



DEKALB COUNTY BOARD OF EDUCATION STONE MOUNTAIN, GEORGIA

**ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020
(Including Independent Auditor's Reports)**



DEKALB COUNTY BOARD OF EDUCATION

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SECTION I
FINANCIAL



DEPARTMENT OF AUDITS AND ACCOUNTS

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Greg S. Griffin
STATE AUDITOR
(404) 656-2174

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
Superintendent and Members of the
DeKalb County Board of Education

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the DeKalb County Board of Education (School District), as of and for the year ended June 30, 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2020, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in 2020, the School District restated the prior period financial statements to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

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

Other 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 accompanying 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated April 28, 2021 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. That report will be issued under separate cover in the DeKalb County Board of Education's Single Audit Report. 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

April 28, 2021

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTION

The discussion and analysis of the DeKalb County Board of Education's (Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020 are as follows:

- ❑ In total, net position increased \$34.8 million over the prior year restated net position \$137.8 million, because while expenditures increased by over \$200 thousand, total revenues earned were more than program expenditures.
- ❑ General revenues accounted for \$758.0 million in revenue or 51.7% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$708.7 million or 48.3% of total revenues of \$1.5 billion.
- ❑ The Board had \$1.4 billion in expenses related to governmental activities; \$708.7 million of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund has \$1.3 billion in revenues and \$1.3 billion in expenditures. The general fund's "Net Change in Fund Balances" was (\$0.5) million, which is an increase from the prior year (\$1.8) million. The fund balance reflects the full accrual of all contracted salaries and benefits unpaid at June 30 in full compliance with GASB 34 regulations.

Using the Basic Financial Statements

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

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

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document includes a number of funds used by the Board to provide programs and activities, a view of the Board as a whole requires looking at all financial transactions to ask the question, "How did we do financially during 2020?" 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.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

These two statements report the Board's net position and changes in net position. This change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be a result of many factors, some financial, some not. Nonfinancial factors include the Board's property tax digest base, facility conditions, required educational programs and other factors.

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

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

Reporting the Board's Most Significant Funds

Fund Financial Statements

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

Governmental Funds: Most of the Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The Board as a Whole

The perspective of the Statement of Net Position is of the Board as a whole. Table 1 provides a summary of the Board's net position for fiscal year 2020 compared to fiscal year 2019.

Table 1
Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019 (1)
Assets		
Current and Other Assets	\$ 618,559	\$ 661,897
Capital Assets, Net	1,647,414	1,650,384
Total Assets	2,265,973	2,312,281
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	356,083	258,380
Related to OPEB Plan	72,049	42,995
Total Deferred Outflows of Resources	428,132	301,375
Liabilities		
Current Liabilities	165,274	204,024
Long-Term Liabilities	2,136,666	2,032,630
Total Liabilities	2,301,940	2,236,654
Deferred Inflows of Resources		
Related to Defined Benefit Pension Plans	27,198	28,252
Related to OPEB Plan	192,376	152,117
Total Deferred Inflows of Resources	219,574	180,369
Net Position		
Net Investment in Capital Assets	1,515,789	1,488,795
Restricted	332,620	331,319
Unrestricted (Deficit)	(1,675,818)	(1,623,481)
Total Net Position	\$ 172,591	\$ 196,633

(1) The amounts reported for fiscal year 2019 do not reflect the effect of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for more information.

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DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table 2 shows the Changes in Net Position for fiscal year ending 2020 compared to 2019.

Table 2
Change in Net Position
(In Thousands)

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 3,133	\$ 15,795
Operating Grants and Contributions	681,738	666,637
Capital Grants and Contributions	23,904	23,427
Total Program Revenues	708,775	705,859
General Revenues:		
Property Taxes - Maintenance and Operations	589,794	548,239
Sales Tax - Special Purpose Local Option Tax for Capital Projects	118,054	114,339
Other Sales Taxes	14,777	12,673
Investment Earnings	2,337	6,567
Miscellaneous	33,036	24,207
Total General Revenues	757,998	706,025
Total Revenues	1,466,773	1,411,884
Program Expenses:		
Instruction	916,293	734,339
Support Services		
Pupil Services	84,620	72,326
Improvement of Instructional Services	37,168	33,781
Educational Media Services	15,593	13,361
General Administration	19,984	21,136
School Administration	79,449	70,727
Business Administration	9,219	7,450
Maintenance and Operation of Plant	114,064	143,149
Student Transportation Services	65,694	59,451
Central Support Services	22,954	20,845
Other Support Services	1,120	1,215
Operations of Non-Instructional Services		
Enterprise Operations	1,260	1,693
Food Services	59,220	60,854
Interest on Debt	5,311	6,069
Total Expenses	1,431,949	1,246,396
Change in Net Position	34,824	165,488
Beginning Net Position, Restated	137,766	31,145
Ending Net Position	\$ 172,590	\$ 196,633

(1) The amounts reported for fiscal year 2019 do not reflect the effect of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for more information.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Governmental Activities

Instruction, pupil services and improvement of instructional services comprises 72.5% of governmental program expenses. The operations of non-instructional services amounted to 4.2% of the total governmental program expenses. These operations consist primarily of the school nutrition.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the net cost of services for fiscal year 2020 compared to fiscal year 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities
(In Thousands)

	Net Cost of Services	
	Fiscal	Fiscal
	Year 2020	Year 2019 (1)
Instruction	\$ 392,100	\$ 168,059
Support Services:		
Pupil Services	76,768	55,716
Improvement of Instructional Services	14,262	24,799
Educational Media Services	1,241	10,057
General Administration	1,655	16,274
School Administration	52,205	54,521
Business Administration	8,974	3,359
Maintenance and Operation of Plant	80,523	102,010
Student Transportation Services	57,722	40,204
Central Support Services	22,242	15,637
Other Support Services	844	935
Operations of Non-Instructional Services:		
Enterprise Operations	1,260	1,331
Food Services	8,066	44,389
Interest on Short-Term and Long-Term Debt	5,311	3,246
Total Expenses	\$ 723,173	\$ 540,537

(1) The amounts reported for fiscal year 2019 do not reflect the effect of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for more information.

Although program revenues make up 48.3% of total revenue, the Board is still dependent upon tax revenues to support the full range of governmental activities. The Board's broad tax base is more than sufficient to cover shortfalls in these operational activities. In addition to program revenues, tax and other general revenues of \$758 million were collected sufficient to fund the \$723 million shortfall across instruction and other operational activities, with a remaining surplus of \$35 million.

General Fund Budgeting Highlights

The Board's budget is prepared according to Georgia law. The most significant budgeted fund is the general fund.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

During the course of fiscal year 2020, the Board amended its general fund budget as needed from time to time. The Board uses site-based budgeting based on FTE student allocations. The anticipated budgeted revenues and other sources for the original general fund budget were \$1.3 billion and anticipated budgeted expenditures and other uses were \$1.4 billion. The budgeting systems are designed to monitor and control total site based budgets and provide flexibility for site management.

For the general fund, final budgeted revenues and other sources of \$1.4 billion were under performed by the actual by \$122 million. This difference was due mainly to receiving less than expected state, federal, and local revenues.

Actual expenditures and other uses of \$1.3 billion were 8.5% less than the final budgeted total of \$1.4 billion.

General fund expenditures were greater than revenues by \$489 thousand, resulting in a decrease in "Fund Balance" for the year.

Capital Assets and Long-Term Liabilities

Capital Assets

At the end of fiscal year 2020, the Board had \$1.6 billion invested in capital assets, net of depreciation, all in governmental activities. Table 4 shows fiscal year 2020 balances compared with fiscal year 2019 balances.

Table 4
Capital Assets
(Net of Depreciation, in Thousands)

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019 (1)
Land	\$ 71,237	70,909
Construction in Progress	117,103	181,285
Land Improvements	26,660	27,910
Buildings and Improvement	1,369,542	1,304,685
Equipment	62,872	65,595
Total	\$ 1,647,414	1,650,384

(1) The amounts reported for fiscal year 2019 do not reflect the effect of the Restatement of Net Position. See Note 15 in the Notes to the Basic Financial Statements for more information

Long-Term Liabilities

At June 30, 2020, the Board had \$8.1 million in compensated absences. There is \$94.4 million in general obligation bonds and \$5.2 million in premiums from the fiscal year 2017 issue. There is \$117.5 million in claims and judgments from the settlement of the Gold class action lawsuit. Lastly, \$79.1 million of the long-term debt is due within one year.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table 5 summarizes long-term liabilities outstanding and compares fiscal year 2020 balances to fiscal year 2019 balances.

Table 5
Long-term Liabilities at June 30
(in Thousands)

	Governmental Activities	
	Fiscal Year 2020	Fiscal Year 2019
General Obligations Bonds	\$ 94,370	\$ 131,025
Unamortized Bond Premium	5,205	7,286
Qualified School Construction Bonds	18,486	23,604
Compensated Absences	8,090	6,295
Claims and Judgments	117,500	117,500
Total	\$ 243,651	\$ 285,710

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

Current Issues

State funding was higher in 2020 than 2019 due to an increase in "Quality Basic Education" and state grants revenue. Federal grant revenue decreased in 2020 by 6.9% from 2019. Combined state and federal revenues used in general fund operations in 2020 increased by \$15.9 million from 2019.

Local revenue within DeKalb County School District is increasing. Property tax revenues had been impacted by the revaluation of property due to foreclosures and weak sales during the recession. Digest values are documented to be increasing during fiscal year 2020. Overall, total general fund revenues have been increasing for the last two years. Prior to the 2009 fiscal year, the tax digest in DeKalb County had never seen a decrease in value. However, for the last five years, substantial digest increases have been documented.

During 2013, the Board reduced annual budgeted expenditures to address the challenges of prior reduced revenues. The reduced annual budget enabled the DeKalb County School District to eliminate the deficit from fiscal year 2012. As of the end of fiscal year 2020, the Board has rebuilt the School District's financial reserves which are now in compliance with the School District's policy relating to fund balance targets. The Board remains committed to maintaining the School District's financial reserves.

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.

Factors Bearing on the District's Future

In December 2019, a strain of coronavirus (COVID-19) began to spread worldwide, resulting in a severe impact to the United States economy in March 2020. The spread of COVID-19 has had a negative impact on virtually all businesses and individuals which comprise the tax base of all levels of government. There continues to be uncertainty related to the financial impact of the pandemic to the Board, however, to offset a portion of the negative impact, the Board expects to receive funding through various federal acts.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The return of the School District's fund balance to substantially fully funded relative to internal Board Policy gives the School District much more flexibility relative to salary and benefit increases, enhances educational programs, and substantial technological improvements, which will greatly increase the efficacy, and thereby student performance, of the School District's educational initiatives. The School District is also continually assessing and preparing for future events that may impact its financial position.

Finally, the School District received its five (5) year accreditation certification from the SACs organization in March 2017 which granted full accreditation out to June 30, 2022.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Charles Burbridge, 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, 2020

EXHIBIT "A"

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 393,324,506.03
Investments	100,691,690.94
Receivables, Net	
Interest	1,789.52
Taxes	30,165,344.13
State Government	80,021,132.46
Federal Government	8,398,657.00
Local	460,705.02
Other	1,584,691.08
Inventory	3,790,042.35
Prepaid Items	120,000.00
Capital Assets, Non-Depreciable	188,339,866.66
Capital Assets, Depreciable (Net of Accumulated Depreciation)	<u>1,459,074,418.66</u>
Total Assets	<u>2,265,972,843.85</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	356,082,818.30
Related to OPEB Plans	<u>72,049,293.00</u>
Total Deferred Outflows of Resources	<u>428,132,111.30</u>
LIABILITIES	
Accounts Payable	3,770,825.90
Salaries and Benefits Payable	137,258,838.23
Payroll Withholdings Payable	2,341,437.12
Interest Payable	1,214,670.17
Claims Incurred but not Reported (IBNR)	6,977,657.99
Contracts Payable	8,593,048.86
Retainages Payable	5,060,642.85
Deposits and Unearned Revenues	56,975.67
Net Pension Liability	1,122,765,085.00
Net OPEB Liability	770,250,780.00
Long-Term Liabilities	
Due Within One Year	79,094,958.00
Due Within One Year	<u>164,555,126.66</u>
Total Liabilities	<u>2,301,940,046.45</u>
DEFERRED INFLOWS OF RESOURCES	
Related to Defined Benefit Pension Plans	27,198,179.00
Related to OPEB Plans	<u>192,376,304.00</u>
Total Deferred Inflows of Resources	<u>219,574,483.00</u>
NET POSITION	
Net Investment in Capital Assets	1,515,788,695.72
Restricted for	
Continuation of Federal Programs	2,140,684.32
Debt Service	38,088,700.00
Capital Projects	292,390,472.99
Unrestricted (Deficit)	<u>(1,675,818,127.33)</u>
Total Net Position	<u>\$ 172,590,425.70</u>

**DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

EXHIBIT "B"

	EXPENSES	CHARGES FOR SERVICES
<u>GOVERNMENTAL ACTIVITIES</u>		
Instruction	\$ 916,292,587.25	\$ 21,825.00
Support Services		
Pupil Services	84,620,406.28	-
Improvement of Instructional Services	37,167,945.01	-
Educational Media Services	15,593,491.00	-
General Administration	19,984,071.21	-
School Administration	79,448,866.04	-
Business Administration	9,218,555.52	-
Maintenance and Operation of Plant	114,063,984.02	-
Student Transportation Services	65,693,753.51	1,560,811.64
Central Support Services	22,954,048.78	-
Other Support Services	1,119,655.92	-
Operations of Non-Instructional Services		
Enterprise Operations	1,259,945.99	-
Food Services	59,220,480.30	1,550,288.26
Interest on Short-Term and Long-Term Debt	5,311,194.17	-
	\$ 1,431,948,985.00	\$ 3,132,924.90

General Revenues:

Taxes:

Property Taxes:

For Maintenance and Operations

Sales Taxes:

Special Purpose Local Option Sales Tax:

For Capital Projects

Other Taxes

Investment Earnings

Miscellaneous

Total general revenues

Change in Net Position

Net Position - Beginning of Year (Restated)

Net Position - End of Year

<u>PROGRAM REVENUES</u>		<u>NET (EXPENSES)</u>
<u>OPERATING</u>	<u>CAPITAL</u>	<u>REVENUES</u>
<u>GRANTS AND</u>	<u>GRANTS AND</u>	<u>AND CHANGES IN</u>
<u>CONTRIBUTIONS</u>	<u>CONTRIBUTIONS</u>	<u>NET POSITION</u>
\$ 502,460,325.08	\$ 21,709,892.80	\$ (392,100,544.37)
7,852,024.47	-	(76,768,381.81)
22,290,809.11	615,072.51	(14,262,063.39)
14,162,366.28	190,215.29	(1,240,909.43)
18,325,795.03	3,614.15	(1,654,662.03)
27,243,565.34	-	(52,205,300.70)
223,880.26	20,977.07	(8,973,698.19)
33,339,125.44	201,785.44	(80,523,073.14)
5,885,799.19	524,880.00	(57,722,262.68)
286,952.84	425,026.85	(22,242,069.09)
275,347.71	-	(844,308.21)
-	-	(1,259,945.99)
49,392,204.86	212,505.27	(8,065,481.91)
-	-	(5,311,194.17)
<u>\$ 681,738,195.61</u>	<u>\$ 23,903,969.38</u>	<u>(723,173,895.11)</u>

589,793,359.93

118,054,293.03

14,777,275.09

2,336,734.53

33,036,382.10

757,998,044.68

34,824,149.57

137,766,276.13

\$ 172,590,425.70

**DEKALB COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

EXHIBIT "C"

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 175,612,635.71	\$ 217,664,265.81	\$ 47,604.51	\$ 393,324,506.03
Investments	-	100,691,690.94	-	100,691,690.94
Receivables, Net				
Interest	-	1,789.52	-	1,789.52
Taxes	17,108,633.92	13,056,710.21	-	30,165,344.13
State Government	80,021,132.46	-	-	80,021,132.46
Federal Government	8,398,657.00	-	-	8,398,657.00
Local	460,705.02	-	-	460,705.02
Other	148,007.17	1,436,683.91	-	1,584,691.08
Inventory	3,790,042.35	-	-	3,790,042.35
Prepaid Items	120,000.00	-	-	120,000.00
Total Assets	<u>\$ 285,659,813.63</u>	<u>\$ 332,851,140.39</u>	<u>\$ 47,604.51</u>	<u>\$ 618,558,558.53</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 2,657,371.87	\$ 1,113,454.03	\$ -	\$ 3,770,825.90
Salaries and Benefits Payable	137,258,838.23	-	-	137,258,838.23
Payroll Withholdings Payable	2,338,302.51	3,134.61	-	2,341,437.12
Contracts Payable	-	8,593,048.86	-	8,593,048.86
Retainages Payable	-	5,060,642.85	-	5,060,642.85
Deposits and Unearned Revenue	56,975.67	-	-	56,975.67
Total Liabilities	<u>142,311,488.28</u>	<u>14,770,280.35</u>	<u>-</u>	<u>157,081,768.63</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenue - Property Taxes	14,254,954.75	-	-	14,254,954.75
Unavailable Revenue - Sales Taxes	-	2,940,741.92	-	2,940,741.92
Unavailable Revenue - IRS Subsidy	-	1,436,683.91	-	1,436,683.91
Total Deferred Inflows of Resources	<u>14,254,954.75</u>	<u>4,377,425.83</u>	<u>-</u>	<u>18,632,380.58</u>
<u>FUND BALANCES</u>				
Nonspendable	3,910,042.35	-	-	3,910,042.35
Restricted	-	313,703,434.21	47,604.51	313,751,038.72
Assigned	1,772,338.98	-	-	1,772,338.98
Unassigned	123,410,989.27	-	-	123,410,989.27
Total Fund Balances	<u>129,093,370.60</u>	<u>313,703,434.21</u>	<u>47,604.51</u>	<u>442,844,409.32</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 285,659,813.63</u>	<u>\$ 332,851,140.39</u>	<u>\$ 47,604.51</u>	<u>\$ 618,558,558.53</u>

**DEKALB COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balances - governmental funds (Exhibit "C")	\$	442,844,409.32
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 governmental funds.		
Land	\$ 71,236,712.56	
Construction in progress	117,103,154.10	
Buildings and improvements	1,943,744,554.94	
Equipment	152,137,935.19	
Land improvements	40,740,024.40	
Accumulated depreciation	<u>(677,548,095.87)</u>	1,647,414,285.32
Some liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Net pension liability	\$ (1,122,765,085.00)	
Net OPEB liability	<u>(770,250,780.00)</u>	(1,893,015,865.00)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the governmental funds.		
Related to pensions	\$ 328,884,639.30	
Related to OPEB	<u>(120,327,011.00)</u>	208,557,628.30
Taxes that are not available to pay for current period expenditures are deferred in the funds.		
		17,195,696.67
IRS Interest Subsidy that is not available to pay for current period expenditures is deferred in the funds.		
		1,436,683.91
Long-term liabilities, and related items, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	\$ (94,370,000.00)	
Accrued interest payable	(1,214,670.17)	
Qualified school construction bonds payable	(18,485,714.66)	
Compensated absences	(8,089,874.00)	
Unamortized bond premiums	(5,204,496.00)	
Claims incurred but not reported (IBNR)	(6,977,657.99)	
Claims and judgments payable	<u>(117,500,000.00)</u>	<u>(251,842,412.82)</u>
Net position of governmental activities (Exhibit "A")	\$	<u><u>172,590,425.70</u></u>

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

EXHIBIT "E"

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
<u>REVENUES</u>				
Property Taxes	\$ 585,221,587.18	\$ -	\$ -	\$ 585,221,587.18
Sales Taxes	14,777,275.09	115,113,551.11	-	129,890,826.20
State Funds	562,034,884.47	23,265,293.85	-	585,300,178.32
Federal Funds	119,851,229.70	-	-	119,851,229.70
Charges for Services	3,132,924.90	-	-	3,132,924.90
Investment Earnings	1,682,696.88	654,037.65	-	2,336,734.53
Miscellaneous	29,733,561.88	1,866,136.31	-	31,599,698.19
Total Revenues	<u>1,316,434,160.10</u>	<u>140,899,018.92</u>	<u>-</u>	<u>1,457,333,179.02</u>
<u>EXPENDITURES</u>				
Current				
Instruction	826,761,924.19	2,107,942.18	-	828,869,866.37
Support Services				
Pupil Services	80,502,677.08	-	-	80,502,677.08
Improvement of Instructional Services	34,030,913.25	-	-	34,030,913.25
Educational Media Services	14,304,500.07	-	-	14,304,500.07
General Administration	19,209,351.74	-	-	19,209,351.74
School Administration	74,821,380.10	-	-	74,821,380.10
Business Administration	8,811,729.98	-	-	8,811,729.98
Maintenance and Operation of Plant	115,810,978.02	-	-	115,810,978.02
Student Transportation Services	58,969,322.02	2,723,316.00	-	61,692,638.02
Central Support Services	21,079,785.72	-	-	21,079,785.72
Other Support Services	1,094,582.83	-	-	1,094,582.83
Enterprise Operations	1,538,909.45	-	-	1,538,909.45
Food Services Operation	59,737,474.05	-	-	59,737,474.05
Capital Outlay	250,438.00	104,960,336.68	-	105,210,774.68
Debt Services				
Principal	-	5,118,285.34	36,655,000.00	41,773,285.34
Interest	-	3,251,642.00	4,507,900.00	7,759,542.00
Total Expenditures	<u>1,316,923,966.50</u>	<u>118,161,522.20</u>	<u>41,162,900.00</u>	<u>1,476,248,388.70</u>
Revenues over (under) Expenditures	<u>(489,806.40)</u>	<u>22,737,496.72</u>	<u>(41,162,900.00)</u>	<u>(18,915,209.68)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	41,162,882.51	41,162,882.51
Transfers Out	-	(41,162,882.51)	-	(41,162,882.51)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(41,162,882.51)</u>	<u>41,162,882.51</u>	<u>-</u>
Net Change in Fund Balances	(489,806.40)	(18,425,385.79)	(17.49)	(18,915,209.68)
Fund Balances, Beginning of year	<u>129,583,177.00</u>	<u>332,128,820.00</u>	<u>47,622.00</u>	<u>461,759,619.00</u>
Fund Balances, End of year	<u>\$ 129,093,370.60</u>	<u>\$ 313,703,434.21</u>	<u>\$ 47,604.51</u>	<u>\$ 442,844,409.32</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
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds (Exhibit "E") \$ (18,915,209.68)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense:

Capital outlay	\$ 98,901,215.25	
Depreciation expense	<u>(42,992,433.28)</u>	55,908,781.97

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position. (11,888.78)

Taxes and other revenues reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 4,571,772.75	
Sales taxes	2,940,741.92	
IRS subsidy	<u>1,436,683.91</u>	8,949,198.58

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.

Qualified School Construction Bonds payment	\$ 5,118,285.34	
Amortization of bond premium	2,081,798.00	
Bond principal retirements	<u>36,655,000.00</u>	43,855,083.34

School 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 School District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.

Pension expense	\$ (68,761,825.70)	
OPEB expense	<u>10,200,023.00</u>	(58,561,802.70)

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest on issuance of bonds	\$ 366,549.83	
Compensated absences	(1,795,345.00)	
Claims Incurred but not Reported (IBNR)	<u>5,028,782.01</u>	<u>3,599,986.84</u>

Change in Net Position of governmental activities (Exhibit "B") \$ 34,824,149.57

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ <u>2,733,708.41</u>
<u>LIABILITIES</u>	
Funds Held for Others	\$ <u>2,733,708.41</u>

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 elected by the voters and a Superintendent appointed by the Board. The School District is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

CHARTER SCHOOLS

The Chamblee Charter High School, Chestnut Elementary School, Kingsley Charter Elementary School, Peachtree Charter Middle School, and Smoke Rise Elementary Charter Schools (collectively the "Charter Schools") are responsible for the public education of all students attending its schools. The Charter Schools were created through a contract between the School District and the Charter Schools whereby certain State funding associated with the students attending the Charter Schools and specified local funds are turned over to the Charter Schools to cover the cost of its operations. The financial statements of the Charter Schools have been included with the School District's general fund.

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, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

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

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

FUND FINANCIAL STATEMENTS

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

The School District reports the following major governmental funds:

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

The School District reports the following fiduciary fund type:

- Agency funds are used to report resources held by the School District in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

BASIS OF ACCOUNTING

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if they are collected within sixty 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, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities 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 net assets 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 2020, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later.

CASH AND CASH EQUIVALENTS

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

INVESTMENTS

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

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

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

RECEIVABLES

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

INVENTORIES

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 internally generated software is computed using the straight-line method over the estimated useful lives of the assets.

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 50 years
Building Improvements	\$ 100,000.00	Up to 50 years
Equipment		
Outdoor Equipment	\$ 5,000.00	15 to 20 years
Vehicles	\$ 5,000.00	8 years
Kitchen Equipment	\$ 5,000.00	15 years
Computer Hardware	\$ 5,000.00	5 years
Miscellaneous Equipment	\$ 5,000.00	5 to 20 years
Buses	\$ 5,000.00	15 years
Intangible Assets	\$ 1,000,000.00	15 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 on a fiscal year basis to all full-time personnel employed on a twelve-month basis. No other employees are eligible to earn vacation leave. Vacation leave not utilized during the fiscal year may be carried over to the next fiscal year, providing such vacation leave does not exceed 30 days in addition to vacation earned during the current year of service, but no more than one-half of the earned but unused vacation for the previous year. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

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.

POSTEMPLOYMENT 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 Postemployment Benefit Fund (School OPEB Fund) and additions to/deductions from School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

FUND BALANCES

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

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

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

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

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

USE OF ESTIMATES

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

PROPERTY TAXES

The Dekalb County Board of Commissioners adopted the property tax levy for the 2019 tax digest year (calendar year) on July 26, 2019 (levy date) based on property values as of January 1, 2019. Taxes were due on November 15, 2019 (lien date) and could be paid in two installments on September 30, 2019 and November 15, 2019 (due dates). Taxes collected within the current fiscal year or within 60 days after year-end on the 2019 tax digest are reported as revenue in the governmental funds for fiscal year 2020. 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, 2020, for maintenance and operations amounted to \$560,278,882.35.

The tax millage rate levied for the 2019 tax 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 \$24,942,704.83 during fiscal year ended June 30, 2020.

SALES TAXES

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$115,113,551.11 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 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, CASH EQUIVALENTS AND INVESTMENTS

COLLATERALIZATION OF DEPOSITS

O.C.G.A. § 45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. § 45-8-13.1) the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance. At June 30, 2020, \$41,413,812.92 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.

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, 2020, School District had deposits with a carrying amount of \$307,650,372.61 and a bank balance of \$327,707,269.07. The bank balances insured by Federal depository insurance were \$751,265.71 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 \$230,501,904.03. Additionally, \$41,413,812.92 of the School District's bank balance was uninsured and uncollateralized.

At June 30, 2020, \$55,040,286.41.00 of the School District's bank balances was exposed to custodial credit risk. This balance was in the State's Secure Deposit Program (SDP).

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

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's 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	\$ 393,324,506.03
Statement of Fiduciary Net Position	<u>2,733,708.41</u>
 Total cash and cash equivalents	 396,058,214.44
 Less:	
Cash on hand	97,625.00
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>88,310,216.83</u>
 Total carrying value of deposits - June 30, 2020	 \$ <u>307,650,372.61</u>

CATEGORIZATION OF CASH EQUIVALENTS

The School District reported cash equivalents of \$88,310,216.83 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, 2020 was 38 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 Comprehensive Annual Financial Report. This audit can be obtained from the Georgia Department of Audits and Accounts at www.audits.ga.gov/SGD/cafr.html.

CATEGORIZATION OF INVESTMENTS

At June 30, 2020, the School District had the following investments:

Investment Type	Fair Value	Investment Maturity Less Than 1 Year
US Bank		
Money Market Mutual Fund	\$ <u>100,691,690.94</u>	\$ <u>100,691,690.94</u>

Fair Value Measurements

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

The investment in the US Bank Money Market Mutual Fund is classified as Level 2 of the fair value hierarchy is valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk

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

Custodial Credit Risk

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

At June 30, 2020, \$100,691,690.94 of the School District's applicable investments were held by the investment's counterparty, not in the School District's name.

Credit Quality Risk

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

The investments subject to credit quality risk are reflected below:

Investment Type	Fair Value	Quality Ratings AAAm
US Bank		
Money Market Mutual Fund	\$ <u>100,691,690.94</u>	\$ <u>100,691,690.94</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District does not have a formal policy for managing concentration of credit risk. More than 5% of the School District's investments are in the US Bank Money Market Mutual Fund. This investment is 100% of the School District's total investments.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2020

EXHIBIT "H"

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, 2019	Increases	Decreases	Balances June 30, 2020
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$ 70,908,640.00	\$ 328,072.56	\$ -	\$ 71,236,712.56
Construction in Progress	131,380,747.50	92,284,087.14	106,561,680.54	117,103,154.10
Total Capital Assets Not Being Depreciated	202,289,387.50	92,612,159.70	106,561,680.54	188,339,866.66
Capital Assets Being Depreciated				
Buildings and Improvements	1,837,518,874.40	106,561,680.54	\$ 336,000.00	1,943,744,554.94
Equipment	146,140,796.00	6,171,597.15	174,457.96	152,137,935.19
Land Improvements	40,622,566.00	117,458.40	-	40,740,024.40
Less Accumulated Depreciation for:				
Buildings and Improvements	541,795,964.77	32,742,864.81	336,000.00	574,202,829.58
Equipment	80,546,232.00	8,881,710.70	162,569.18	89,265,373.52
Land Improvements	12,712,035.00	1,367,857.77	-	14,079,892.77
Total Capital Assets, Being Depreciated, Net	1,389,228,004.63	69,858,302.81	11,888.78	1,459,074,418.66
Governmental Activities Capital Assets - Net	\$ 1,591,517,392.13	\$ 162,470,462.51	\$ 106,573,569.32	\$ 1,647,414,285.32

Current year depreciation expense by function is as follows:

Instruction	\$ 35,174,891.68
Support Services	
Improvements of Instructional Services	\$ 964,046.97
Educational Media Services	298,137.97
General Administration	5,664.72
Business Administration	32,878.86
Maintenance and Operation of Plant	329,464.20
Student Transportation Services	5,186,940.69
Central Support Services	666,174.86
Food Services	7,483,308.27
	<u>334,233.33</u>
	\$ 42,992,433.28

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, consisted of the following:

Transfers to	Transfers From Capital Projects Fund
Debt Service Fund	\$ <u>41,162,882.51</u>

Transfers are used to move Special Purpose Local Option Sales Tax (SPLOST) 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, 2019	Additions	Deductions	Balance June 30, 2020	Due Within One Year
General Obligation (G.O.) Bonds	\$ 131,025,000.00	\$ -	\$ 36,655,000.00	\$ 94,370,000.00	\$ 37,145,000.00
Unamortized Bond Premiums	7,286,294.00	-	2,081,798.00	5,204,496.00	2,081,798.00
Qualified School Construction Bonds	23,604,000.00	-	5,118,285.34	18,485,714.66	5,118,285.00
Claims and Judgments	117,500,000.00	-	-	117,500,000.00	27,500,000.00
Compensated Absences	6,294,529.00	7,605,850.00	5,810,505.00	8,089,874.00	7,249,875.00
	<u>\$ 285,709,823.00</u>	<u>\$ 7,605,850.00</u>	<u>\$ 49,665,588.34</u>	<u>\$ 243,650,084.66</u>	<u>\$ 79,094,958.00</u>

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	\$ 131,025,000.00	\$ 94,370,000.00

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

Fiscal Year Ended June 30:	General Obligation Debt		Unamortized Bond Premium
	Principal	Interest	
2021	\$ 37,145,000.00	\$ 3,031,900.00	\$ 2,081,798.00
2022	37,755,000.00	1,533,900.00	2,081,798.00
2023	19,470,000.00	389,400.00	1,040,900.00
Total Principal and Interest	<u>\$ 94,370,000.00</u>	<u>\$ 4,955,200.00</u>	<u>\$ 5,204,496.00</u>

QUALIFIED SCHOOL CONSTRUCTION BONDS (QSCB)

On May 1, 2011, the School District entered into a lease 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 lease agreement with Georgia Municipal Association, Inc. provides that the School District owns the high school and is responsible for the payment of principal and interest on the Certificate of Participation and QSCB.

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

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the School District may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. To qualify for this subsidy the School District is required to periodically file appropriate documents with the Internal Revenue Service. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. The interest subsidy received by the School District in fiscal year 2020 was \$2,858,396.43, which funded all but \$393,245.57 of interest expense due on the QSCB.

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	\$ 12,795,714.66
Georgia Municipal Association - COP Series 2011B	5,690,000.00	5,690,000.00
	\$ 63,460,000.00	\$ 18,485,714.66

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

Fiscal Year Ended June 30:	Principal	Interest
2021	\$ 5,118,285.00	\$ 3,251,643.00
2022	5,118,285.00	3,251,643.00
2023	8,249,144.66	1,867,646.00
Total Principal and Interest	\$ 18,485,714.66	\$ 8,370,932.00

CLAIM AND JUDGMENT

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 schedule reports the annual settlement payments:

Fiscal Year Ended June 30:	Settlement Payments
2021	\$ 27,500,000.00
2022	22,500,000.00
2023	22,500,000.00
2024	22,500,000.00
2025	22,500,000.00
Total	\$ 117,500,000.00

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; acts of God; and unemployment compensation.

The School District has obtained commercial insurance for risk of loss associated with torts, assets, errors or omissions, and acts of God. The School District has neither significantly reduced coverage for these risks nor incurred losses (settlements) which exceeded the School District's insurance coverage in any of the past three years. Coverage is provided through agreements by the system with other companies according to their specialty for property, boiler and machinery (including coverage for flood and earthquake), errors and omissions liability, and crime risks. Payment of excess insurance for the system varies by line of coverage.

WORKERS' COMPENSATION

The School District has established a limited risk management program for workers' compensation claims. In connection with this program, a self-insurance reserve has been established within the general fund by the School District. The School District accounts for claims within the general fund with 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 \$1,000,000.00 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
2019	\$ 7,264,248.00	\$ 8,745,546.00	\$ 7,949,044.00	\$ 8,060,750.00
2020	\$ 8,060,750.00	\$ 6,355,085.58	\$ 7,438,177.59	\$ 6,977,657.99

UNEMPLOYMENT COMPENSATION

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

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

		<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2019	\$	-	\$ 169,467.00	\$ 169,467.00	\$ -
2020	\$	-	\$ 131,221.18	\$ 131,221.18	\$ -

SURETY BOND

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

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

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2020:

Nonspendable		
Inventories	\$	3,910,042.35
Restricted		
Capital Projects	\$	274,718,638.72
Debt Service	<u>39,032,400.00</u>	313,751,038.72
Assigned		
School Activity Accounts		1,772,338.98
Unassigned		<u>123,410,989.27</u>
Fund Balance, June 30, 2020	\$	<u>442,844,409.32</u>

When multiple categories of fund balance are available for 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% and 7% of budgeted expenditures.

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, 2020, together with funding available:

<u>Project</u>	<u>Unearned Executed Contracts (1)</u>	<u>Payments through June 30, 2020 (2)</u>	<u>Funding Available From State (1)</u>
Southwest DeKalb HS	\$ 109,255.71	\$ 23,046,425.96	\$ 454,284.00
Warren Tech	244,560.00	673,090.00	-
Eagle Woods Renovation	520,382.00	1,485,218.00	-
Towers HS Capital Renewal/Culinary/Roof	1,797,250.00	887,728.66	-
Pleasantdale ES Replacement	961,004.50	68,920.00	741,657.60
Smoke Rise ES Replacement	10,155,876.01	82,146.00	4,987,008.00
Arts School @ Former Avondale	241,347.75	232,712.25	-
Carolwood Diagnostic Ctr Addition	4,031,839.58	1,973,234.50	-
New Cross Keys MS	477,173.30	395,785.00	352,352.00
Peachtree MS	120,141.35	26,759,009.07	-
Cedar Grove HS	8,822,373.00	179,404.25	-
Chamblee HS	1,011,422.00	17,214,377.00	-
Clarkston HS	692,300.00	114,537.00	-
New Cross Keys HS	2,777,968.75	462,708.10	-
Dunwoody HS	796,580.00	711,171.25	-
Lakeside HS	982,475.00	317,500.00	-
New ES for Cross Keys North	415,389.93	91,327.73	-
Indian Creek ES	20,385,468.00	-	-
Turf Install - Druid Hills MS	742,656.90	111,550.00	-
E.L. Miller ES	212,150.00	48,584.70	1,105,426.00
	<u>\$ 55,497,613.78</u>	<u>\$ 74,855,429.47</u>	<u>\$ 7,640,727.60</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 postemployment 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 \$21,046,297.00 for the year ended June 30, 2020. 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, 2020, the School District reported a liability of \$770,250,780.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 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, 2019. At June 30, 2019, the School District's proportion was 6.276415%, which was an increase of 0.047660% from its proportion measured as of June 30, 2018.

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For the year ended June 30, 2020, the School District recognized OPEB expense of \$23,167,239.00. At June 30, 2020, 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	\$ -	\$ 83,795,267.00
Changes of assumptions	26,749,306.00	108,581,037.00
Net difference between projected and actual earnings on OPEB plan investments	1,677,370.00	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	22,576,320.00	-
School District contributions subsequent to the measurement date	21,046,297.00	-
Total	\$ 72,049,293.00	\$ 192,376,304.00

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, 2021. 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
2021	\$ (31,948,069.00)
2022	\$ (31,948,069.00)
2023	\$ (32,012,549.00)
2024	\$ (27,595,565.00)
2025	\$ (14,708,590.00)
Thereafter	\$ (3,160,466.00)

Actuarial assumptions: The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 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, 2019:

OPEB:

Inflation	2.50%
Salary increases	3.00% - 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	

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Pre-Medicare Eligible	7.250%
Medicare Eligible	5.375%
Ultimate trend rate	4.75%
Pre-Medicare Eligible	4.75%
Medicare Eligible	4.75%
Year of Ultimate trend rate	2028
Pre-Medicare Eligible	2022
Medicare Eligible	2022

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The RP-2000 White Collar Mortality Table projected to 2025 with projection scale BB (set forward 1 year for males) is used for death after service retirement and beneficiaries. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward two years for males and four years for females) is used for death after disability retirement.
- For PSERS members: 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) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with projection scale BB (set forward 5 years for both males and females) is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2014, and adopted by the pension Board on December 17, 2015. The next experience study for TRS will be for the period ending June 30, 2018.

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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 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. During fiscal year 2018, the School OPEB fund updated their investment strategy to a more long-term approach. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Fixed income	30.00%	(0.10)%
Domestic Stocks – Large Cap	46.20%	8.90%
Domestic Stocks – Small Cap	1.30%	13.20%
Int'l Stocks - Developed Mkt	12.40%	8.90%
Int'l Stocks - Emerging Mkt	5.10%	10.90%
Alternatives	5.00%	12.00%
Total	<u>100.00%</u>	

*Net of Inflation

Discount Rate: The discount rate has changed since the prior measurement date from 3.87% to 3.58%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.58% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.50% per the Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2119. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2026. Therefore, the calculated discount rate of 3.58% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 3.58%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1 percentage-point higher (4.58%) than the current discount rate:

	<u>1% Decrease (2.58%)</u>	<u>Current Discount Rate (3.58%)</u>	<u>1% Increase (4.58%)</u>
School District's proportionate share of the Net OPEB Liability	\$ 895,285,636.00	\$ 770,250,780.00	\$ 668,540,539.00

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:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the Net OPEB Liability	\$ 648,854,675.00	\$ 770,250,780.00	\$ 924,433,046.00

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the Comprehensive Annual Financial Report which is publicly available at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

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 §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 2020. The School District's contractually required contribution rate for the year ended June 30, 2020 was 21.14% of annual School District payroll, of which 21.12% of payroll was required from the School District and 0.02% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$144,220,337.56 and \$190,443.03 from the School District and the State, respectively.

EMPLOYEES' RETIREMENT SYSTEM

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

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

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

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

Contributions: Member contributions under the old plan are 4% of annual compensation, up to \$4,200.00, plus 6% 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 required contribution rate for the year ended June 30, 2020 was 24.66% of annual covered payroll for old and new plan members and 21.64% 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 \$197,161.74 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 \$15.25, 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 \$1,812,592.00.

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

At June 30, 2020, the School District reported a liability of \$1,122,765,085.00 for its proportionate share of the net pension liability for TRS (\$1,121,343,866.00) and ERS (\$1,421,219.00).

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

School District's proportionate share of the net pension liability	\$	1,121,343,866.00
State of Georgia's proportionate share of the net pension liability associated with the School District		1,502,609.00
Total	\$	1,122,846,475.00

The net pension liability for TRS and ERS was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019.

At June 30, 2019, the School District's TRS proportion was 5.214897%, which was an increase of 0.076830% from its proportion measured as of June 30, 2018. At June 30, 2019, the School District's ERS proportion was 0.034441%, which was a decrease of 0.002312% from its proportion measured as of June 30, 2018.

At June 30, 2020, 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 \$10,297,967.00.

The PSERS net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2019 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, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$212,294,360.58 for TRS, \$202,986.98 for ERS and \$3,175,769.00 for PSERS and revenue of (\$681,977.00) for TRS and \$3,175,769.00 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, 2020, 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	\$ 63,204,656.00	\$ 332,450.00	\$ 47,331.00	\$ -
Changes of assumptions	107,607,574.00	-	25,015.00	-
Net difference between projected and actual earnings on pension plan investments	-	26,702,619.00	-	44,239.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	40,780,743.00	1,534.00	-	117,337.00
School District contributions subsequent to the measurement date	<u>144,220,337.56</u>	<u>-</u>	<u>197,161.74</u>	<u>-</u>
Total	<u>\$ 355,813,310.56</u>	<u>\$ 27,036,603.00</u>	<u>\$ 269,507.74</u>	<u>\$ 161,576.00</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, 2021. 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
2021	\$ 78,148,080.00	\$ (29,646.00)
2022	23,498,288.00	(56,734.00)
2023	42,927,582.00	(8,715.00)
2024	39,982,420.00	5,865.00
Thereafter	-	-

Actuarial assumptions: The total pension liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, 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 were based on the 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) for service requirements and dependent beneficiaries. The RP-2000 Disabled Mortality table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set forward two years for males and four years for females) was used for the death after disability retirement. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

Employees' Retirement System:

Inflation	2.75%
Salary increases	3.25% - 7.00%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward 2 years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB and set back 7 years for males and set forward 3 years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment of return.

Public School Employees Retirement System:

Inflation	2.75%
Salary increases	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates were based on 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) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward 5 years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the assumed investment rate of return.

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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	ERS/PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.10)%
Domestic large stocks	51.00%	46.20%	8.90%
Domestic small stocks	1.50%	1.30%	13.20%
International developed market stocks	12.40%	12.40%	8.90%
International emerging market stocks	5.10%	5.10%	10.90%
Alternative	-	5.00%	12.00%
Total	100.00%	100.00%	

* Rates shown are net of assumed rate of inflation.

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 7.30%. 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.30%, 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 6.30%) or 1-percentage-point higher (8.25% and 8.30%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Teachers Retirement System:			
School District's proportionate share of the net pension liability	\$ 1,820,269,289.00	\$ 1,121,343,866.00	\$ 546,578,830.00
Employees' Retirement System:			
School District's proportionate share of the net pension liability	\$ 2,019,682.00	\$ 1,421,219.00	\$ 911,038.00

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 PSERS. Recognizing that PSERS was a limited defined contribution and defined benefit plan which did not provide for adequate retirement for this group of employees, it was the Board's desire to supplement the retirement of this group.

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

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

Fiscal Year	Percentage Contributed	Required Contribution
2020	100%	\$ 4,683,292.00
2019	100%	\$ 4,115,503.00
2018	100%	\$ 4,527,384.00

NOTE 14: 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, 2020, DeKalb County abated property taxes due to the School District on the 2019 tax levy totaling \$18,383,191.00. No individual abatement agreements exceeded 10 percent of the total amount abated.

NOTE 15: RESTATEMENT OF PRIOR YEAR NET POSITION

For fiscal year 2020, the School District made prior period adjustments to correct errors and omissions in capital assets which requires the restatement of the June 30, 2019 net position in governmental activities. These changes are in accordance with generally accepted accounting principles.

Net Position, July 1, 2020 as previously reported	\$	196,632,909.00
Restatement of Capital Assets		(58,866,632.87)
Net Position, July 1, 2020, as restated	\$	137,766,276.13

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	State of Georgia's proportionate share of the net pension liability associated with the School District	Total	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
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
FISCAL YEARS ENDED JUNE 30**

Year Ended	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
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%
2012	\$ 56,477,235.00	\$ 56,477,235.00	\$ -	\$ 549,402,309.00	10.28%
2011	\$ 57,198,715.00	\$ 57,198,715.00	\$ -	\$ 556,407,731.00	10.28%

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

Year Ended	School District's proportion of the net pension liability	School District's proportionate share of the net pension liability	School District's covered payroll	School District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
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
FISCAL YEARS ENDED JUNE 30

Year Ended	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
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%
2012	\$ 76,992.00	\$ 76,992.00	\$ -	\$ 689,713.00	11.16%
2011	\$ 57,962.00	\$ 57,962.00	\$ -	\$ 587,676.00	9.86%

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

Year Ended	School District's proportion of the net OPEB liability	School District's proportionate share of the net OPEB liability	State of Georgia's proportionate share of the net OPEB liability associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
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
 FISCAL YEARS ENDED JUNE 30

Year Ended	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
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%

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2020**

Teachers Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP 2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

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%.

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.
- A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

On March 15, 2018, the Board adopted a new funding policy. 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. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

Public School Employees Retirement System

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

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).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

School OPEB Fund

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

Changes of assumptions: The June 30, 2017 was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB fund based on their last employer payroll location: irrespective of retirement affiliation.

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, and back to 3.58% as of June 30, 2019.

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2020

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 600,390,843.00	\$ 600,390,843.00	\$ 585,221,587.18	\$ (15,169,255.82)
Other taxes	10,100,000.00	10,100,000.00	14,777,275.09	4,677,275.09
State funds	561,487,578.34	563,407,840.17	562,034,884.47	(1,372,955.70)
Federal funds	127,192,907.47	193,128,974.75	119,851,229.70	(73,277,745.05)
Charges for services	12,604,992.00	13,504,992.00	3,132,924.90	(10,372,067.10)
Investment income	2,017,000.00	2,017,000.00	1,682,696.88	(334,303.12)
Miscellaneous	22,773,733.00	48,246,962.31	29,733,561.88	(18,513,400.43)
Total revenues	<u>1,336,567,053.81</u>	<u>1,430,796,612.23</u>	<u>1,316,434,160.10</u>	<u>(114,362,452.13)</u>
EXPENDITURES				
Current:				
Instruction	831,825,024.42	867,581,092.84	826,761,924.19	40,819,168.65
Support services:				
Pupil services	78,812,515.78	84,869,112.20	80,502,677.08	4,366,435.12
Improvement of instructional services	46,567,126.53	66,871,716.95	34,030,913.25	32,840,803.70
Educational media services	13,663,819.52	13,768,113.94	14,304,500.07	(536,386.13)
General administration	22,189,404.05	23,925,075.87	19,209,351.74	4,715,724.13
School administration	74,780,435.21	74,465,398.74	74,821,380.10	(355,981.36)
Business administration	10,412,210.64	10,533,140.63	8,811,729.98	1,721,410.65
Maintenance and operation of plant	121,757,283.77	127,464,208.70	115,810,978.02	11,653,230.68
Student transportation services	68,698,615.55	72,968,848.18	58,969,322.02	13,999,526.16
Central support services	27,141,785.94	30,354,023.17	21,079,785.72	9,274,237.45
Other support services	1,107,095.00	1,616,771.43	1,094,582.83	522,188.60
Enterprise Operations	1,269,988.00	1,224,988.00	1,538,909.45	(313,921.45)
Food services operation	65,898,703.54	68,248,703.54	59,737,474.05	8,511,229.49
Capital Outlay	-	250,898.00	250,438.00	460.00
Debt service	10,000.00	10,000.00	-	10,000.00
Total expenditures	<u>1,364,134,007.95</u>	<u>1,444,152,092.19</u>	<u>1,316,923,966.50</u>	<u>127,228,125.69</u>
Excess (deficiency) of revenues over expenditures	<u>(27,566,954.14)</u>	<u>(13,355,479.96)</u>	<u>(489,806.40)</u>	<u>12,865,673.56</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers from other funds	8,066,056.00	7,569,313.26	-	(7,569,313.26)
Operating transfers to other funds	(8,066,056.00)	(7,569,313.26)	-	7,569,313.26
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(27,566,954.14)	(13,355,479.96)	(489,806.40)	12,865,673.56
FUND BALANCES, beginning of year	<u>113,852,845.19</u>	<u>114,966,497.60</u>	<u>129,583,177.00</u>	<u>14,616,679.40</u>
FUND BALANCES, end of year	<u>\$ 86,285,891.05</u>	<u>\$ 101,611,017.64</u>	<u>\$ 129,093,370.60</u>	<u>\$ 27,482,352.96</u>

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

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 STATE REVENUE
FISCAL YEAR ENDED JUNE 30, 2020

AGENCY / FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 12,303,929.81	\$ -	\$ 12,303,929.81
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten, QBE	26,582,875.00	-	26,582,875.00
Kindergarten Early Intervention Program	23,815,711.00	-	23,815,711.00
Primary Grades Program (1-3)	70,392,223.00	-	70,392,223.00
Primary Grades Early Intervention Program (1-3)	44,815,991.00	-	44,815,991.00
Upper Elementary Grades Program (4-5)	33,571,782.00	-	33,571,782.00
Upper Elementary Grades Early Intervention Program (4-5)	27,410,867.00	-	27,410,867.00
Middle School Program (6-8)	75,632,470.00	-	75,632,470.00
High School General Education Program (9-12)	66,664,599.00	-	66,664,599.00
Vocational Laboratory (9-12) Program	16,367,580.00	-	16,367,580.00
Students with Disabilities	90,209,414.48	-	90,209,414.48
Gifted Student - Category VI	38,502,059.00	-	38,502,059.00
Remedial Education Program	4,870,185.00	-	4,870,185.00
Alternative Education Program	5,304,961.00	-	5,304,961.00
English For Speakers Of Other Languages (ESOL)	42,204,411.00	-	42,204,411.00
Media Centers	14,161,101.00	-	14,161,101.00
Twenty Days Additional Instruction, QBE	4,077,989.00	-	4,077,989.00
Staff and Professional Development	2,591,375.00	-	2,591,375.00
Principal Staff and Professional Development	42,813.00	-	42,813.00
Indirect Cost			
Central Administration	16,572,721.00	-	16,572,721.00
Cost-School Administration	26,958,763.00	-	26,958,763.00
Cost-Facilities Maintenance and Operations	29,805,059.00	-	29,805,059.00
Amended Formula Adjustment	(8,348,209.00)	-	(8,348,209.00)
QBE Contra Account	(124,035,133.00)	-	(124,035,133.00)
Categorical Grants			
Pupil Transportation	4,855,764.00	-	4,855,764.00
Nurses	2,139,722.00	-	2,139,722.00
Vocational Supervisors	113,742.00	-	113,742.00
Food Services	1,334,150.00	-	1,334,150.00
Other State Programs			
Preschool Disability Services	2,175,392.17	-	2,175,392.17
Other Programs			
Charter Schools - Facilities	457,757.28	-	457,757.28
Computer Science Capacity Grant (CS4GA) Grant	40,000.00	-	40,000.00
GNETS State Grant	3,114,678.40	-	3,114,678.40
Hygiene Products in Georgia Schools	82,965.00	-	82,965.00
Math and Science Supplement	793,922.53	-	793,922.53
Pupil Transportation - State Bonds	524,880.00	-	524,880.00
Residential Treatment Centers Grant	348,111.00	-	348,111.00
Rule 10 Special Education State Grant	63,496.46	-	63,496.46
School Security Grant	2,480,017.33	-	2,480,017.33
Teachers Retirement	190,443.03	-	190,443.03
Tuition For Multi-Handicapped Children	180,577.80	-	180,577.80
Vocational Education	737,340.65	-	737,340.65
Vocational Construction Related Equipment - State Bonds	113,795.53	-	113,795.53
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	23,265,293.85	23,265,293.85
Office of Treasury and Fiscal Services			
Public School Employees Retirement	1,812,592.00	-	1,812,592.00
	<u>\$ 562,034,884.47</u>	<u>\$ 23,265,293.85</u>	<u>\$ 585,300,178.32</u>

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**DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FISCAL YEAR ENDED JUNE 30, 2020**

SCHEDULE "10"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
2012 Sales Tax - Authorized Projects						
1. Americans with Disabilities Act (ADA) Improvements	\$ 2,342,500.00	\$ 13,607,118.56	\$ 3,077,222.83	\$ 10,529,895.73	\$ 13,607,118.56	Completed
2. Stadiums	9,557,400.00	10,532,998.65	-	10,532,998.65	10,532,998.65	Completed
3. Capital Renewal Program	84,892,200.00	114,395,065.17	2,243,113.90	88,936,439.11	-	Aug 2021
4. Code Requirements	2,342,500.00	2,788,526.88	255,180.66	2,422,545.68	-	Dec 2020
5. Coralwood Diagnostic Center Addition	9,932,200.00	8,004,210.00	1,205,313.40	235,135.00	-	Jan 2021
6. Early Learning Center	2,717,300.00	2,682,284.00	1,044,471.35	1,143,392.75	-	Dec 2020
7. Arts School at former Avondale MS	4,029,100.00	11,127,167.00	-	310,896.41	-	Dec 2022
8. Renovation of Southwest DeKalb HS ⁴ and Stone Mountain HS	11,056,600.00	34,525,148.58	1,938,368.63	31,895,165.38	-	Dec 2020
9. Replacement of Austin ES, Fernbank ES, Gresham Park ES, Pleasantdale ES, Peachcrest ES, Rockbridge ES, Smoke Rise ES	135,021,700.00	171,302,626.10	36,819,755.27	118,570,972.76	-	Aug 2021
10. Henderson MS Renovation/Addition	14,992,000.00	19,245,872.25	-	19,245,872.25	19,245,872.25	Completed
11. Redan HS Renovation/Addition	20,988,800.00	22,065,648.16	-	22,065,648.16	22,065,648.16	Completed
12. Chamblee HS Replacement	55,001,900.00	54,992,632.00	6,948,214.82	33,421,169.97	-	Dec 2021
13. McNair MS Replacement	35,043,800.00	42,592,213.00	6,445,173.41	34,238,764.00	-	Dec 2020
14. Local School Priority Requests	5,153,500.00	2,902,294.25	-	2,902,294.25	2,902,294.25	Completed
15. Demolition	2,342,500.00	4,221,328.66	-	4,221,328.66	4,221,328.66	Completed
16. Safety/Security Systems Upgrade	2,342,500.00	2,292,719.24	-	2,292,719.24	2,292,719.24	Completed
17. Technology Equipment and Infrastructure Refresh	36,261,900.00	34,252,207.00	236,704.99	32,821,546.89	33,058,251.88	Dec 2020
18. School Buses	9,463,700.00	12,800,247.61	-	12,800,247.61	12,800,247.61	Completed
19. Service Vehicles	1,592,900.00	2,252,530.33	-	2,252,530.33	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	82,511,967.59	263,581.62	76,688,976.00	-	Jun 2022
	<u>\$ 475,000,000.00</u>	<u>\$ 649,094,805.03</u>	<u>\$ 60,477,100.88</u>	<u>\$ 507,528,538.83</u>	<u>\$ 122,979,009.59</u>	

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION SALES TAX PROCEEDS
FISCAL YEAR ENDED JUNE 30, 2020

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	AMOUNT EXPENDED IN CURRENT YEAR (3)	AMOUNT EXPENDED IN PRIOR YEARS (3)	TOTAL COMPLETION COST	ESTIMATED COMPLETION DATE
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	\$ 43,967,991.00	\$ 52,145.06	\$ -	-	Sep 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	171,012,087.00	38,339,695.45	43,320,579.68	-	May 2023
(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	157,032,051.00	1,123,363.86	3,563,618.47	-	May 2024
(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	66,500,000.00	6,414,849.81	48,181,089.18	-	Jan 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;	40,000,000.00	40,075,000.00	4,909,386.69	24,106,342.82	-	Aug 2022
(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	222,412,871.00	3,513,137.32	17,214,905.45	-	Sep 2024
	<u>561,000,000.00</u>	<u>701,000,000.00</u>	<u>54,352,578.19</u>	<u>136,386,535.60</u>	<u>-</u>	
	<u>\$ 1,036,000,000.00</u>	<u>\$ 1,350,094,805.03</u>	<u>\$ 114,829,679.07</u>	<u>\$ 643,915,074.43</u>	<u>\$ 122,979,009.59</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.