%	11.70%	9.20%
International emerging market stocks	6.00%	11.30%	5.80%	10.40%
Alternative	5.00%	10.60%	5.00%	10.60%
Total	100.00%		100.00%	

* Rates shown are net of inflation

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Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25% and 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% and 6.00%) or 1-percentage-point higher (8.25% and 8.00%) than the current rate:

Teachers Retirement System:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of the net pension liability	\$ 1,231,631,931.00	\$ 457,220,884.00	\$ (177,355,528.00)
Employees' Retirement System:	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 1,555,599.00	\$ 848,905.00	\$ 251,238.00

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

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.

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

Fiscal Year	Percentage Contributed	Required Contribution
2022	100%	\$ 4,072,085.40
2021	100%	\$ 3,841,590.00
2020	100%	\$ 4,683,292.00

NOTE 14: RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

For fiscal year 2022, the School District made prior period adjustments to correct errors and omissions in capital assets and accounts receivables, which requires the restatement of the June 30, 2021 net position in governmental activities and fund balance in the general fund. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2021, as previously reported	\$ 232,362,400.51
Prior Period Adjustment - Restatement of Accounts Receivable	(9,013,336.71)
Prior Period Adjustment - Restatement of Capital Grants and Contribution Revenue	3,040,227.30
Prior Period Adjustment - Restatement of Capital Assets	<u>(29,892,051.90)</u>
Net Position, July 1, 2021, as restated	<u>\$ 196,497,239.20</u>
Fund Balance (General Fund), July 1, 2021, as previously reported	\$ 190,412,038.49
Prior Period Adjustment - Restatement of Accounts Receivable	<u>(9,013,336.71)</u>
Fund Balance (General Fund), July 1, 2021, as restated	<u>\$ 181,398,701.78</u>

NOTE 15: 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, 2022, DeKalb County abated property taxes due to the School District on the 2021 tax levy totaling \$12,297,505.65. Included in that amount abated, the following are individual abatement agreements to Dunwoody Development Authority that exceeded 10 percent of the total amount abated:

- A 95 percent property tax abatement on residential and retail rental property. The abatement amounted to \$1,554,964.73.
- A 95 percent property tax abatement on residential and retail rental property. The abatement amounted to \$2,105,695.03.
- A 76 percent property tax abatement on residential and retail rental property. The abatement amounted to \$1,237,729.37.

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	5.169648%	\$ 457,220,884.00	\$ 640,241.00	\$ 457,861,125.00	\$ 673,940,061.13	67.84%	92.03%
2021	5.284677%	\$ 1,280,155,612.00	\$ 1,742,184.00	\$ 1,281,897,796.00	\$ 682,862,278.03	187.47%	77.01%
2020	5.214897%	\$ 1,121,343,866.00	\$ 1,502,609.00	\$ 1,122,846,475.00	\$ 637,487,717.00	175.90%	78.56%
2019	5.138067%	\$ 953,735,293.00	\$ 1,246,448.00	\$ 954,981,741.00	\$ 613,539,685.00	155.45%	80.27%
2018	5.018739%	\$ 932,748,101.00	\$ 5,136,236.00	\$ 937,884,337.00	\$ 579,389,485.00	160.99%	79.33%
2017	4.854299%	\$ 1,001,496,009.00	\$ 7,883,562.00	\$ 1,009,379,571.00	\$ 536,892,957.00	186.54%	76.06%
2016	4.712696%	\$ 717,461,169.00	\$ 5,869,616.00	\$ 723,330,785.00	\$ 501,452,947.00	143.08%	81.44%
2015	4.712930%	\$ 595,416,542.00	\$ 4,485,967.00	\$ 599,902,509.00	\$ 483,104,965.00	123.25%	84.03%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 TEACHERS RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	\$ 131,721,590.68	\$ 131,721,590.68	\$ -	\$ 665,828,484.28	19.78%
2021	\$ 128,272,082.06	\$ 128,272,082.06	\$ -	\$ 673,940,061.13	19.03%
2020	\$ 144,220,337.56	\$ 144,220,337.56	\$ -	\$ 682,862,278.03	21.12%
2019	\$ 133,220,772.00	\$ 133,220,772.00	\$ -	\$ 637,487,717.00	20.90%
2018	\$ 103,010,906.00	\$ 103,010,906.00	\$ -	\$ 613,539,685.00	16.79%
2017	\$ 82,226,356.00	\$ 82,226,356.00	\$ -	\$ 579,389,485.00	14.19%
2016	\$ 76,015,170.00	\$ 76,015,170.00	\$ -	\$ 536,892,957.00	14.16%
2015	\$ 65,941,063.00	\$ 65,941,063.00	\$ -	\$ 501,452,947.00	13.15%
2014	\$ 59,325,216.00	\$ 59,325,216.00	\$ -	\$ 483,104,365.00	12.28%
2013	\$ 56,336,367.00	\$ 56,336,367.00	\$ -	\$ 493,745,552.00	11.41%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2022	0.036295%	\$ 848,905.00	\$ 901,325.62	94.18%	87.62%
2021	0.031552%	\$ 1,329,903.00	\$ 799,520.44	166.34%	76.21%
2020	0.034441%	\$ 1,421,219.00	\$ 868,144.00	163.71%	76.74%
2019	0.036753%	\$ 1,510,928.00	\$ 1,065,707.00	141.78%	76.68%
2018	0.043448%	\$ 1,764,569.00	\$ 1,035,482.00	170.41%	76.33%
2017	0.036208%	\$ 1,712,790.00	\$ 841,877.00	203.45%	72.34%
2016	0.037839%	\$ 1,533,008.00	\$ 917,547.00	167.08%	76.20%
2015	0.038132%	\$ 1,430,186.00	\$ 900,182.00	158.88%	77.99%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 EMPLOYEES' RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "4"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2022	\$ 161,600.71	\$ 161,600.71	\$ -	\$ 656,113.30	24.63%
2021	\$ 222,266.91	\$ 222,266.91	\$ -	\$ 901,325.62	24.66%
2020	\$ 197,161.74	\$ 197,161.74	\$ -	\$ 799,520.44	24.66%
2019	\$ 215,126.00	\$ 215,126.00	\$ -	\$ 868,144.00	24.78%
2018	\$ 264,402.00	\$ 264,402.00	\$ -	\$ 1,065,707.00	24.81%
2017	\$ 256,903.00	\$ 256,903.00	\$ -	\$ 1,035,482.00	24.81%
2016	\$ 208,112.00	\$ 208,112.00	\$ -	\$ 841,877.00	24.72%
2015	\$ 201,493.00	\$ 201,493.00	\$ -	\$ 917,547.00	21.96%
2014	\$ 166,174.00	\$ 166,174.00	\$ -	\$ 900,182.00	18.46%
2013	\$ 104,823.00	\$ 104,823.00	\$ -	\$ 723,163.00	14.50%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM OF GEORGIA

SCHEDULE "5"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.00%	\$ -	\$ 1,509,014.00	\$ 1,509,014.00	\$ 17,990,922.79	N/A	98.00%
2021	0.00%	\$ -	\$ 10,770,643.00	\$ 10,770,643.00	\$ 19,352,396.36	N/A	84.45%
2020	0.00%	\$ -	\$ 10,297,967.00	\$ 10,297,967.00	\$ 19,320,252.98	N/A	85.02%
2019	0.00%	\$ -	\$ 9,955,524.00	\$ 9,955,524.00	\$ 18,782,082.78	N/A	85.26%
2018	0.00%	\$ -	\$ 8,973,183.00	\$ 8,973,183.00	\$ 18,179,667.63	N/A	85.69%
2017	0.00%	\$ -	\$ 11,997,914.00	\$ 11,997,914.00	\$ 19,214,219.57	N/A	81.00%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 SCHOOL OPEB FUND

SCHEDULE "6"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2022	6.227421%	\$ 674,481,213.00	\$ -	\$ 674,481,213.00	\$ 654,779,255.99	103.01%	6.14%
2021	6.223462%	\$ 914,081,630.00	\$ -	\$ 914,081,630.00	\$ 649,698,559.00	140.69%	3.99%
2020	6.276415%	\$ 770,250,780.00	\$ -	\$ 770,250,780.00	\$ 587,544,464.00	131.10%	4.63%
2019	6.228755%	\$ 791,655,645.00	\$ -	\$ 791,655,645.00	\$ 552,356,240.00	143.32%	2.93%
2018	6.123753%	\$ 860,384,832.00	\$ -	\$ 860,384,832.00	\$ 531,360,186.00	161.92%	1.61%

DEKALB COUNTY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 SCHOOL OPEB FUND

SCHEDULE "7"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered- employee payroll
2022	\$ 21,409,913.00	\$ 21,409,913.00	\$ -	\$ 736,354,501.30	2.91%
2021	\$ 23,164,958.00	\$ 23,164,958.00	\$ -	\$ 654,779,255.99	3.54%
2020	\$ 21,046,297.00	\$ 21,046,297.00	\$ -	\$ 649,698,559.00	3.24%
2019	\$ 33,802,837.00	\$ 33,802,837.00	\$ -	\$ 587,544,464.00	5.75%
2018	\$ 32,283,037.00	\$ 32,283,037.00	\$ -	\$ 552,356,240.00	5.84%
2017	\$ 31,929,735.00	\$ 31,929,735.00	\$ -	\$ 531,360,186.00	6.01%

Teachers Retirement System

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

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

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

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

Employees' Retirement System

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.

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 to 2025 with projection 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 ending June 30, 2019. Primary among the changes were the updates to rate of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return of 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

Public School Employees Retirement System

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

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

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

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

School OPEB Fund

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

Changes in assumptions:

June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement Systems 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.

DEKALB COUNTY BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

SCHEDULE "9"

	NONAPPROPRIATED BUDGETS		ACTUAL AMOUNTS	VARIANCE OVER/UNDER
	ORIGINAL (1)	FINAL (1)		
REVENUES				
Property Taxes	\$ 652,800,000.00	\$ 652,800,000.00	\$ 681,056,239.70	\$ 28,256,239.70
Sales Taxes	15,000,000.00	15,000,000.00	17,262,774.60	2,262,774.60
State Funds	511,256,662.71	576,437,106.99	547,756,104.87	(28,681,002.12)
Federal Funds	573,306,514.04	617,685,256.29	314,999,490.40	(302,685,765.89)
Charges for Services	10,969,892.00	10,969,892.00	440,605.16	(10,529,286.84)
Investment Earnings	175,000.00	175,000.00	360,068.37	185,068.37
Miscellaneous	27,545,650.02	28,095,085.81	30,936,291.47	2,841,205.66
Total Revenues	<u>1,791,053,718.77</u>	<u>1,901,162,341.09</u>	<u>1,592,811,574.57</u>	<u>(308,350,766.52)</u>
EXPENDITURES				
Current				
Instruction	858,482,753.32	1,004,662,844.37	877,772,691.74	126,890,152.63
Support Services				
Pupil Services	118,603,496.67	104,055,902.69	86,904,520.82	17,151,381.87
Improvement of Instructional Services	113,542,535.63	58,806,004.49	42,437,695.38	16,368,309.11
Educational Media Services	17,026,684.49	23,058,555.05	15,295,874.37	7,762,680.68
General Administration	81,225,339.21	115,433,343.96	45,681,984.90	69,751,359.06
School Administration	112,477,384.32	78,208,515.27	78,306,729.04	(98,213.77)
Business Administration	51,754,386.02	16,413,562.29	13,559,210.62	2,854,351.67
Maintenance and Operation of Plant	156,234,209.96	172,488,479.18	121,170,385.10	51,318,094.08
Student Transportation Services	97,012,176.22	61,677,706.53	64,769,218.29	(3,091,511.76)
Central Support Services	63,280,909.64	30,304,104.00	36,472,938.37	(6,168,834.37)
Other Support Services	1,575,412.75	3,731,047.35	2,163,155.98	1,567,891.37
Enterprise Operations	1,567,313.00	1,806,083.00	14,758,279.01	(12,952,196.01)
Food Services Operation	97,536,493.01	82,604,229.73	58,739,682.56	23,864,547.17
Capital Outlay	37,725,210.00	120,000,000.00	-	120,000,000.00
Total Expenditures	<u>1,808,044,304.24</u>	<u>1,873,250,377.91</u>	<u>1,458,032,366.18</u>	<u>415,218,011.73</u>
Excess of Revenues over (under) Expenditures	<u>(16,990,585.47)</u>	<u>27,911,963.18</u>	<u>134,779,208.39</u>	<u>106,867,245.21</u>
OTHER FINANCING SOURCES(USES)				
Operating Transfers From Other Funds	3,605,844.08	2,391,534.00	-	(2,391,534.00)
Operating Transfers To Other Funds	(3,605,844.08)	(2,391,534.00)	-	2,391,534.00
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(16,990,585.47)	27,911,963.18	134,779,208.39	106,867,245.21
Fund Balances - Beginning (Restated)	<u>196,340,067.53</u>	<u>196,340,067.53</u>	<u>181,398,701.78</u>	<u>(14,941,365.75)</u>
Fund Balances - Ending	<u>\$ 179,349,482.06</u>	<u>\$ 224,252,030.71</u>	<u>\$ 316,177,910.17</u>	<u>\$ 91,925,879.46</u>

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts. The actual revenues and expenditures of the various principal accounts are \$12,874,529.99 and \$12,603,580.50, respectively.

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

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U. S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	225GA324N1199	\$ 11,541,545.82
National School Lunch Program	10.555	225GA324N1199	34,651,360.82
COVID-19 - National School Lunch Program	10.555	225GA324N1099	5,622,297.63
Total U. S. Department of Agriculture			<u>51,815,204.27</u>
Education, U. S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200012	3,789,466.82
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210012	96,185,378.02
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210012	99,458,835.46
Total Education Stabilization Fund			<u>199,433,680.30</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A200073	4,973,001.65
Grants to States	84.027A	H027A210073	11,236,002.59
Preschool Grants	84.173A	H173A200081	295,353.44
Total Special Education Cluster			<u>16,504,357.68</u>
Other Programs			
Direct			
Small, Rural Education Achievement Program	84.358A		88,127.83
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A210010	1,108,685.37
Charter Schools	84.282A	U282A160016	1,289,845.42
Education for Homeless Children and Youth	84.196A	S196A200011	18,570.98
Education for Homeless Children and Youth	84.196A	S196A210011	61,317.79
English Language Acquisition State Grants	84.365A	S365A200010	1,707,442.56
Migrant Education - State Grant Program	84.011A	S011A200011	5,308.07
Migrant Education - State Grant Program	84.011A	S011A210011	15,079.84
Special Education - State Personnel Development	84.323A	H323A170010	5,896.03
Student Support and Academic Enrichment Program	84.424A	S424A200011	268,253.10
Student Support and Academic Enrichment Program	84.424A	S424A210011	1,828,837.38
Supporting Effective Instruction State Grants	84.367A	S367A200001	3,954,244.48
Title I Grants to Local Educational Agencies	84.010A	S010A200010	22,321,054.69
Title I Grants to Local Educational Agencies	84.010A	S010A210010-21A	23,185,490.35
Total Other Programs			<u>55,858,153.89</u>
Total U. S. Department of Education			<u>271,796,191.87</u>

DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Other Federal Grants			
Department of Juvenile Justice			
Edward Byrne Memorial Justice Assitance Grant (JAG) Program	16.738		13,282.40
Department of Health and Human Services			
Human Trafficking Youth Prevention Education Grant	93.327		300,239.80
Total Other Programs			<u>313,522.20</u>
Defense, U. S. Department of			
Direct			
Department of the Air Force			
R.O.T.C. Program	12. UNKNOWN		27,152.94
Department of the Navy			
R.O.T.C. Program	12. UNKNOWN		75,691.56
Department of the Army			
R.O.T.C. Program	12. UNKNOWN		12,491.53
Total U.S. Department of Defense			<u>115,336.03</u>
Total Expenditures of Federal Awards			<u>\$ 324,040,254.37</u>

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the DeKalb County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4: Elementary and Secondary School Emergency Relief Fund Activity

For the year ended June 30, 2022, the amount reflected on the Schedule for the Elementary and Secondary School Emergency Relief Fund/American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ALN 84.425D/U) includes \$17,793,759.40 of approved eligible expenditures that were incurred in a prior fiscal year.

Expenditures totaling \$43,030,709.00 were reflected for the Elementary and Secondary School Emergency Relief (ESSER) Fund (ALN 84.425D) on the Schedule for the year ended June 30, 2021. As a result of audit procedures performed, \$29,094.00 of these expenditures were deemed to be unallowable and reclassified out of the ESSER Fund in Fiscal Year 2022. Alternative expenditures in the same amount were moved to the ESSER Fund and are reported in the Schedule for the year ended June 30, 2022.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2022

SCHEDULE "11"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		
	GENERAL	CAPITAL PROJECTS	TOTAL
	FUND	FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 11,622,643.25	\$ -	\$ 11,622,643.25
POWER Supplemental Payment	246,340.00	-	246,340.00
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	35,594,943.00	-	35,594,943.00
Kindergarten Program - Early Intervention Program	7,849,675.00	-	7,849,675.00
Primary Grades (1-3) Program	83,539,182.00	-	83,539,182.00
Primary Grades - Early Intervention (1-3) Program	20,671,336.00	-	20,671,336.00
Upper Elementary Grades (4-5) Program	39,937,874.00	-	39,937,874.00
Upper Elementary Grades - Early Intervention (4-5) Program	13,205,124.00	-	13,205,124.00
Middle School (6-8) Program	74,743,746.00	-	74,743,746.00
High School General Education (9-12) Program	73,367,314.00	-	73,367,314.00
Vocational Laboratory (9-12) Program	15,358,995.00	-	15,358,995.00
Students with Disabilities	88,014,265.00	-	88,014,265.00
Gifted Student - Category VI	34,586,930.00	-	34,586,930.00
Remedial Education Program	7,550,219.00	-	7,550,219.00
Alternative Education Program	5,497,187.00	-	5,497,187.00
English Speakers of Other Languages (ESOL)	44,523,163.00	-	44,523,163.00
Media Center Program	13,965,630.00	-	13,965,630.00
20 Days Additional Instruction	4,111,726.00	-	4,111,726.00
Staff and Professional Development	2,419,032.00	-	2,419,032.00
Principal Staff and Professional Development	43,398.00	-	43,398.00
Indirect Cost			
Central Administration	11,230,193.00	-	11,230,193.00
School Administration	27,862,372.00	-	27,862,372.00
Facility Maintenance and Operations	28,350,246.00	-	28,350,246.00
Mid-Term Adjustment Hold-Harmless	9,732,566.00	-	9,732,566.00
QBE Amended Formula Adjustment	3,273,840.00	-	3,273,840.00
QBE Local Five Mill Reduction	(150,072,599.00)	-	(150,072,599.00)
One Time QBE Adjusement	19,922,248.00	-	19,922,248.00
Categorical Grants			
Pupil Transportation			
Regular	6,474,993.01	-	6,474,993.01
Nursing Services	1,982,853.00	-	1,982,853.00
Other State Programs			
Charter Schools - Facilities	450,363.64	-	450,363.64
Food Services	3,151,241.00	-	3,151,241.00
GNETS State Grant	2,065,462.58	-	2,065,462.58
GRASP - Graduate Ready to Attain Success in Postsecondary	370,882.80	-	370,882.80
Hygiene Products in Georgia Schools	66,652.00	-	66,652.00
Math and Science Supplements	755,861.00	-	755,861.00
Preschool Disability Services	1,836,958.81	-	1,836,958.81
Residential Treatment Centers Grant	318,663.00	-	318,663.00
Rule 10 Special Education State Grant	149,259.80	-	149,259.80
Teachers Retirement	188,228.13	-	188,228.13
Vocational Education	675,661.66	-	675,661.66
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	3,436,741.22	3,436,741.22
Governor's Office of Student Achievement			
Connections for Classrooms Grant	204,023.19	-	204,023.19
Office of the State Treasurer			
Public School Employees Retirement	1,917,413.00	-	1,917,413.00
	<u>\$ 547,756,104.87</u>	<u>\$ 3,436,741.22</u>	<u>\$ 551,192,846.09</u>

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DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
2012 Sales Tax - Authorized Projects			
1. Americans with Disabilities Act (ADA) improvements	\$ 2,342,500.00	\$ 15,046,095.39	June 2023
2. Stadiums	9,557,400.00	10,628,646.65	Completed
3. Capital renewal program	84,892,200.00	97,547,198.89	June 2023
4. Code requirements	2,342,500.00	2,677,726.34	Completed
5. Coralwood Diagnostic Center addition	9,932,200.00	6,164,482.54	Completed
6. Early learning center	2,717,300.00	2,188,329.76	Completed
7. Arts School at former Avondale Middle School	4,029,100.00	11,127,167.00	June 2025
8. Renovation of Southwest DeKalb High School and Stone Mountain High School	11,056,600.00	34,163,839.27	Completed
9. 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	135,021,700.00	172,480,185.67	January 2023
10. Henderson Middle School renovation/addition	14,992,000.00	19,245,872.25	Completed
11. Redan High School renovation/addition	20,988,800.00	22,065,648.16	Completed
12. Chamblee High School replacement	55,001,900.00	62,106,740.14	December 2023
13. McNair Middle School replacement	35,043,800.00	40,733,607.53	Completed
14. Local school priority requests	5,153,500.00	2,902,294.25	Completed
15. Demolition	2,342,500.00	4,221,328.66	Completed
16. Safety/security systems upgrade	2,342,500.00	2,292,719.24	Completed
17. Technology equipment and infrastructure refresh	36,261,900.00	33,277,357.33	Completed
18. School buses	9,463,700.00	12,800,247.61	Completed
19. Service vehicles	1,592,900.00	2,252,530.33	Completed
20. Other capital improvements and supporting services (includes Bond Series 2012 Bond Issuance Costs, Principal Payments and 2011 COPS Interest Payments)	29,925,000.00	82,132,562.14	December 2023
	<u>475,000,000.00</u>	<u>636,054,579.15</u>	
2017 Sales Tax - Authorized Projects			
(1) 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;	12,872,000.00	41,245,876.00	June 2024
(2) 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;	298,180,000.00	260,642,220.00	June 2026

DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

<u>PROJECT</u>	<u>EXPENDED IN CURRENT YEAR (3)(4)</u>	<u>EXPENDED IN PRIOR YEARS (3)(4)</u>	<u>TOTAL COMPLETION COST</u>	<u>EXCESS PROCEEDS NOT EXPENDED</u>
2012 Sales Tax - Authorized Projects				
1. Americans with Disabilities Act (ADA) improvements	\$ 309,785.89	\$ 14,731,809.51	\$ -	\$ -
2. Stadiums	-	10,628,646.65	10,628,646.65	-
3. Capital renewal program	2,091,358.14	91,585,390.16	-	-
4. Code requirements	-	2,677,726.34	2,677,726.34	-
5. Coralwood Diagnostic Center addition	262,441.06	5,902,041.48	6,164,482.54	-
6. Early learning center	465.66	2,187,864.10	2,188,329.76	-
7. Arts School at former Avondale Middle School	-	310,896.41	-	-
8. Renovation of Southwest DeKalb High School and Stone Mountain High School	5,473.58	34,158,365.69	34,163,839.27	-
9. 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	945,051.50	168,680,756.41	-	-
10. Henderson Middle School renovation/addition	-	19,245,872.25	19,245,872.25	-
11. Redan High School renovation/addition	-	22,065,648.16	22,065,648.16	-
12. Chamblee High School replacement	5,118,285.34	48,739,312.13	-	-
13. McNair Middle School replacement	440.00	40,733,167.53	40,733,607.53	-
14. Local school priority requests	-	2,902,294.25	2,902,294.25	-
15. Demolition	-	4,221,328.66	4,221,328.66	-
16. Safety/security systems upgrade	-	2,292,719.24	2,292,719.24	-
17. Technology equipment and infrastructure refresh	-	33,277,357.33	33,277,357.33	-
18. School buses	-	12,800,247.61	12,800,247.61	-
19. Service vehicles	-	2,252,530.33	2,252,530.33	-
20. Other capital improvements and supporting services (includes Bond Series 2012 Bond Issuance Costs, Principal Payments and 2011 COPS Interest Payments)	3,274,419.52	76,990,496.62	-	-
	<u>12,007,720.69</u>	<u>596,384,470.86</u>	<u>195,614,629.92</u>	<u>-</u>
2017 Sales Tax - Authorized Projects				
(1) 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;	2,012,853.89	1,069,296.94	-	-
(2) 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;	14,296,695.99	107,451,458.87	-	-

DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

<u>PROJECT</u>	<u>ORIGINAL ESTIMATED COST (1)</u>	<u>CURRENT ESTIMATED COSTS (2)</u>	<u>ESTIMATED COMPLETION DATE</u>
2017 Sales Tax - Authorized Projects			
(3) 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 at some or all of the DCSD schools and facilities;	96,948,000.00	184,311,643.00	December 2025
(4) 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;	65,000,000.00	71,500,000.00	January 2023
(5) 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; and	40,000,000.00	40,312,169.00	June 2024
(6) And the expenses incidental to accomplishing the DeKalb projects including, but not limited to, implementation expenses, management expenses, and legal expenses.	48,000,000.00	32,288,092.00	January 2023
	<u>561,000,000.00</u>	<u>630,300,000.00</u>	
Total	\$ <u>1,036,000,000.00</u>	\$ <u>1,266,354,579.15</u>	

DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
 YEAR ENDED JUNE 30, 2022

SCHEDULE "12"

<u>PROJECT</u>	<u>EXPENDED IN CURRENT YEAR (3)(4)</u>	<u>EXPENDED IN PRIOR YEARS (3)(4)</u>	<u>TOTAL COMPLETION COST</u>	<u>EXCESS PROCEEDS NOT EXPENDED</u>
2017 Sales Tax - Authorized Projects				
(3) 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 at some or all of the DCSD schools and facilities;	19,954,150.57	12,443,493.96	-	-
(4) 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;	3,337,466.40	57,933,527.73	-	-
(5) 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; and	930,337.24	31,212,983.27	-	-
(6) And the expenses incidental to accomplishing the DeKalb projects including, but not limited to, implementation expenses, management expenses, and legal expenses.	<u>3,978,200.13</u>	<u>25,588,838.68</u>	-	-
	<u>44,509,704.22</u>	<u>235,699,599.45</u>	-	-
Total	\$ <u>56,517,424.92</u>	\$ <u>832,084,070.31</u>	\$ <u>195,614,629.92</u>	<u>-</u>

(1) The School District's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax.

(2) The School District's current estimate of total cost for the projects. Includes all cost from project inception to completion.

(3) The voters of Dekalb County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt.

Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the life of the projects.

(4) In addition to the expenditures shown above, the School District has incurred interest to provide advance funding as follows:

Prior Years	\$ 18,443,991.67
Current Year	<u>1,533,900.00</u>
Total	\$ <u>19,977,891.67</u>

Section II

Compliance and Internal Control Reports



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Vasanne S. Tinsley, Interim Superintendent and Members of the
DeKalb County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the DeKalb County Board of Education (School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated June 29, 2023. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain

deficiencies in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* in findings FS 2022-001, FS 2022-002, FS 2022-003, and FS 2022-004 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Greg S. Griffin
State Auditor

June 29, 2023



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Vasanne S. Tinsley, Interim Superintendent and Members of the
DeKalb County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the DeKalb County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other 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* in findings FA 2022-001, FA 2022-002 and FA 2022-003. 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 the School District's response to the noncompliance findings identified in our compliance audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District'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 significant deficiencies.

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* in findings FA 2022-001, FA 2022-002 and FA 2022-003 to be significant deficiencies.

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 the School District's response to the internal control over compliance findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs*. The School District'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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is written in a cursive style with a horizontal line at the end.

Greg S. Griffin
State Auditor

June 29, 2023

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2021-001 Strengthen Oversight of the Information System Conversion

Finding Status: Unresolved

The School District is actively working to finalize the implementation of the new ERP system.

FS 2021-002 Strengthen Information Technology General Controls

Finding Status: Unresolved

The School District is actively working update and improve information technology polices and procedures.

FS 2021-003 Strengthen Controls over Employee Compensation

Finding Status: Unresolved

The School District is actively working to update and improve human resources/employee compensation policies and procedures.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2021-001 Strengthen Controls over Expenditures

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: Georgia Department of Education

Finding Status: Previously Reported Corrective Action Implemented

FA 2020-001 Improve Controls over Equipment

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: Georgia Department of Education

Repeat of Prior Year Finding: FA 2019-001, FA 2018-001, FA 2017-001, FA 2016-001

Finding Status: Previously Reported Corrective Action Implemented

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

FA 2019-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2018-001, FA 2017-001, FA 2016-001

Finding Status: Previously Reported Corrective Action Implemented

FA 2018-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2017-001, FA 2016-001

Finding Status: Previously Reported Corrective Action Implemented

FA 2017-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education
Repeat of Prior Year Finding: FA 2016-001

Finding Status: Previously Reported Corrective Action Implemented

FA 2016-001 Controls over Equipment

Federal Awarding Agency: U.S. Department of Education
Pass-Through Entity: Georgia Department of Education

Finding Status: Previously Reported Corrective Action Implemented

Section IV

Findings and Questioned Costs

DEKALB COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2022

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	
Governmental Activities and Each Major Fund	Unmodified
Internal control over financial reporting:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted:	No

Federal Awards

Internal Control over major programs:	
▪ Material weakness(es) identified?	No
▪ Significant deficiency(ies) identified?	Yes

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
--	-----

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
84.367	Supporting Effective Instruction
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$3,000,000.00
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Auditee qualified as low-risk auditee?	No
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DEKALB COUNTY BOARD OF EDUCATION
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II FINANCIAL STATEMENT FINDINGS

FS 2022-001 Strengthen Oversight of the Information System Conversion

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2021-001

Description:

The DeKalb County Board of Education (School District) should strengthen oversight of its information system conversion from its legacy human resources/payroll (HR/Payroll) and financial system to its new financial system.

Background Information:

The School District's management began a conversion project in September 2019 to replace its legacy and HR/payroll systems with one new financial system.

Criteria:

Best practices include forming an implementation team with an overall project manager that has the knowledge and responsibility to implement a conversion project from start to finish. In addition, a clear detailed implementation plan with sound business goals should be put in place at the beginning of the conversion project. The detailed conversion plan should include a cutoff date. The cutoff date is set to provide an end date to running the legacy systems and gives the implementation team a goal to analyze the new system and make a determination to move forward with the new financial system and sunset the legacy systems or roll back to the legacy systems.

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, the exposures of which are outlined below:

- Redundant license fees for two financial accounting applications.
- Increased infrastructure, IT personnel, and external consultants' costs of maintaining both legacy and new accounting systems.
- Increased IT staff workload.
- Lack of consistent data transfer completeness and accuracy verification checks such as record counts and/or amounts.
- Manual data transfers from legacy system to the new financial system which do not provide assurance of consistent operation.
- Loss of vendor detail results during data transfers between legacy accounting and the new financial system due to format inconsistencies between the two applications.
- Risk of duplicate transactions being entered into both the legacy system and the new financial system as some material account balances are being entered into both systems.
- Greater risk of accountants making errors due to the increased complexity of accounting tasks.

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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.

Cause:

Inadequate project management contributed to all conditions. The School District lacked sufficient communication between management, project staff, IT staff, HR staff and accounting staff to consider the impacts of extending the use of the legacy system while operating the new financial system simultaneously. There was no detailed project plan or timely course correction when the new financial system implementation target dates were missed.

Effect:

Without effective controls over a single accounting system, the School District increases its risk of not detecting errors or omissions in its accounting and HR/payroll data. Failure to move to a single accounting system in a timely manner increases the risk that waste in resources and funds could occur, resulting in unnecessary costs to the School District. Also, operating multiple systems for the same types of transactions increases the burden on the School District's personnel workload potentially leading to employee turnover.

Recommendation:

School District management should identify a project manager responsible for completing the conversion process and provide the necessary resources to the project manager to complete the system conversion. A detailed completion plan that addresses finalizing the system conversion to one stable and supported system should be put in place. This plan should include:

- A project schedule and cutoff date.
- The remaining tasks listed in detailed manageable pieces of work with due dates.
- Individuals assigned to work on each task instead of the tasks being assigned to a general workgroup or team.
- A communication plan which identifies what needs to be coordinated with and communicated to each employee or contractor affected by the conversion from the legacy system to the new financial system.
- Business process reengineering plan for the Human Resources, Payroll and Finance departments.

Views of Responsible Officials:

We concur with this finding.

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FS 2022-002 Strengthen Information Technology General Controls

Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: FS 2021-002

Description:

The DeKalb County Board of Education (School District) should strengthen logical access controls over its financial and human resource/payroll (HR/payroll) systems.

Background Information:

The School District relies extensively on its financial system to manage initiation, authorization, recording and processing of financial transactions. Controls over these systems are essential for protecting the integrity, availability, and confidentiality of financial and HR/payroll data. The School District's management began a conversion project in September 2019 to replace its legacy financial and HR/payroll systems with one new financial system.

Criteria:

The School District is responsible for the effective operation of financial systems and related control activities. This includes information technology general controls (ITGCs) which are designed to ensure the integrity, availability and confidentiality of the financial information. It also includes the implementation of policies and procedures that support the effective operation of the ITGCs.

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.

Cause:

Management stated that mitigation of some prior year legacy accounting logical access observations would occur upon full transition to the new financial system; however, implementation delays have continued for three years due to the legacy system's limitations.

Effect:

The conditions noted do not promote availability, confidentiality, and integrity of information assets and the ability to achieve business objectives.

Recommendation:

The School District should strengthen information technology general controls, including complete development of IT policies and procedures. Strengthening logical access controls will assist in ensuring the integrity of information which is utilized by management for decision making and financial reporting.

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Full transition to the School District's accounting system, combined with sunseting the legacy accounting application, will strengthen the overall control environment due to elimination of existing legacy accounting control issues.

Views of Responsible Officials:

We concur with this finding.

FS 2022-003 Internal Control Procedures

Internal Control Impact: Significant Deficiency

Compliance Impact: None

Description:

The accounting procedures of the School District were insufficient to provide adequate internal controls over multiple control categories.

Criteria:

The School District's management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Condition:

The auditor noted the following inadequate controls at the central office:

Cash and Cash Equivalents

- The general fund bank account reconciliation included reconciling items dating back to October 12, 2010 and September 30, 2012.
- 12 bank reconciliations were not reviewed within 45 days of year end as recommended by Georgia Department of Education (GaDOE).
- One bank reconciliation was reviewed prior to being prepared.
- One bank reconciliation did not have the date it was prepared.
- Four bank reconciliations did not have the date they were reviewed.
- Three bank reconciliations were prepared and reviewed prior to reporting end date of the bank statement.
- Outstanding checks totaling \$875,271.42 written from school accounts to operations or to other school accounts were found to not have a corresponding deposit in transit, understating cash.
- The financial statement cash balance did not agree to the bank reconciliations by \$1,160,640.45.

Revenues/Receivables/Receipts

- Federal accounts receivable of \$18,326,213.94 and federal revenue of \$19,706,561.43 were understated and unearned revenue of \$1,380,347.49 was overstated on the government-wide financial statements. Federal accounts receivable of \$18,326,213.94 and deferred inflows of resources unavailable revenue federal of \$22,246,307.14 were understated and unearned revenue of \$1,380,347.49 and federal revenue of \$2,539,746.65 were overstated on the governmental fund financial statements. An adjustment to the financial statements was proposed by the auditor and accepted by the School District.

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- State accounts receivable of \$4,952,234.70, beginning net position of \$3,040,227.30, and capital grants and contributions of \$1,912,007.40 was understated on the government-wide financial statements. State accounts receivable of \$4,952,234.70 and deferred inflows of resources unavailable revenue - Georgia State Financing and Investment Commission (GSFIC) of \$4,952,234.70 was understated on the governmental fund financial statements. An adjustment to the financial statements was proposed by the auditor and accepted by the School District to correctly report accounts receivable and deferred inflows.

Expenditures/Liabilities/Disbursements

- The School District was unable to provide an accounts payable listing and a payroll withholding listing that agreed to the financial statements. The listings provided did not agree to the financial statements by \$4,963,024.95 and \$9,090,993.54, respectively.

General Ledger

- During our testing of 34 journal entries, it was determined:
 - One journal entry was made to correct a budgetary classification; however, it was incorrectly posted to an expense account for an expense that was never recorded.
 - Two journal entries were recorded in the wrong period.
- The School District did not move activity maintained in the custodial fund to the general fund in accordance with Governmental Accounting Standards Board Statement No. 84 which was implemented in the prior year.
- Federal fund balance was not maintained appropriately. Of the School District's 22 federal funds, 17 had a deficit fund balance, totaling \$44,909,484.50.
- The School District incorrectly deferred miscellaneous revenue in the general fund for indirect cost in the amount of \$12,374,236.71 causing miscellaneous revenue to be understated and deferred inflows of resources – unavailable revenue to be overstated on the government-wide and governmental fund financial statements. An adjustment to the financial statements was proposed by the auditor and accepted by the School District.
- The School District posted a journal entry incorrectly to the government wide financial statements causing miscellaneous revenue to be understated and operating grants and contributions to be overstated by \$8,712,401.31. The School District posted a journal entry incorrectly to the general fund causing miscellaneous revenue to be understated and deferred inflows of resources – federal grants to be overstated by \$8,712,401.31. An adjustment to the financial statements was proposed by the auditor and accepted by the School District.

Capital Assets

- A complete physical inventory was not conducted prior to June 30, 2022.
- Numerous assets from all depreciable categories were misclassified on the financial statements.
- Four assets with a cost of \$11,510,827.17 and accumulated depreciation of \$10,209,779.01 were disposed of in a previous year; however, they were still maintained on the capital asset listing and the general ledger. An adjustment to the financial statements and notes to the financial statements was proposed by the auditor and accepted by the School District.
- 371 assets with a cost of \$7,606,254.35 and accumulated depreciation of \$5,288,714.30 were less than the capitalization threshold stated in the School District's policy. An adjustment to the financial statements and notes to the financial statements was proposed by the auditor and accepted by the School District.

DEKALB COUNTY BOARD OF EDUCATION
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- The useful life of assets was not in line with the School District's policy. This caused an overstatement of accumulated depreciation in the amount of \$3,722,205.83. An adjustment to the financial statements and notes to the financial statements was proposed by the auditor and accepted by the School District.
- The School District was unable to provide a capital asset listing that agreed to the financial statements. The beginning balances on the listing did not agree to the government-wide financial statements by a cost of \$943,863.85 and accumulated depreciation by \$3,900,667.78.

Cause:

In discussing these deficiencies with the School District, it was determined these errors were caused due to changeover in key personnel and a lack of time and resources to fully implement adequate internal controls and ensure they are functioning properly.

Effect:

Without satisfactory accounting controls and procedures in place, the School District could place itself in a position where potential misappropriation of assets could occur and/or reimbursement is not received for expenditures. Additionally, misstatements were included in the financial statements presented for audit. The lack of controls and monitoring could impact the reporting of the School District's financial position and results of operation.

Recommendation:

The School District should review accounting procedures in place and design and implement additional procedures relative to the above control categories to strengthen the internal controls over the various accounting functions. Additionally, it is recommended that the School District implement an updated timeline to expedite the ledger close process and develop procedures to ensure that all activity is reported in the proper fund. Furthermore, it is recommended that the School District strengthen internal controls surrounding transaction recognition and implement a monitoring process to ensure transactions are appropriately detailed, recorded per the State Chart of Accounts, and in the proper period.

Views of Responsible Officials:

We concur with this finding.

FS 2022-004 Strengthen Controls over Employee Compensation

Internal Control Impact:	Significant Deficiency
Compliance Impact:	None
Repeat of Prior Year Finding:	FS 2021-003

Description:

The School District's policies and procedures were insufficient to provide adequate internal controls over the employee compensation process.

Criteria:

The School District's management is responsible for maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

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Condition:

- Our review of 63 employees' salaries revealed the following deficiencies:
 - Two employees were paid above their respective salary scales, resulting in overpayments of \$105.80 and \$167.65.
 - Two employees received supplements that did not agree to approved supplement scales.
 - One employee was paid for extra work in which documentation could not be provided to support the amount, resulting in an overpayment of \$4,067.76.
 - One employee was not paid for extra work, resulting in underpayment of \$380.85.
 - One employee was paid for extra work in which the rate of pay could not be documented.
 - Documentation to support excess leave being used could not be provided for one employee resulting in an underpayment of \$317.40.
 - Documentation to support qualification for supplements could not be provided for one employee.
 - Documentation to support total hours worked and qualifying to receive compensation at overtime rates for extra work activities could not be provided for two employees.
 - Documentation to support that the payroll and benefit charges to Education Special Purpose Local Option Sales Tax (ESPLOST) were appropriate based on actual hours worked could not be provided for four employees, resulting in a projected overstatement of \$1,062,250.20.
- One employee received a \$10,000.00 doctoral degree supplement for executive positions, but the employee did not hold a doctoral degree.
- The School District did not have a formal policy in place for awarding or approving supplements. A supplement request form must be completed and approved, but there was no policy in place to prevent an employee in a leadership role from completing and approving a form for employees who work under them.
- Several issues were noted related to compensated absences, including the following:
 - Seven employees accrued more than the maximum allowed 320 hours of vacation leave at year-end.
 - 214 employees had negative accrued hours at year-end because they were allowed to use more hours than they had earned.
 - Nine employees were overpaid a total of \$15,845.76 for accruing more than the maximum allowed 400 hours of vacation leave.
- Additional salary testing performed during our review of the Elementary and Secondary Emergency Relief Fund program revealed pay issues from the general fund including extra pay for ten employees.

Cause:

In discussing these deficiencies with the School District, they stated that these issues result from a lack of managerial oversight within the Human Resources and Payroll Departments as well as the failure to maintain and produce documentation to support compensation paid to employees.

Effect:

The lack of adequate controls over the employee compensation process may result in misstatements which may not be detected and corrected by management.

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Recommendation:

The School District should review the controls and procedures currently in place related to employee compensation and compensated absences, identify weaknesses, and design and implement procedures necessary to strengthen controls over these processes.

Views of Responsible Officials:

We concur with this finding.

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III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-001 Improve Budgetary Controls over Expenditures

Compliance Requirements:	Activities Allowed/Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Number and Title:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund
Federal Award Numbers:	S425D200012 (Year: 2020), S425D210012 (Year: 2021)
Questioned Costs:	\$62,747.69

Description:

A review of expenditures charged to the Elementary and Secondary School Emergency Relief Fund program revealed instances in which expenditures had not been properly approved by the pass-through entity.

Background:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional funding for local educational agencies (LEAs) navigating the impact of the COVID-19 outbreak.

Provisions included in Title VIII of the CARES Act created the Education Stabilization Fund to provide financial resources to educational entities to prevent, prepare for, and respond to coronavirus. The CARES Act allocated \$30.75 billion, the Coronavirus Response and Relief Supplemental Appropriations Act allocated an additional \$81.9 billion, and the American Rescue Plan Act added \$165.1 billion in funding to the Education Stabilization Fund. Multiple Education Stabilization Fund subprograms were created and allotted funding through the various COVID-19-related legislation. Of these programs, the Elementary and Secondary School Emergency Relief (ESSER) Fund was created to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE is responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling \$199,433,680.30 were expended and reported on the DeKalb County Board of Education’s Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards

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pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that “costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity... (g) Be adequately documented...”

To assist school districts in improving their financial management systems and associated compliance over federal programs, GaDOE published the *Financial Management for Georgia Local Units of Administration* (FMGLUA) manual. The FMGLUA manual requires that LEAs submit a budget as part of each federal program’s Consolidated Application process. The program budget reflects details regarding the manner in which each school district intends to expend the program funds. The Consolidated Application, including the budget, for each program must be reviewed and approved by GaDOE personnel before the LEA is authorized to expend program funds. Amendments to the budget are to be submitted to and approved by GaDOE when a school district intends to spend funds in a manner not initially reported.

Further, LEA personnel must also provide program-specific assurances related to the ESSER program within the Consolidated Application system. These assurances are reflected in the Uniform Guidance, Section 200.415 – Required Certifications, and include provisions that require LEAs “to assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets...”

Condition:

A sample of 60 nonpersonal services expenditures was randomly selected for testing using a non-statistical sampling approach. Four individually significant items were also selected for testing. These expenditures were reviewed to determine if appropriate internal controls were implemented and applicable compliance requirements were met. Upon completing this testing, it was noted that three individually significant items totaling \$48,037.69 and two randomly selected expenditures totaling \$14,710.00 were not appropriately approved by GaDOE through the Consolidated Application process as required.

Questioned Costs:

Upon testing a sample of \$2,037,733.28 in nonpersonal services expenditures, known questioned costs of \$14,710.00 were identified. Using the total nonpersonal services expenditure population of \$47,278,482.26, we project the likely questioned costs to be approximately \$798,116.60.

In addition, known questioned costs identified for improper payments associated with individually significant items tested totaled \$48,037.69; therefore, the known and likely questioned costs identified for all unallowable payments throughout the sample and individually significant items tested totaled \$62,747.69 and \$846,154.29, respectively.

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Cause:

In discussing these deficiencies with management, they stated that inadequate staffing levels led to the School District’s failure to establish appropriate internal control procedures, such as a review by appropriate personnel to ensure compliance with the Consolidated Application prior to the expenditure of federal funds. Additionally, the existence of multiple programs and associated Consolidated Applications led to the School District’s failure to establish appropriate internal control procedures to ensure the expenditure was approved on the specific Consolidated Application that funded the expenditure.

Effect:

The School District was not in compliance with the Uniform Guidance or GaDOE guidance related to the ESSER program. Failure to accurately develop and amend budget information through the Consolidated Application process and verify compliance with applicable policies and regulations prior to the expenditure of federal program funds may expose the School District to unnecessary financial strains and shortages as GaDOE may require the School District to return funds associated with unapproved and unallowable expenditures.

Recommendation:

The School District should revise current internal control procedures related to the ESSER program. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that potential expenditures are approved through the Consolidated Application process and deemed to be allowable before spending federal funds. In addition, management should develop and implement a monitoring process to ensure that control procedures are being followed.

Views of Responsible Officials:

We concur with this finding.

FA 2022-002 Improve Controls over Indirect Costs

Compliance Requirements:	Activities Allowed/Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Award Numbers:	S425D210012 (Year: 2021), S425U210012 (Year: 2021)
Questioned Costs:	\$559,442.53

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Description:

The School District charged indirect cost expenditures to the Elementary and Secondary School Emergency Relief Fund program in excess of the maximum amount allowed.

Background:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional funding for local educational agencies (LEAs) navigating the impact of the COVID-19 outbreak.

Provisions included in Title VIII of the CARES Act created the Education Stabilization Fund to provide financial resources to educational entities to prevent, prepare for, and respond to coronavirus. The CARES Act allocated \$30.75 billion, the Coronavirus Response and Relief Supplemental Appropriations Act allocated an additional \$81.9 billion, and the American Rescue Plan Act added \$165.1 billion in funding to the Education Stabilization Fund. Multiple Education Stabilization Fund subprograms were created and allotted funding through the various COVID-19-related legislation. Of these programs, the Elementary and Secondary School Emergency Relief (ESSER) Fund was created to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE is responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling \$199,433,680.30 were expended and reported on the DeKalb County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Additionally, provisions included in the Uniform Guidance, Section 200.403 – Factors Affecting Allowability of Costs state that “costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity, (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost...”

To assist school districts in improving their financial management systems and associated compliance over federal programs, GaDOE published the *Financial Management for Georgia Local Units of Administration* (FMGLUA) manual. The FMGLUA manual requires that LEAs exclude certain costs in the calculation of the net expenditures to which the approved indirect cost rate can be applied, including the cost of capitalizable assets, rental costs, tuition remission, scholarships and fellowships, payments to charter schools, and subawards in excess of \$25,000.

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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.

Questioned Costs:

Known questioned costs of \$559,442.53 were identified for excess indirect cost expenditures claimed. These known questioned costs related to expenditures that were not tested as part of a sample, and therefore, should not be projected to a population to determine likely questioned costs.

Cause:

In discussing these deficiencies with management, they stated that inadequate controls over decentralized activity input led to the School District's failure to establish appropriate internal control procedures over recording ledger activity.

Effect:

The School District is not in compliance with the Uniform Guidance or GaDOE guidance related to the ESSER program. Failure to ensure that appropriate indirect cost amounts are charged to the ESSER program may expose the School District to unnecessary financial strains and shortages as GaDOE may require the School District to return funds associated with these unallowable expenditures.

Recommendation:

The School District should revise current internal control procedures related to the ESSER program. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that ledger activity is recorded accurately. In addition, management should develop and implement a monitoring process to ensure that control procedures are being followed.

Views of Responsible Officials:

We concur with this finding.

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FA 2022-003 Improve Controls over Equipment

Compliance Requirement:	Equipment and Real Property Management
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	COVID-19 – 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 – 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Award Numbers:	S425D200012 (Year: 2020), S425D210012 (Year: 2021) S425U210012 (Year: 2021)
Questioned Costs:	None Identified

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over equipment and real property management as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Background:

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The CARES Act was designed to mitigate the economic effects of the COVID-19 pandemic in a variety of ways, including providing additional funding for local educational agencies (LEAs) navigating the impact of the COVID-19 outbreak.

Provisions included in Title VIII of the CARES Act created the Education Stabilization Fund to provide financial resources to educational entities to prevent, prepare for, and respond to coronavirus. The CARES Act allocated \$30.75 billion, the Coronavirus Response and Relief Supplemental Appropriations Act allocated an additional \$81.9 billion, and the American Rescue Plan Act added \$165.1 billion in funding to the Education Stabilization Fund. Multiple Education Stabilization Fund subprograms were created and allotted funding through the various COVID-19-related legislation. Of these programs, the Elementary and Secondary School Emergency Relief (ESSER) Fund was created to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation.

ESSER funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Education (ED). GaDOE is responsible for distributing funds to LEAs and overseeing the expenditure of funds by LEAs. ESSER funds totaling \$199,433,680.30 were expended and reported on the DeKalb County Board of Education’s Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2022.

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Criteria:

As a recipient of federal awards, the School District is required to establish and maintain effective internal control over federal awards that provides reasonable assurance of managing the federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal awards pursuant to Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), Section 200.303 – Internal Controls.

Provisions included in the Uniform Guidance, Section 200.313(d)(1) state, “Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.” In addition, the Uniform Guidance, Section 200.313(d)(2) states, “A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.”

Condition:

The following deficiencies were noted when reviewing the ESSER program equipment listing and related invoice documentation:

- Equipment items totaling \$163,730.00 were included on the financial statement capital asset listing but were excluded from the program equipment listing; therefore, property records did not include the following required components for the omitted equipment items: (1) A description of the property, (2) a serial number or other identification number, (3) the source of funding for the property (including the FAIN), (4) who holds title, (5) the acquisition date, (6) cost of the property, (7) percentage of Federal participation in the project costs for the Federal award under which the property was acquired, (8) the location, and (9) use and condition of the property.
- Building improvements of \$3,573,167.42 were excluded from the program equipment listing.
- Because these items were not included on the program equipment listing, a complete physical inventory was not performed and reconciled back to the property records.

Cause:

In discussing this deficiency with the School District, they stated that those items included on the capital asset listing and excluded from the program equipment listing were discovered after preparation and submission of the program equipment listing but prior to the submission of the financial statement capital asset listing. In addition, the building improvements are capitalized at a higher threshold for financial statement purposes and were overlooked by the School District when preparing the program equipment listing.

Effect:

The School District is not in compliance with the Uniform Guidance or GaDOE guidance related to the ESSER program. Failure to maintain a complete and accurate equipment listing and reconcile results of the physical inventory performed to the property records exposes the School District to unnecessary risk of error and misuse of equipment and/or Federal funds.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Recommendation:

The School District should develop and maintain an equipment listing that reflects all required information, including a description, an identifying number, the source of funding, the title holder, the acquisition date, the cost, the percentage of federal participation in the project costs, the location, the use and condition, and any ultimate disposal data for each piece of equipment. In addition, management should implement controls to ensure that a complete physical inventory of equipment is performed, and the results are reconciled back to the equipment listing at least once every two years. Further, management should develop and implement a monitoring process to ensure that control procedures are being followed.

Views of Responsible Officials:

We concur with this finding.

Section V

Management's Corrective Action



Dr. Vasanne S. Tinsley, Interim Superintendent

Mr. Dijon DaCosta, Board Chair
Mrs. Deirdre Pierce, Vice Chair
Mrs. Anna Hill
Mrs. Whitney McGinniss
Mrs. Allyson Gevertz
Mrs. Vickie B. Turner
Dr. Joyce Morley

CORRECTIVE ACTION PLANS - FINANCIAL STATEMENT FINDINGS

FS 2022-001 Strengthen Oversight of the Information System Conversion

Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: FS 2021-001

Description:

The DeKalb County Board of Education (School District) should strengthen oversight of its information system conversion from its legacy human resources/payroll (HR/Payroll) and financial system to its new financial system.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen oversight of the ERP conversion and ensure implementation finalization.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Mr. Byron Schueneman, Chief Financial Officer
Dr. Tekshia Ward-Smith, Interim Chief Human Resource Officer
Mrs. Monika Davis, Chief Information Officer

Telephone: 678-676-1200

Email: Byron_Schueneman@dekalbschoolsga.org
Tekshia_M_Ward-Smith@dekalbschoolsga.org
Monika_Davis@dekalbschoolsga.org

FS 2022-002 Strengthen Information Technology General Controls

Internal Control Impact: Significant Deficiency
Compliance Impact: None
Repeat of Prior Year Finding: FS 2021-002

Description:

The DeKalb County Board of Education (School District) should strengthen logical access controls over its financial and human resource/payroll (HR/payroll) systems.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen Information Technology internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Mrs. Monika Davis, Chief Information Officer

Telephone: 678-676-1200

Email: Monika_Davis@dekalbschoolsga.org

FS 2022-003 Internal Control Procedures

Internal Control Impact: Significant Deficiency

Compliance Impact: None

Description:

The accounting procedures of the School District were insufficient to provide adequate internal controls over multiple control categories.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen Finance internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Mr. Byron Schueneman, Chief Financial Officer

Telephone: 678-676-1200

Email: Byron_Schueneman@dekalbschoolsga.org

FS 2022-004 Strengthen Controls over Employee Compensation

Internal Control Impact: Significant Deficiency

Compliance Impact: None

Repeat of Prior Year Finding: FS 2021-003

Description:

The School District's policies and procedures were insufficient to provide adequate internal controls over the employee compensation process.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen Human Resources/Employee Compensation internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Dr. Tekshia Ward-Smith, Interim Chief Human Resource Officer

Telephone: 678-676-1200

Email: Tekshia_M_Ward-Smith@dekalbschoolsga.org

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2022-001 Improve Budgetary Controls over Expenditures

Compliance Requirement:	Activities Allowed/Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Number and Title:	COVID-19 84.425D – Elementary and Secondary School Emergency Relief Fund
Federal Award Number:	S425D200012 (Year: 2020); S425D210012 (Year: 2021)
Questioned Costs:	\$62,747.69

Description:

A review of expenditures charged to the Elementary and Secondary School Emergency Relief Fund program revealed instances in which expenditures had not been properly approved by the pass-through entity.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Dr. Myisha Warren, Executive Director of Federal Programs

Telephone: 678-676-1200

Email: Myisha_Warren@dekalbschoolsga.org

FA 2022-002 Improve Controls over Indirect Cost

Compliance Requirement:	Activities Allowed/Unallowed Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Education
Pass-Through Entity:	Georgia Department of Education
AL Numbers and Titles:	COVID-19 84.425D – Elementary and Secondary School Emergency Relief Fund COVID-19 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
Federal Award Number:	S425D210012 (Year: 2021); S425U210012 (Year: 2021)
Questioned Costs:	\$559,442.53

Description:

The School District charged indirect cost expenditures to the Elementary and Secondary School Emergency Relief Fund program in excess to the maximum amount allowed.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Dr. Myisha Warren, Executive Director of Federal Programs

Telephone: 678-676-1200

Email: Myisha_Warren@dekalbschoolsga.org

FA 2022-003 Improve Controls over Equipment

Compliance Requirement: Equipment and Real Property Management

Internal Control Impact: Significant Deficiency

Compliance Impact: Nonmaterial Noncompliance

Federal Awarding Agency: U.S. Department of Education

Pass-Through Entity: Georgia Department of Education

AL Numbers and Titles: COVID-19 84.425D – Elementary and Secondary School Emergency Relief Fund

COVID-19 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund

Federal Award Number: S425D210012 (Year: 2021), S425D200012 (Year: 2020)

S425U210012 (Year: 2021)

Questioned Costs: None Identified

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over equipment and real property management as it relates to the Elementary and Secondary School Emergency Relief Fund program.

Corrective Action Plans:

We concur with this finding. The District is developing corrective actions to strengthen internal controls, policies, and procedures and ensure adherence through improved monitoring.

Estimated Completion Date: Fiscal Year 2024

Contact Person: Dr. Myisha Warren, Executive Director of Federal Programs

Telephone: 678-676-1200

Email: Myisha_Warren@dekalbschoolsga.org

Signature:



Title:

Interim Superintendent