



ANNUAL FINANCIAL REPORT • FISCAL YEAR 2025

DeKalb County Board of Education Stone Mountain, Georgia

Including Independent Auditor's Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

DeKalb County Board of Education

Table of Contents

Section I

Financial

Independent Auditor's Report

Required Supplementary Information

Management's Discussion and Analysis i

Exhibits

Basic Financial Statements

Government-Wide Financial Statements

A	Statement of Net Position	1
B	Statement of Activities	2

Fund Financial Statements

C	Balance Sheet	
	Governmental Funds	3
D	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
E	Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	5
F	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	6
G	Notes to the Basic Financial Statements	8

Schedules

Required Supplementary Information

1	Schedule of Proportionate Share of the Net Pension Liability Teachers Retirement System of Georgia	37
2	Schedule of Contributions – Teachers Retirement System of Georgia	38
3	Schedule of Proportionate Share of the Net Pension Liability Employees' Retirement System of Georgia	39
4	Schedule of Contributions – Employees' Retirement System of Georgia	40
5	Schedule of Proportionate Share of the Net Pension Liability Public School Employees Retirement System of Georgia	41

(This page left intentionally blank)

Required Supplementary Information (Continued)

6	Schedule of Proportionate Share of the Net OPEB Liability School OPEB Fund	42
7	Schedule of Contributions – School OPEB Fund	43
8	Notes to the Required Supplementary Information	44
9	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual General Fund	46

Supplementary Information

10	Schedule of Expenditures of Federal Awards	47
11	Schedule of State Revenue	49
12	Schedule of Approved Local Option Sales Tax Projects	52

Section II

Compliance and Internal Control Reports

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

Summary Schedule of Prior Audit Findings

Section IV

Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Section V

Management's Corrective Action for Current Year Findings

Schedule of Management's Corrective Action

(This page left intentionally blank)

Section I

Financial

(This page left intentionally blank)



INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Norman Sauce, Superintendent and Members of the
DeKalb County Board of Education

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the DeKalb County Board of Education (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Emphasis of Matter

As described in Note 2 to the financial statements, in 2025, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The School District restated beginning balances for the effect of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

(This page left intentionally blank)

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(This page left intentionally blank)

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting

(This page left intentionally blank)

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 fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

March 27, 2026

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

INTRODUCTION

The discussion and analysis of the DeKalb County Board of Education's financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the Board's financial performance.

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

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

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2025 are as follows:

On the full accrual, government-wide financial statements:

- ❑ GASB Statement No. 101, *Compensated Absences*, was implemented in fiscal year 2025 and replaced GASB Statement No. 16. This is considered a change in accounting principle that affects the School District's reporting of its compensated absences liability. This change in accounting principle required a beginning balance restatement for the fiscal year 2025. Ending balances for fiscal year 2024 presented inside the Management's Discussion and Analysis section do not show the accounting impact on these restated balances. Additional information may be found in Note 2, Summary of Significant Accounting Policies and Procedures and Note 14, Restatement of Prior Year Net Position.
- ❑ Net position decreased by \$72.3 million compared to the prior year. Net position represents the difference between the Board's total assets and deferred outflows of resources (including capital assets, net of depreciation) and its total liabilities and deferred inflows of resources. This change reflects revenues exceeding program expenditures, growth in capital assets, reductions in claims and judgments, and favorable adjustments to the net pension liability. These gains were partially offset by a prior-year restatement resulting from the implementation of GASB Statement No. 101, *Compensated Absences*.
- ❑ Long-term liabilities were restated to reflect the implementation of GASB Statement No. 101, *Compensated Absences*, resulting in an increase of \$113.2 million. During the fiscal year, claims and judgments decreased by \$22.50 million due to payments made by the Board, while compensated absences increased by \$17.3 million. The net effect was an overall decrease of \$5.17 million in long-term liabilities.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

- ❑ The Board incurred \$1.86 billion in expenses related to governmental activities, of which only \$859.06 million was offset by program-specific charges for services, grants, and contributions. However, general revenues—primarily property and sales taxes—totaled \$1.19 billion and were sufficient to cover these program deficits.
- ❑ General revenues, as reported on the Statement of Activities, totaled \$1.19 billion, representing approximately 58.05% of all revenues. Program-specific revenues—comprising charges for services, grants, and contributions—accounted for the remaining portion.

On the modified accrual, fund financial statements:

- ❑ Among major funds, the general fund reported \$1.87 billion in revenues and \$1.85 billion in expenditures, including \$54.99 million in transfers to the capital projects fund to support local capital initiatives. The general fund experienced a decrease in fund balance of \$42.34 million, compared to an increase of \$75.05 million in the prior year.
- ❑ The capital projects fund reported \$188.15 million in revenues, \$54.99 million in transfers from the general fund, and \$236.88 million in expenditures. As a result, the fund balance increased by \$7.33 million, compared to an increase of \$77.72 million in the prior year.

Using the Basic Financial Statements

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

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

Reporting the Board as a Whole

Statement of Net Position and the Statement of Activities

While this document includes a number of funds used by the Board to provide programs and activities, a view of the Board as a whole requires looking at all financial transactions to ask the question, "How did we do financially during 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 and capital projects fund.

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

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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 2025 compared to fiscal year 2024.

Table 1
Net Position

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Assets		
Current and Other Assets	\$ 1,404,309,796	\$ 1,424,624,462
Capital Assets, Net	<u>1,886,932,588</u>	<u>1,712,181,457</u>
Total Assets	<u>3,291,242,384</u>	<u>3,136,805,919</u>
Deferred Outflows of Resources		
Related to Defined Benefit Pension Plans	395,249,846	453,639,352
Related to OPEB Plan	<u>129,541,596</u>	<u>155,253,177</u>
Total Deferred Outflows of Resources	<u>524,791,442</u>	<u>608,892,529</u>
Liabilities		
Current Liabilities	314,848,917	308,862,627
Net Pension Liability	1,176,355,884	1,366,335,574
Net OPEB Liability	625,555,150	612,766,195
Other Long-Term Liabilities	<u>148,997,315</u>	<u>35,830,744</u>
Total Liabilities	<u>2,265,757,266</u>	<u>2,323,795,140</u>
Deferred Inflows of Resources		
Unearned Revenue		
Related to Defined Benefit Pension Plans	219,455,859	85,459,268
Related to OPEB Plan	<u>245,856,546</u>	<u>323,738,283</u>
Total Deferred Inflows of Resources	<u>465,312,405</u>	<u>409,197,551</u>
Net Position		
Net Investment in Capital Assets	1,833,655,242	1,652,342,359
Restricted	624,687,886	623,116,566
Unrestricted (Deficit)	<u>(1,373,378,973)</u>	<u>(1,262,753,168)</u>
Total Net Position	<u>\$ 1,084,964,155</u>	<u>\$ 1,012,705,757</u>

(1) Fiscal year balances do not reflect the effect of the restatement of balances.

See Note 14 in the Notes to the Basic Financial Statements for additional information.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Table 2 shows the Changes in Net Position for fiscal year ending 2025 compared to 2024.

Table 2
Change in Net Position

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Revenues		
Program Revenues:		
Charges for Services	\$ 4,475,209	\$ 4,118,922
Operating Grants and Contributions	833,942,221	835,765,262
Capital Grants and Contributions	20,644,107	9,608,932
Total Program Revenues	859,061,537	849,493,116
General Revenues:		
Property Taxes - Maintenance and Operations	948,623,009	885,143,938
Sales Tax - Special Purpose Local Option Tax for Capital Projects	154,532,044	150,986,248
Other Sales Tax	10,950,182	12,936,930
Investment Earnings	54,184,634	53,205,606
Miscellaneous	20,595,681	25,500,403
Total General Revenues	1,188,885,550	1,127,773,125
Total Revenues	2,047,947,087	1,977,266,241
Program Expenses:		
Instruction	1,064,072,857	1,050,730,487
Support Services:		
Pupil Services	134,010,326	125,599,598
Improvement of Instructional Services	60,757,017	58,682,182
Educational Media Services	24,507,098	18,835,835
General Administration	59,202,167	34,072,053
School Administration	69,245,760	86,817,094
Business Administration	23,832,747	18,581,206
Maintenance and Operation of Plant	208,440,501	175,981,899
Student Transportation Services	91,994,041	84,482,752
Central Support Services	52,392,448	42,384,267
Other Support Services	481,259	1,818,126
Operations of Non-Instructional Services		
Enterprise Operations	4,803,658	6,443,490
Food Services	63,613,724	65,322,225
Interest on Long-Term Debt	-	20,152
Total Expenses	1,857,353,603	1,769,771,366
Change in Net Position	190,593,484	207,494,875
Beginning Net Position, as Previously Reported	1,012,705,757	805,210,882
Change in Accounting Principle - GASB Statement No. 101	(118,335,086)	-
Beginning Net Position, as Restated	894,370,671	805,210,882
Ending Net Position	\$ 1,084,964,155	\$ 1,012,705,757

(1) Fiscal year 2024 balances do not reflect the effect of the restatement balances.

See Note 14 to the Basic Financial Statements for additional information.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Governmental Activities

Instruction, pupil services and improvement of instructional services comprised the majority of governmental program expenses with 67.78%. Additional needed support services such as student transportation, maintenance, and administration comprise 28.54% of program expenses, while non-instructional services comprise the remaining 3.68%. Non-instructional services provided consist primarily of school nutrition and enterprise operations.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 below shows, for governmental activities, the net cost of services for fiscal year 2025 compared to fiscal year 2024. That is, it identifies the cost of these services that are supported by tax and other general revenues.

Table 3
Governmental Activities

	Net Cost of Services	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Instruction	\$ 488,970,356	\$ 489,848,977
Support Services:		
Pupil Services	86,204,531	77,307,721
Improvement of Instructional Services	18,301,355	19,275,366
Educational Media Services	7,999,154	3,206,183
General Administration	41,090,422	12,750,691
School Administration	35,484,786	51,766,219
Business Administration	23,354,767	17,750,139
Maintenance and Operation of Plant	164,483,744	130,093,664
Student Transportation Services	76,635,071	68,069,811
Central Support Services	50,842,096	39,468,845
Other Support Services	11,598	1,330,310
Operations of Non-Instructional Services:		
Enterprise Operations	4,803,507	6,442,889
Community Service	(10,734)	(1,312)
Food Services	121,414	2,948,594
Interest on Long-Term Debt	-	20,153
Total Expenses	\$ <u>998,292,067</u>	\$ <u>920,278,250</u>

(1) Fiscal year balances do not reflect the effect of the restatement of balances.

See Note 14 in the Notes to the Basic Financial Statements for additional information.

Program revenues, primarily derived from state and federal funding, make up only 41.95% of total revenue. To cover the revenue shortfall needed to fund vital services, the Board is dependent upon tax and other general revenues to support the full range of governmental activities.

The Board's broad tax base is sufficient to cover shortfalls in these operational activities. In addition to program revenues, tax and other general revenues of \$1.19 billion were collected sufficiently to fund the shortfall across instruction and other operational activities.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

General Fund Budgeting Highlights

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

The final general fund budget showed anticipated revenues of \$1.85 billion and expenditures of \$1.90 billion. Actual revenues exceeded budgeted estimates, while actual expenditures were below budgeted levels. During fiscal year 2025, the Board intentionally budgeted a \$73.00 million deficit to the general fund's fund balance. Favorable revenue collections and disciplined expenditure controls reduced the actual decline in fund balance to \$42.34 million. While this approach is not sustainable long term, it is important to note that the deficit includes a one-time transfer of \$54.99 million from the general fund to support local capital projects within the district.

Capital Assets and Long-Term Liabilities

Capital Assets

At the end of fiscal year 2025, the Board had \$1.89 billion invested in capital assets, net of accumulated depreciation and amortization, all in governmental activities. Table 4 shows fiscal year 2025 balances compared with fiscal year 2024 balances.

Table 4
Capital Assets
(Net of Depreciation and Amortization)

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024
Land	\$ 71,783,468	\$ 71,178,768
Construction in Progress	275,091,383	127,984,445
Buildings and Improvement	1,422,579,115	1,399,105,343
Equipment	77,070,435	71,329,134
Land Improvements	37,629,004	39,477,622
Intangible Assets	2,779,183	3,106,145
Total	<u>\$ 1,886,932,588</u>	<u>\$ 1,712,181,457</u>

Long-Term Liabilities

At the close of fiscal year 2025, long-term liabilities totaled \$149.00 million, a decrease from the restated prior-year balance of \$154.17 million, resulting in a slight reduction in the Board's overall financial position. During the year, the Board satisfied all remaining claims and judgments, leaving compensated absences as the sole long-term liability. The Board's continued commitment to reducing debt reinforces its strategic priority of ensuring that future resources are directed toward educational programs and student services rather than debt obligations.

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Table 5 summarizes long-term liabilities outstanding and compares fiscal year 2025 balances to fiscal year 2024 balances.

Table 5
Debt at June 30

	Governmental Activities	
	Fiscal Year 2025	Fiscal Year 2024 (1)
Claims and Judgements	\$ -	\$ 22,500,000.00
Compensated Absences	148,997,315.00	13,330,744.00
Total	\$ 148,997,315.00	\$ 35,830,744.00

(1) Fiscal Year 2024 balances do not reflect the effect of the restatement balances.

See Note 14 in the Notes to the Basic Financial Statements for additional information.

Current Issues

On the modified accrual basis, the fund financial statements reflect a 4.58% increase in total revenues from all sources between fiscal years 2024 and 2025. Local revenues derived from property taxes increased by 6.98%, attributable to property reassessments and new construction activity. State revenues rose by 8.89%, primarily due to reimbursements for elevated health insurance costs and the higher employer contribution rate to the Teachers Retirement System of Georgia (TRS), which was paid by the Board.

Investment income remained robust for the second consecutive year, driven by favorable returns from Georgia Fund 1, a local government investment pool administered by the Office of the State Treasurer. Conversely, federal revenues declined by 7.30% as funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan (ARP) was substantially expended and closed out early in fiscal year 2025.

Although state revenues, primarily generated through the Quality Basic Education formula—increased by \$50.11 million, this growth has not kept pace with rising inflation, escalating health care and retirement costs, and other expenditures necessary to address students' holistic needs. Additional funding from property taxes helped the Board offset operational shortfalls. However, a continuing trend across fiscal years 2024 and 2025 shows an increasing reliance on property taxes and non-state funding sources.

DeKalb County Board of Education continues to be the most diverse school system in the state of Georgia. There are more than 91,000 students, 172 spoken languages, 138 schools and centers and roughly 14,000 staff members. Although the coronavirus (COVID-19) pandemic that began to spread worldwide in December 2019 is officially over, the effects on the Board's large and diverse student body are not. The Board's intentional focus to provide adequate social and emotional support and offer supplemental educational recovery opportunities strains financial resources.

The DeKalb County Board of Education operates within an urban environment and competes with surrounding school systems as well as the private labor market for talent. The Board remains committed to maintaining aggressively competitive compensation for teachers and support staff, with

DEKALB COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

a strategic focus on attracting, retaining, and developing personnel. These efforts have yielded measurable results: staff turnover has declined for two consecutive fiscal years, and the Board has experienced its lowest vacancy rates in years among certified teachers, transportation personnel, and other classified positions. Although personnel turnover has slowed, enhanced salary and benefits for employees—along with other financial pressures—have significantly increased the annual budget. As a result, the cost of educating students has reached an all-time high.

Factors Bearing on the Board's District's Future

Looking ahead, federal revenues are expected to stabilize and may experience modest growth as funding is received from the Environmental Protection Agency (EPA) to support the purchase of electric school buses and related infrastructure. State funding through the Quality Basic Education (QBE) formula is projected to increase gradually, primarily covering mandated salary adjustments, changes in retirement rates and health insurance cost increases. However, these allocations are unlikely to include cost-of-living adjustments sufficient to address the rising expenses associated with public education.

The local housing market and overall tax digest are not anticipated to grow at the pace observed in recent years. In fact, mounting pressure and increased legislative efforts to limit property tax rate increases are expected to result in slower growth in property tax revenues.

While overall revenue growth is projected to slow, the need to maintain competitive educator compensation remains a priority. The Board must remain agile and responsive to changes in the local labor market while consistently meeting employee needs.

Health insurance costs continue to escalate, with the Georgia Department of Community Health already announcing planned increases for certified and classified staff coverage under the State Health Benefit Plan. Additionally, inflation is expected to persist, driving up costs associated with constructing and maintaining facilities.

The DeKalb County Board of Education recognizes these future fiscal constraints and continues to pursue alternative strategies to manage rising costs effectively. Proactive financial planning measures have been implemented to safeguard organizational stability and long-term success. Deliberate efforts have focused on protecting and strengthening fund balance reserves, which will provide critical support for local capital improvements, facility maintenance, investments in personnel, and serve as a financial buffer against significant revenue declines or unforeseen expenditures.

These actions underscore the Board's unwavering commitment to fiscal responsibility and its dedication to sustaining educational excellence for the community.

Contacting the Board's Financial Management

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

(This page left intentionally blank)

DeKalb County Board of Education

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT "A"

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,219,090,863.80
Accounts Receivable, Net	
Taxes	44,285,808.15
State Government	100,443,773.41
Federal Government	36,210,453.24
Local	3,142.79
Other	1,730,744.34
Inventories	2,545,010.56
Capital Assets, Non-Depreciable	346,874,851.46
Capital Assets, Depreciable (Net of Accumulated Depreciation/Amortization)	1,540,057,736.37
Total Assets	<u>3,291,242,384.12</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	395,249,846.38
Related to OPEB Plan	129,541,595.94
Total Deferred Outflows of Resources	<u>524,791,442.32</u>
<u>LIABILITIES</u>	
Accounts Payable	25,637,060.01
Salaries and Benefits Payable	176,523,628.04
Payroll Withholdings Payable	44,431,857.01
Claims Incurred but not Reported (IBNR)	14,979,027.00
Contracts Payable	44,901,030.20
Retainages Payable	8,376,315.55
Net Pension Liability	1,176,355,884.00
Net OPEB Liability	625,555,150.00
Long-Term Liabilities	
Due Within One Year	42,852,899.53
Due in More Than One Year	106,144,415.57
Total Liabilities	<u>2,265,757,266.91</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Defined Benefit Pension Plans	219,455,859.00
Related to OPEB Plan	245,856,546.00
Total Deferred Inflows of Resources	<u>465,312,405.00</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	1,833,655,242.08
Restricted for	
Continuation of Federal Programs	27,648,269.57
Capital Projects	597,039,616.13
Unrestricted (Deficit)	(1,373,378,973.25)
Total Net Position	<u>\$ 1,084,964,154.53</u>

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

EXHIBIT "B"

	PROGRAM REVENUES				NET (EXPENSES)
		CHARGES FOR	OPERATING	CAPITAL	REVENUES
	EXPENSES	SERVICES	GRANTS AND	GRANTS AND	AND CHANGES IN
			CONTRIBUTIONS	CONTRIBUTIONS	NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 1,064,072,856.74	\$ 2,500,698.84	\$ 555,879,127.85	\$ 16,722,674.29	\$ (488,970,355.76)
Support Services					
Pupil Services	134,010,325.73	-	47,711,167.72	94,627.29	(86,204,530.72)
Improvement of Instructional Services	60,757,017.21	-	42,315,093.82	140,568.83	(18,301,354.56)
Educational Media Services	24,507,098.01	-	16,464,389.26	43,554.70	(7,999,154.05)
General Administration	59,202,166.84	-	18,110,538.54	1,206.24	(41,090,422.06)
School Administration	69,245,760.14	-	33,759,679.47	1,294.53	(35,484,786.14)
Business Administration	23,832,747.06	-	477,252.04	727.74	(23,354,767.28)
Maintenance and Operation of Plant	208,440,501.49	772.00	40,922,037.63	3,033,947.67	(164,483,744.19)
Student Transportation Services	91,994,040.59	1,331,654.49	13,650,935.04	376,380.00	(76,635,071.06)
Central Support Services	52,392,448.51	-	1,409,221.60	141,131.45	(50,842,095.46)
Other Support Services	481,258.96	-	469,660.52	-	(11,598.44)
Operations of Non-Instructional Services					
Enterprise Operations	4,803,658.25	-	151.75	-	(4,803,506.50)
Community Services	-	10,734.00	-	-	10,734.00
Food Services	63,613,723.87	631,349.55	62,772,965.70	87,994.25	(121,414.37)
Total Governmental Activities	<u>\$ 1,857,353,603.40</u>	<u>\$ 4,475,208.88</u>	<u>\$ 833,942,220.94</u>	<u>\$ 20,644,106.99</u>	<u>(998,292,066.59)</u>
General Revenues					
Taxes					
Property Taxes					
For Maintenance and Operations					
948,623,008.87					
Sales Taxes					
Special Purpose Local Option Sales Tax					
For Capital Projects					
154,532,043.78					
Other Sales Tax					
10,950,182.48					
Investment Earnings					
54,184,634.15					
Miscellaneous					
20,595,681.10					
Total General Revenues					
<u>1,188,885,550.38</u>					
Change in Net Position					
190,593,483.79					
Net Position - Beginning of Year, as Previously Reported					
<u>1,012,705,756.91</u>					
Change in Accounting Principle - GASB Statement No. 101					
(118,335,086.17)					
Net Position - Beginning of Year, as Restated					
<u>894,370,670.74</u>					
Net Position - End of Year					
\$ 1,084,964,154.53					

DEKALB COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

EXHIBIT "C"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 585,830,696.16	\$ 633,260,167.64	\$ 1,219,090,863.80
Accounts Receivable, Net			
Taxes	31,563,126.67	12,722,681.48	44,285,808.15
State Government	84,915,375.91	15,528,397.50	100,443,773.41
Federal Government	36,210,453.24	-	36,210,453.24
Local	3,142.79	-	3,142.79
Other	1,730,744.34	-	1,730,744.34
Inventories	<u>2,545,010.56</u>	<u>-</u>	<u>2,545,010.56</u>
Total Assets	\$ <u><u>742,798,549.67</u></u>	\$ <u><u>661,511,246.62</u></u>	\$ <u><u>1,404,309,796.29</u></u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 22,237,454.76	\$ 3,399,605.25	\$ 25,637,060.01
Salaries and Benefits Payable	176,523,628.04	-	176,523,628.04
Payroll Withholdings Payable	44,431,857.01	-	44,431,857.01
Contracts Payable	-	44,901,030.20	44,901,030.20
Retainages Payable	<u>-</u>	<u>8,376,315.55</u>	<u>8,376,315.55</u>
Total Liabilities	<u><u>243,192,939.81</u></u>	<u><u>56,676,951.00</u></u>	<u><u>299,869,890.81</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue - Property Taxes	20,445,699.20	-	20,445,699.20
Unavailable Revenue - Georgia State Financing and Investment Commission	-	15,528,397.50	15,528,397.50
Unavailable Revenue - Federal Funds	<u>722,003.56</u>	<u>-</u>	<u>722,003.56</u>
Total Deferred Inflows of Resources	<u><u>21,167,702.76</u></u>	<u><u>15,528,397.50</u></u>	<u><u>36,696,100.26</u></u>
<u>FUND BALANCES</u>			
Nonspendable	2,545,010.56	-	2,545,010.56
Restricted	26,573,156.22	553,393,922.54	579,967,078.76
Assigned	13,468,916.72	35,911,975.58	49,380,892.30
Unassigned	<u>435,850,823.60</u>	<u>-</u>	<u>435,850,823.60</u>
Total Fund Balances	<u><u>478,437,907.10</u></u>	<u><u>589,305,898.12</u></u>	<u><u>1,067,743,805.22</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u><u>742,798,549.67</u></u>	\$ <u><u>661,511,246.62</u></u>	\$ <u><u>1,404,309,796.29</u></u>

DEKALB COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

EXHIBIT "D"

Total fund balances - governmental funds (Exhibit "C")	\$	1,067,743,805.22
--	----	------------------

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

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

Land	\$	71,783,467.96	
Construction in progress		275,091,383.50	
Buildings and improvements		2,168,689,410.82	
Equipment		185,617,180.77	
Land improvements		59,985,764.17	
Intangible assets		6,079,639.78	
Accumulated depreciation and amortization		<u>(880,314,259.17)</u>	1,886,932,587.83

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension liability	\$	(1,176,355,884.00)	
Net OPEB liability		<u>(625,555,150.00)</u>	(1,801,911,034.00)

Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future periods and, therefore, are not reported in the funds.

Related to pensions	\$	175,793,987.38	
Related to OPEB		<u>(116,314,950.06)</u>	59,479,037.32

Taxes that are not available to pay for current period expenditures are deferred in the funds.

20,445,699.20

Georgia State Financing and Investment Commission grants that are not available to pay current period expenditures are deferred in the funds.

15,528,397.50

Revenue that are not available to pay current period expenditures are deferred in the funds.

722,003.56

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

Compensated absences payable	\$	(148,997,315.10)	
Claims incurred but not reported (IBNR)		<u>(14,979,027.00)</u>	(163,976,342.10)

Net position of governmental activities (Exhibit "A")	\$	<u><u>1,084,964,154.53</u></u>
---	----	--------------------------------

DEKALB COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

EXHIBIT "E"

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL
<u>REVENUES</u>			
Property Taxes	\$ 944,403,043.55	\$ -	\$ 944,403,043.55
Sales Taxes	10,950,182.48	154,532,043.78	165,482,226.26
State Funds	609,233,732.79	4,554,541.49	613,788,274.28
Federal Funds	250,382,468.52	184,788.00	250,567,256.52
Charges for Services	4,475,208.88	-	4,475,208.88
Investment Earnings	25,458,701.53	28,725,932.62	54,184,634.15
Miscellaneous	20,440,411.10	155,270.00	20,595,681.10
Total Revenues	<u>1,865,343,748.85</u>	<u>188,152,575.89</u>	<u>2,053,496,324.74</u>
<u>EXPENDITURES</u>			
Current			
Instruction	1,045,475,705.06	19,262,461.34	1,064,738,166.40
Support Services			
Pupil Services	136,064,064.72	-	136,064,064.72
Improvement of Instructional Services	58,716,436.42	13,207,465.89	71,923,902.31
Educational Media Services	24,633,309.68	-	24,633,309.68
General Administration	59,402,627.13	-	59,402,627.13
School Administration	93,039,607.57	-	93,039,607.57
Business Administration	23,956,165.47	-	23,956,165.47
Maintenance and Operation of Plant	199,946,680.34	1,801,397.58	201,748,077.92
Student Transportation Services	88,304,764.36	2,638,990.88	90,943,755.24
Central Support Services	51,462,179.68	5,249,606.74	56,711,786.42
Other Support Services	487,199.87	-	487,199.87
Enterprise Operations	4,821,774.71	-	4,821,774.71
Food Services Operation	64,337,906.01	-	64,337,906.01
Capital Outlay	2,190,520.32	194,715,993.74	196,906,514.06
Total Expenditures	<u>1,852,838,941.34</u>	<u>236,875,916.17</u>	<u>2,089,714,857.51</u>
Revenues over (under) Expenditures	<u>12,504,807.51</u>	<u>(48,723,340.28)</u>	<u>(36,218,532.77)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Sale of Capital Assets	139,370.06	1,062,862.00	1,202,232.06
Transfers In	-	54,986,030.83	54,986,030.83
Transfers Out	(54,986,030.83)	-	(54,986,030.83)
Total Other Financing Sources (Uses)	<u>(54,846,660.77)</u>	<u>56,048,892.83</u>	<u>1,202,232.06</u>
Net Change in Fund Balances	(42,341,853.26)	7,325,552.55	(35,016,300.71)
Fund Balances - Beginning	<u>520,779,760.36</u>	<u>581,980,345.57</u>	<u>1,102,760,105.93</u>
Fund Balances - Ending	<u>\$ 478,437,907.10</u>	<u>\$ 589,305,898.12</u>	<u>\$ 1,067,743,805.22</u>

DEKALB COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2025

EXHIBIT "F"

Net change in fund balances total governmental funds (Exhibit "E")	\$	(35,016,300.71)
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/amortization expense.		
Capital outlay	\$ 234,492,521.28	
Depreciation/Amortization	<u>(57,871,233.32)</u>	176,621,287.96
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations, and disposals) is to decrease net position.		(1,870,157.34)
Taxes reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		20,445,699.20
Taxes deferred in the funds in the prior year but recognized as revenue in the current year.		(16,225,733.88)
Federal revenue reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		722,003.56
Federal revenue deferred in the funds in the prior year but recognized as revenue in the current year.		(3,514,668.17)
Georgia State Financing and Investment Commission grants reported in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		15,528,397.50
Georgia State Financing and Investment Commission grants deferred in the funds in the prior year but recognized as revenue in the current year.		(8,058,865.50)
District pension/OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension/OPEB liability is measured a year before the District's report date. Pension/OPEB expense, which is the change in the net pension/OPEB liability adjusted for changes in deferred outflows and inflows of resources related to pensions/OPEB, is reported in the Statement of Activities.		
Pension expense	\$ (2,406,406.72)	
OPEB expense	<u>39,381,200.67</u>	36,974,793.95
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.		
Claims and judgments	\$ 22,500,000.00	
Claims incurred but not reported (IBNR)	(181,488.00)	
Compensated absences	<u>(17,331,484.78)</u>	<u>4,987,027.22</u>
Change in net position of governmental activities (Exhibit "B")	\$	<u><u>190,593,483.79</u></u>

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

NOTE 1: DESCRIPTION OF SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The DeKalb County Board of Education (School District) was established under the laws of the State of Georgia and operates under the guidance of a board comprised of seven members elected by the voters and a Superintendent appointed by the Board. The School District is composed of a diverse combination of numerous locations that consist of administrative offices, traditional schools, and non-traditional charter schools. The School District is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School District is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-Wide Statements:

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

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

1. **Net investment in capital assets** consists of the School District's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding contracts and retainages payable related to those capital assets.
2. **Restricted net position** consists of resources for which the School District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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

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

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

Fund Financial Statements

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

The School District reports the following major governmental funds:

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

Basis of Accounting

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers certain revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School District considers all

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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 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.

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

New Accounting Pronouncements

In fiscal year 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which supersedes prior requirements under GASB Statement No. 16. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Under the new standard, a liability is recognized when an employee earns leave that carries forward to a future reporting period and is more likely than not to be used, paid out or otherwise settled. The implementation required the School District to reevaluate and revise its recognition and measurement of compensated absences, including applying the "more likely than not" threshold to determine expected usage and payout. This approach is expected to provide a more accurate and complete estimate of the School District's compensated absences liability. The adoption of this statement had a material impact and has been reported as a restatement of beginning net position. This statement will be applied retrospectively.

In fiscal year 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide financial statement users with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The adoption of this statement did not have a material impact on the School District's financial statements. This statement will be applied prospectively.

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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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.

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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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

	Capitalization Policy	Estimated Useful Life
Land	All	N/A
Land Improvements	\$ 100,000.00	20 to 40 years
Buildings and Improvements	\$ 100,000.00	Up to 80 years
Equipment		
Outdoor Equipment	\$ 5,000.00	15 to 20 years
Vehicles	\$ 5,000.00	8 to 20 years
Kitchen Equipment	\$ 5,000.00	15 years
Computer Hardware	\$ 5,000.00	5 years
Miscellaneous Equipment	\$ 5,000.00	2 to 20 years
Buses	\$ 5,000.00	15 to 20 years
Intangible Assets - Software	\$ 1,000,000.00	5 to 10 years
Intangible Assets - Other	\$ 100,000.00	20 years
Bulk Purchases of Small Value Items	\$ 1,000,000.00	3 to 25 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 leave benefits, such as vacation and other forms of paid leave, that employees earned based on services already rendered. Compensated absences are recognized as a liability when the leave accumulates, is attributable to past service, and it is more likely than not that the leave will be used for time off or otherwise paid or settled.

The majority of the School District's compensated absences liability is comprised of vacation and sick leave.

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 50 days. Upon terminating employment, the School District pays all unused and unforfeited vacation benefits to employees. Accordingly, vacation benefits are accrued as a liability in the government-wide financial statements. A liability for these amounts is reported in the governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements by fiscal-year end.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

Sick leave is earned at a rate of 1.25 days per month for eligible employees. Unused sick leave may be accumulated up to a maximum of 190 days. The School District does not provide for payout of used sick leave upon resignation or retirement; accordingly, the liability represents the portion of accumulated sick leave that is more likely than not to be used by employees during active employment. Members of the Teachers Retirement System of Georgia (TRS) may apply unused sick leave toward retirement service credit. This benefit is administered and funded by TRS; therefore, the related liability is not reported by the School District.

Pensions

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

Post-Employment Benefits Other Than Pensions (OPEB)

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

Fund Balances

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

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

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

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

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

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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 2024 tax digest year (calendar year) on July 23, 2024 (levy date) based on property values as of January 1, 2024. Taxes were due on November 15, 2024 (lien date) and could be paid in two installments on September 30, 2024 and November 15, 2024 (due dates). Taxes collected within the current fiscal year or within 60 days after year-end on the 2024 tax digest are reported as revenue in the governmental funds for fiscal year 2025. 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, 2025, for maintenance and operations amounted to \$908,374,674.27.

The tax millage rate levied for the 2024 tax digest year (calendar year) for the School District was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>22.88</u> mills
-------------------	--------------------

Additionally, Title Ad Valorem Tax revenues, at the fund reporting level, amounted to \$36,028,369.28 during fiscal year ended June 30, 2025.

Sales Taxes

Education Special Purpose Local Option Sales Tax (ESPLOST), at the fund reporting level, during the year amounted to \$154,532,043.78 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 and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds, except the various school activity (principal) accounts, is prepared and adopted by fund, function and object. The legal level of budgetary control was established by the Board at the aggregate function level. The budget for the general fund was prepared in accordance with accounting principles generally accepted in the United States of America.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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. Any position or expenditure not previously approved in the annual budget that exceeds \$100,000.00 shall require Board approval unless the Superintendent deems the position or purchase an emergency. In such case, the expenditure shall be reported to the Board at its regularly scheduled meeting. Under no circumstance is the Superintendent or other staff person authorized to spend funds that exceed the total budget without approval by the Board.

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

NOTE 4: DEPOSITS AND CASH EQUIVALENTS

Collateralization of Deposits

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

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,

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

- (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, 2025, the School District had deposits with a carrying amount of \$164,961,173.86, and a bank balance of \$180,344,747.53. The bank balances insured by Federal depository insurance were \$500,000.00.

At June 30, 2025, \$179,844,747.53 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 the amount of up to 125% if economic or financial conditions warrants. The program lists the types of eligible criteria. The OST approves authorized custodians.

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

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

Cash and cash equivalents	
Statement of Net Position	\$ 1,219,090,863.80
Less:	
Cash on hand	12,055.00
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	<u>1,054,117,634.94</u>
Total carrying value of deposits - June 30, 2025	<u>\$ 164,961,173.86</u>

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

Categorization of Cash Equivalents

The School District reported cash equivalents of \$1,054,117,634.94 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 AA+ rated investment pool by Fitch. The weighted average maturity of Georgia Fund 1 may not exceed 60 days. The weighted average maturity for Georgia Fund 1 on June 30, 2025 was 51 days.

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

NOTE 5: CAPITAL ASSETS

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

	Balances July 1, 2024	Increases	Decreases	Transfers	Balances June 30, 2025
Governmental Activities					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 71,178,767.96	\$ 2,337,500.00	\$ 1,732,800.00	\$ -	\$ 71,783,467.96
Construction in Progress	127,984,444.74	208,517,471.41	-	(61,410,532.65)	275,091,383.50
Total Capital Assets					
Not Being Depreciated	199,163,212.70	210,854,971.41	1,732,800.00	(61,410,532.65)	346,874,851.46
Capital Assets,					
Being Depreciated/Amortized:					
Buildings and Improvements	2,103,732,939.87	4,163,987.30	137,359.00	60,929,842.65	2,168,689,410.82
Equipment	170,447,106.78	19,473,562.57	4,303,488.58	-	185,617,180.77
Land Improvements	59,505,074.17	-	-	480,690.00	59,985,764.17
Intangible Assets	6,079,639.78	-	-	-	6,079,639.78
Less Accumulated					
Depreciation/Amortization:					
Buildings and Improvements	704,627,596.71	41,620,058.45	137,359.00	-	746,110,296.16
Equipment	99,117,972.43	13,594,904.27	4,166,131.24	-	108,546,745.46
Land Improvements	20,027,452.37	2,329,307.95	-	-	22,356,760.32
Intangible Assets	2,973,494.58	326,962.65	-	-	3,300,457.23
Total Capital Assets,					
Being Depreciated/Amortized, Net	1,513,018,244.51	(34,233,683.45)	137,357.34	61,410,532.65	1,540,057,736.37
Governmental Activities					
Capital Assets - Net	\$ 1,712,181,457.21	\$ 176,621,287.96	\$ 1,870,157.34	\$ -	\$ 1,886,932,587.83

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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

Instruction		\$ 40,448,946.17
Support Services		
Pupil Services	\$ 497,201.16	
Improvements of Instructional Services	738,592.21	
Educational Media Services	228,849.84	
General Administration	6,337.95	
School Administration	6,801.80	
Business Administration	3,823.75	
Maintenance and Operation of Plant	10,117,339.90	
Student Transportation Services	4,946,405.81	
Central Support Services	414,585.72	16,959,938.14
Food Services		462,349.01
		<u>\$ 57,871,233.32</u>

NOTE 6: INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	<u>Transfers From</u>
<u>Transfers to</u>	<u>General Fund</u>
Capital Projects Fund	\$ <u>54,986,030.83</u>

Transfers are used to move property tax revenues collected by the general fund to capital projects fund as required match or supplemental funding source for capital construction projects.

NOTE 7: LONG-TERM LIABILITIES

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

	<u>Governmental Activities</u>				
	Balance July 1, 2024 Restated	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Claims and Judgments	\$ 22,500,000.00	\$ -	\$ 22,500,000.00	\$ -	\$ -
Compensated Absences (1)	131,665,830.32	17,331,484.78	-	148,997,315.10	42,852,899.53
	<u>\$ 154,165,830.32</u>	<u>\$ 17,331,484.78</u>	<u>\$ 22,500,000.00</u>	<u>\$ 148,997,315.10</u>	<u>\$ 42,852,899.53</u>

(1) Net changes in the compensated absences liability are reported as increases or decreases accordingly.

Compensated Absences

Compensated absences represent obligations of the School District relating to leave benefits earned by employees based upon service already rendered. This obligation relates only to vested and accumulated leave in which it is more likely than not that payment will be made or the leave will be used, and the

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

amount can be reasonably estimated as of the measurement date. 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.

For fiscal year 2025, the School District began recording the accumulated compensated absences liability at June 30 in the government-wide financial statements due to the implementation of a new accounting standard. This is a change in accounting principle.

NOTE 8: RISK MANAGEMENT

Insurance

Commercial Insurance

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

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

Workers' Compensation

The School District has established a limited risk management program for workers' compensation claims. The School District accounts for claims within the general fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$1,500,000.00 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
2024	\$ 13,930,007.00	\$ 10,745,147.00	\$ 9,877,615.00	\$ 14,797,539.00
2025	\$ 14,797,539.00	\$ 9,363,069.00	\$ 9,181,581.00	\$ 14,979,027.00

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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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

	Beginning of Year Liability	Claims and Changes in Estimates	Claims Paid	End of Year Liability
2024	\$ -	\$ 23,972.04	\$ 23,972.04	\$ -
2025	\$ -	\$ 8,913.26	\$ 8,913.26	\$ -

Surety Bond

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

Position Covered	Amount
Superintendent	\$ 25,000.00

NOTE 9: FUND BALANCE CLASSIFICATION DETAILS

The School District's financial statements include the following amounts presented in the aggregate at June 30, 2025:

Nonspendable		
Inventories		\$ 2,545,010.56
Restricted		
Continuation of Federal Programs	\$ 26,573,156.22	
Capital Projects	553,393,922.54	579,967,078.76
Assigned		
After School Program	\$ 3,917,263.00	
Local Capital Outlay Projects	35,911,975.58	
School Activity Accounts	5,750,005.12	
Other (Donations)	3,801,648.60	49,380,892.30
Unassigned		435,850,823.60
Fund Balance, June 30, 2025		\$ 1,067,743,805.22

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

It is the goal of the School District to achieve and maintain a committed, assigned, and unassigned fund balance in the general fund at fiscal year-end of not less than 15% of expenditures, not to exceed 15% of the total budget of the subsequent fiscal year, in compliance with O.C.G.A. § 20-2-167(a)5. If the unassigned fund balance at fiscal year-end falls below the goal, the School District shall develop a restoration plan to achieve and maintain the minimum fund balance.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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, 2025, together with funding available:

Project	GSFIC Project No.	Unearned Executed Contracts (1)	Payments through June 30, 2025 (2)	Funding Available From State (1)
Cross Keys High School Addition and Modernization	24-644-001	\$ 137,122,353.04	\$ 16,759,448.71	\$ 8,756,692.20
New Sequoyah Middle and High School		219,740,776.64	22,986,504.94	-
New Dresden Elementary School		54,860,538.82	21,568,235.18	-
Nancy Creek Facility Major Building System Replacement	22-644-003	3,640,729.98	9,550,213.17	722,368.80
Champion Middle School Major Building System Replacement		12,996,775.16	12,234,258.84	-
DeKalb High School Tech South Major Building System Replacement		977,972.20	11,223,579.80	-
Redan Middle School HVAC, Roof and Sprinkler Installation		1,158,765.72	4,640,744.38	-
Salem Middle School		1,787,601.07	8,448,112.18	-
Toney Elementary School		3,725,792.55	4,158,101.45	-
Livsey Elementary School	22-644-012	4,262,429.78	3,640,208.22	438,638.40
Parking Additions		3,769,187.33	2,055,437.67	-
Idlewood HVAC Replacement and Renovation		34,669,022.00	1,142,488.00	-
Murphy Candler HVAC Replacement and Renovation		33,939,865.00	779,448.00	-
Ashford Park Elementary HVAC Replacement		24,163,008.52	844,500.68	-
International Student Center HVAC Replacement		22,912,113.65	4,355,925.87	-
Clarkston High School Capital Improvements	25-644-001	1,422,451.69	906,298.31	744,004.80
Allgood Elementary School Major System and Building Renovation		1,000,000.00	300,000.00	-
HVAC Controls Upgrade		11,421,326.00	2,957,730.00	-
Columbia Elementary School Roof and HVAC Replacement		1,108,383.02	4,604,030.98	-
Briarlake Elementary School HVAC Replacement		1,817,903.14	5,866,959.86	-
Montclair Elementary School HVAC Replacement		1,369,835.15	5,948,962.85	-
Health Center Portables		3,872,572.50	33,725.00	-
Hatton Drive Student Center Renovation		1,382,213.58	1,670,828.42	-
		<u>\$ 583,121,616.54</u>	<u>\$ 146,675,742.51</u>	<u>\$ 10,661,704.20</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.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

NOTE 12: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Georgia School Personnel Post-Employment Health Benefit Fund

Plan Description: Certified teachers and non-certified public school employees of the School District as defined in §20-2-875 of the Official Code of Georgia Annotated (O.C.G.A.) are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment 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 \$25,172,405.94 for the year ended June 30, 2025. Active employees are not required to contribute to the School OPEB Fund.

During fiscal year 2025, the State of Georgia, through the State Health Benefit Plan (SHBP) administered by the Department of Community Health, made an on-behalf contribution in the amount of \$14,709,020.06 for the School District's employees.

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

At June 30, 2025, the School District reported a liability of \$625,555,150.00 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 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, 2024. At June 30, 2024, the School District's proportion was 5.489089%, which was a decrease of 0.105206% from its proportion measured as of June 30, 2023.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

For the year ended June 30, 2025, the School District recognized OPEB expense of (\$14,208,795.00). At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,676,146.00	\$ 112,952,583.00
Changes of assumptions	72,942,450.00	61,922,174.00
Net difference between projected and actual earnings on OPEB plan investments	-	4,072,207.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	750,594.00	66,909,582.00
School District contributions subsequent to the measurement date	<u>25,172,405.94</u>	<u>-</u>
Total	<u>\$ 129,541,595.94</u>	<u>\$ 245,856,546.00</u>

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, 2026. 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:	<u>OPEB</u>
2026	\$ (47,606,722.00)
2027	\$ (54,757,528.00)
2028	\$ (32,054,156.00)
2029	\$ (6,138,257.00)
2030	\$ (858,774.00)
Thereafter	\$ (71,919.00)

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

Actuarial Assumptions: The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 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, 2024:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	6.75%
Ultimate trend rate	4.50%
Year of Ultimate trend rate	2032

The Plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled or not disabled) as follows:

- For TRS members: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projections scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjust 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ending June 30, 2018, with the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2023 valuation were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	2.60%
Equities	70.00%	9.10%
Total	100.00%	

* Net of inflation

Discount Rate: In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 3.98% was used as the discount rate, as compared with last year's rate of 3.68%. The plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate as used for the long-term rate of return was applied to all periods of projected benefit payments to determine total OPEB liability. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (3.93% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employers will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2123.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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 3.98%, 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 (2.98%) or 1 percentage-point higher (4.98%) than the current discount rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
School District's proportionate share of the Net OPEB liability	\$ 707,734,251.00	\$ 625,555,150.00	\$ 556,252,277.00

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School District's proportionate share of the Net OPEB liability	\$ 540,515,355.00	\$ 625,555,150.00	\$ 730,059,264.00

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

NOTE 13: RETIREMENT PLANS

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

Teachers Retirement System of Georgia (TRS)

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

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

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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 2025. The School District's contractually required contribution rate for the year ended June 30, 2025 was 20.78% of annual School District payroll, of which 20.75% of payroll was required from the School District and 0.03% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$170,681,666.67 and \$262,189.20 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 4.00% of annual compensation, up to \$4,200.00, plus 6.00% of annual compensation in excess of \$4,200.00. Under the old plan, the state pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these state contributions are included in the members' accounts for refund purposes and are used in the

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The School District's total required contribution rate for the year ended June 30, 2025 was 29.20% of annual covered payroll for old and new plan members and 25.51% 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 \$163,726.71 for the current fiscal year.

Public School Employees Retirement System (PSERS)

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

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

Upon retirement, the member will receive a monthly benefit of \$16.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

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

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$1,677,199.00.

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

At June 30, 2025, the School District reported a liability of \$1,176,355,884.00 for its proportionate share of the net pension liability for TRS (\$1,175,619,605.00) and ERS (\$736,279.00).

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

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	\$ 1,175,619,605.00
State of Georgia's proportionate share of the net pension liability associated with the School District	<u>1,939,387.00</u>
Total	<u>\$ 1,177,558,992.00</u>

The net pension liability for TRS and ERS was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 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, 2024.

At June 30, 2024, the School District's TRS proportion was 4.677294%, which was an increase of 0.053675% from its proportion measured as of June 30, 2023. At June 30, 2024, the School District's ERS proportion was 0.016355%, which was a decrease of 0.004509% from its proportion measured as of June 30, 2023.

At June 30, 2025, 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 \$7,910,404.00.

The PSERS net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 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, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of \$173,912,938.00 for TRS, (\$240,075.00) for ERS and \$1,829,613.00 for PSERS and revenue of \$372,725.00 for TRS and \$1,829,613.00 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.

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

At June 30, 2025, 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	\$ 133,029,538.00	\$ 3,513,677.00	\$ 39,465.00	\$ -
Changes of assumptions	81,782,158.00	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	163,906,741.00	-	82,927.00
Changes in proportion and differences between School District contributions and proportionate share of contributions	9,553,292.00	51,796,466.00	-	156,048.00
School District contributions subsequent to the measurement date	<u>170,681,666.67</u>	<u>-</u>	<u>163,726.71</u>	<u>-</u>
Total	<u>\$ 395,046,654.67</u>	<u>\$ 219,216,884.00</u>	<u>\$ 203,191.71</u>	<u>\$ 238,975.00</u>

The School District contributions subsequent to the measurement date for TRS and 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, 2026. 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
2026	\$ (2,077,169.00)	\$ (147,849.00)
2027	\$ 134,954,170.00	\$ 31,097.00
2028	\$ (74,901,209.00)	\$ (50,466.00)
2029	\$ (52,827,688.00)	\$ (32,292.00)

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

Actuarial Assumptions: The total pension liability as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023, 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	6.90%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Employees' Retirement System:

Inflation	2.50%
Salary increases	3.00% – 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	1.05%, annually

**DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025**

EXHIBIT "G"

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

Public School Employees Retirement System:

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

Mortality rates are as follows:

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

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

Asset Class	TRS/ERS/PSERS Target Allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	1.50%
Domestic large stocks	46.40%	9.10%
Domestic small stocks	1.10%	13.00%
International developed market stocks	13.60%	9.10%
International emerging market stocks	3.90%	11.10%
Alternative	5.00%	10.60%
Total	100.00%	

* Rates shown are net of inflation

Discount Rate: The discount rate used to measure the total TRS pension liability was 6.90%. The discount rate used to measure the total ERS and PSERS pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS, ERS and PSERS pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.90% and 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90% and 6.00%) or 1-percentage-point higher (7.90% and 8.00%) than the current rate:

Teachers Retirement System:	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
School District's proportionate share of the net pension liability	\$ 2,023,476,665.00	\$ 1,175,619,605.00	\$ 483,508,719.00
Employees' Retirement System:	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 1,109,294.00	\$ 736,279.00	\$ 422,575.00

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

Defined Contribution Plan

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

The School District 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
2025	8%	\$ 5,290,153.28
2024	8%	\$ 5,214,912.75
2023	8%	\$ 4,680,792.76

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

EXHIBIT "G"

NOTE 14: RESTATEMENT OF PRIOR YEAR NET POSITION

During fiscal year 2025, the School District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, which represent a change in accounting principle. As a result, the School District now recognizes a liability for certain types of accumulated leave that are more likely than not to be used for time off or otherwise paid or settled.

The change was applied retrospectively, resulting in a restatement of beginning net position for governmental activities as of July 1, 2024. The effect of this restatement was a decrease in beginning net position and an increase in the compensated absences liability of \$118,335,086.17:

Net Position, July 1, 2024, as previously reported	\$ 1,012,705,756.91
Implementation of GASB 101	<u>(118,335,086.17)</u>
Net Position, July 1, 2024, as restated	<u>\$ 894,370,670.74</u>

NOTE 15: TAX ABATEMENTS

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

For the fiscal year ended June 30, 2025, DeKalb County abated property taxes due to the School District that were levied on July 23, 2024 and due on November 15, 2024 totaling \$17,494,018.89. There were no individual tax abatement agreements that exceeded 10 percent of the total amount abated.

(This page left intentionally blank)

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

SCHEDULE "1"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	4.677294%	\$ 1,175,619,605.00	\$ 1,939,387.00	\$ 1,177,558,992.00	\$ 730,190,913.33	161.00%	80.86%
2024	4.623619%	\$ 1,365,090,913.00	\$ 1,661,627.00	\$ 1,366,752,540.00	\$ 673,940,581.00	202.55%	76.29%
2023	4.915646%	\$ 1,596,205,276.00	\$ 2,168,476.00	\$ 1,598,373,752.00	\$ 665,828,484.28	239.73%	72.85%
2022	5.169648%	\$ 457,220,884.00	\$ 640,241.00	\$ 457,861,125.00	\$ 673,940,061.13	67.84%	92.03%
2021	5.284677%	\$ 1,280,155,612.00	\$ 1,742,184.00	\$ 1,281,897,796.00	\$ 682,862,278.03	187.47%	77.01%
2020	5.214897%	\$ 1,121,343,866.00	\$ 1,502,609.00	\$ 1,122,846,475.00	\$ 637,487,717.00	175.90%	78.56%
2019	5.138067%	\$ 953,735,293.00	\$ 1,246,448.00	\$ 954,981,741.00	\$ 613,539,685.00	155.45%	80.27%
2018	5.018739%	\$ 932,748,101.00	\$ 5,136,236.00	\$ 937,884,337.00	\$ 579,389,485.00	160.99%	79.33%
2017	4.854299%	\$ 1,001,496,009.00	\$ 7,883,562.00	\$ 1,009,379,571.00	\$ 536,892,957.00	186.54%	76.06%
2016	4.712696%	\$ 717,461,169.00	\$ 5,869,616.00	\$ 723,330,785.00	\$ 501,452,947.00	143.08%	81.44%

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

SCHEDULE "2"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	\$ 170,681,666.67	\$ 170,681,666.67	\$ -	\$ 822,457,066.16	20.75%
2024	\$ 145,665,061.74	\$ 145,665,061.74	\$ -	\$ 730,190,913.33	19.95%
2023	\$ 134,653,328.00	\$ 134,653,328.00	\$ -	\$ 673,940,581.00	19.98%
2022	\$ 131,721,590.68	\$ 131,721,590.68	\$ -	\$ 665,828,484.28	19.78%
2021	\$ 128,272,082.06	\$ 128,272,082.06	\$ -	\$ 673,940,061.13	19.03%
2020	\$ 144,220,337.56	\$ 144,220,337.56	\$ -	\$ 682,862,278.03	21.12%
2019	\$ 133,220,772.00	\$ 133,220,772.00	\$ -	\$ 637,487,717.00	20.90%
2018	\$ 103,010,906.00	\$ 103,010,906.00	\$ -	\$ 613,539,685.00	16.79%
2017	\$ 82,226,356.00	\$ 82,226,356.00	\$ -	\$ 579,389,485.00	14.19%
2016	\$ 76,015,170.00	\$ 76,015,170.00	\$ -	\$ 536,892,957.00	14.16%

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

SCHEDULE "3"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	School District's covered payroll	School District's proportionate share of the NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2025	0.016355%	\$ 736,279.00	\$ 486,263.93	151.42%	78.75%
2024	0.020864%	\$ 1,244,661.00	\$ 802,387.08	155.12%	71.20%
2023	0.026139%	\$ 1,745,684.00	\$ 656,113.30	266.06%	67.44%
2022	0.036295%	\$ 848,905.00	\$ 901,325.62	94.18%	87.62%
2021	0.031552%	\$ 1,329,903.00	\$ 799,520.44	166.34%	76.21%
2020	0.034441%	\$ 1,421,219.00	\$ 868,144.00	163.71%	76.74%
2019	0.036753%	\$ 1,510,928.00	\$ 1,065,707.00	141.78%	76.68%
2018	0.043448%	\$ 1,764,569.00	\$ 1,035,482.00	170.41%	76.33%
2017	0.036208%	\$ 1,712,790.00	\$ 841,877.00	203.45%	72.34%
2016	0.037839%	\$ 1,533,008.00	\$ 917,547.00	167.08%	76.20%

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

SCHEDULE "4"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered payroll	Contribution as a percentage of covered payroll
2025	\$ 163,726.71	\$ 163,726.71	\$ -	\$ 571,142.04	28.67%
2024	\$ 142,058.36	\$ 142,058.36	\$ -	\$ 486,263.93	29.21%
2023	\$ 177,598.00	\$ 177,598.00	\$ -	\$ 802,387.08	22.13%
2022	\$ 161,600.71	\$ 161,600.71	\$ -	\$ 656,113.30	24.63%
2021	\$ 222,266.91	\$ 222,266.91	\$ -	\$ 901,325.62	24.66%
2020	\$ 197,161.74	\$ 197,161.74	\$ -	\$ 799,520.44	24.66%
2019	\$ 215,126.00	\$ 215,126.00	\$ -	\$ 868,144.00	24.78%
2018	\$ 264,402.00	\$ 264,402.00	\$ -	\$ 1,065,707.00	24.81%
2017	\$ 256,903.00	\$ 256,903.00	\$ -	\$ 1,035,482.00	24.81%
2016	\$ 208,112.00	\$ 208,112.00	\$ -	\$ 841,877.00	24.72%

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

SCHEDULE "5"

For the Year Ended June 30	School District's proportion of the Net Pension Liability (NPL)	School District's proportionate share of the NPL	State of Georgia's proportionate share of the NPL associated with the School District	Total	School District's covered payroll	School District's proportionate share of the NPL as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.00%	\$ -	\$ 7,910,404.00	\$ 7,910,404.00	\$ 66,769,158.56	N/A	90.02%
2024	0.00%	\$ -	\$ 10,029,737.00	\$ 10,029,737.00	\$ 74,008,818.17	N/A	85.67%
2023	0.00%	\$ -	\$ 14,058,234.00	\$ 14,058,234.00	\$ 60,456,642.00	N/A	81.21%
2022	0.00%	\$ -	\$ 1,509,014.00	\$ 1,509,014.00	\$ 17,990,922.79	N/A	98.00%
2021	0.00%	\$ -	\$ 10,770,643.00	\$ 10,770,643.00	\$ 19,352,396.36	N/A	84.45%
2020	0.00%	\$ -	\$ 10,297,967.00	\$ 10,297,967.00	\$ 19,320,252.98	N/A	85.02%
2019	0.00%	\$ -	\$ 9,955,524.00	\$ 9,955,524.00	\$ 18,782,082.78	N/A	85.26%
2018	0.00%	\$ -	\$ 8,973,183.00	\$ 8,973,183.00	\$ 18,179,667.63	N/A	85.69%
2017	0.00%	\$ -	\$ 11,997,914.00	\$ 11,997,914.00	\$ 19,214,219.57	N/A	81.00%

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

SCHEDULE "6"

For the Year Ended June 30	School District's proportion of the Net OPEB Liability (NOL)	School District's proportionate share of the NOL	State of Georgia's proportionate share of the NOL associated with the School District	Total	School District's covered-employee payroll	School District's proportionate share of the NOL as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2025	5.489089%	\$ 625,555,150.00	\$ -	\$ 625,555,150.00	\$ 731,704,132.57	85.49%	6.88%
2024	5.594295%	\$ 612,766,195.00	\$ -	\$ 612,766,195.00	\$ 658,493,513.68	93.06%	6.05%
2023	5.921292%	\$ 586,396,320.00	\$ -	\$ 586,396,320.00	\$ 736,354,501.30	79.64%	6.17%
2022	6.227421%	\$ 674,481,213.00	\$ -	\$ 674,481,213.00	\$ 654,779,255.99	103.01%	6.14%
2021	6.223462%	\$ 914,081,630.00	\$ -	\$ 914,081,630.00	\$ 649,698,559.00	140.69%	3.99%
2020	6.276415%	\$ 770,250,780.00	\$ -	\$ 770,250,780.00	\$ 587,544,464.00	131.10%	4.63%
2019	6.228755%	\$ 791,655,645.00	\$ -	\$ 791,655,645.00	\$ 552,356,240.00	143.32%	2.93%
2018	6.123753%	\$ 860,384,832.00	\$ -	\$ 860,384,832.00	\$ 531,360,186.00	161.92%	1.61%

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

SCHEDULE "7"

For the Year Ended June 30	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	School District's covered-employee payroll	Contribution as a percentage of covered-employee payroll
2025	\$ 25,172,405.94	\$ 25,172,405.94	\$ -	\$ 737,024,003.52	3.42%
2024	\$ 22,449,217.27	\$ 22,449,217.27	\$ -	\$ 731,704,132.57	3.07%
2023	\$ 21,506,924.00	\$ 21,506,924.00	\$ -	\$ 658,493,513.68	3.27%
2022	\$ 21,409,913.00	\$ 21,409,913.00	\$ -	\$ 736,354,501.30	2.91%
2021	\$ 23,164,958.00	\$ 23,164,958.00	\$ -	\$ 654,779,255.99	3.54%
2020	\$ 21,046,297.00	\$ 21,046,297.00	\$ -	\$ 649,698,559.00	3.24%
2019	\$ 33,802,837.00	\$ 33,802,837.00	\$ -	\$ 587,544,464.00	5.75%
2018	\$ 32,283,037.00	\$ 32,283,037.00	\$ -	\$ 552,356,240.00	5.84%
2017	\$ 31,929,735.00	\$ 31,929,735.00	\$ -	\$ 531,360,186.00	6.01%

Teachers Retirement System

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

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

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

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

On May 11, 2022, the Board adopted recommended changes to the long-term assumed rate of return and payroll growth assumption utilized by the System. The long-term assumed rate of return was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Employees' Retirement System

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

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

A new funding policy was initially adopted the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

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

On April 21, 2022, the Board adopted a new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Public School Employees Retirement System

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

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

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

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

DEKALB COUNTY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

SCHEDULE "8"

School OPEB Fund

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

Changes in assumptions: June 30, 2023 valuation: Medicare health care trend rates were updated.

June 30, 2022 valuation: The tobacco use assumption and aging factors were revised.

June 30, 2020 valuation: Decremental assumptions were changed to reflect the Employees' Retirement System's experience study. Approximately 0.10% of employees are members of the Employees' Retirement System.

June 30, 2019 valuation: Decremental assumptions were changed to reflect the Teachers Retirement System's experience study.

June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.50%.

June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.

June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017, to 3.87% as of June 30, 2018, back to 3.58% as of June 30, 2019, to 2.22% as of June 30, 2020, to 2.20% as of June 30, 2021, to 3.57% as of June 30, 2022, to 3.68% as of June 30, 2023, and to 3.98% as of June 30, 2024.

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2025

	NONAPPROPRIATED BUDGETS		ACTUAL	VARIANCE
	ORIGINAL (1)	FINAL (1)	AMOUNTS	OVER/UNDER
<u>REVENUES</u>				
Property Taxes	\$ 956,268,398.00	\$ 956,268,398.00	\$ 944,403,043.55	\$ (11,865,354.45)
Sales Taxes	6,500,000.00	6,500,000.00	10,950,182.48	4,450,182.48
State Funds	569,564,418.87	574,324,899.12	609,233,732.79	34,908,833.67
Federal Funds	128,180,156.46	211,254,144.81	250,382,468.52	39,128,323.71
Charges for Services	69,792,224.08	69,792,224.08	4,475,208.88	(65,317,015.20)
Investment Earnings	15,000,000.00	15,000,000.00	25,458,701.53	10,458,701.53
Miscellaneous	15,493,872.06	15,120,920.28	20,440,411.10	5,319,490.82
Total Revenues	1,760,799,069.47	1,848,260,586.29	1,865,343,748.85	17,083,162.56
<u>EXPENDITURES</u>				
Current				
Instruction	918,219,999.24	917,554,166.35	1,045,475,705.06	(127,921,538.71)
Support Services				
Pupil Services	118,643,983.32	157,638,817.72	136,064,064.72	21,574,753.00
Improvement of Instructional Services	90,084,227.48	83,150,191.02	58,716,436.42	24,433,754.60
Educational Media Services	16,395,038.61	24,494,118.01	24,633,309.68	(139,191.67)
General Administration	66,979,854.58	86,223,860.31	59,402,627.13	26,821,233.18
School Administration	71,981,680.68	87,046,569.25	93,039,607.57	(5,993,038.32)
Business Administration	21,725,626.97	23,521,887.96	23,956,165.47	(434,277.51)
Maintenance and Operation of Plant	261,641,608.46	245,363,943.64	199,946,680.34	45,417,263.30
Student Transportation Services	96,910,449.48	122,328,122.78	88,304,764.36	34,023,358.42
Central Support Services	44,560,870.92	56,991,022.45	51,462,179.68	5,528,842.77
Other Support Services	1,493,493.95	799,268.71	487,199.87	312,068.84
Enterprise Operation	5,856,100.00	4,697,100.00	4,821,774.71	(124,674.71)
Food Services Operation	84,901,166.73	89,911,891.96	64,337,906.01	25,573,985.95
Capital Outlay	-	41,765.06	2,190,520.32	(2,148,755.26)
Total Expenditures	1,799,394,100.42	1,899,762,725.22	1,852,838,941.34	46,923,783.88
Excess of Revenues over (under) Expenditures	(38,595,030.95)	(51,502,138.93)	12,504,807.51	64,006,946.44
<u>OTHER FINANCING SOURCES (USES)</u>				
Other Sources	7,487,943.00	10,264,092.21	139,370.06	(10,124,722.15)
Other Uses	(27,487,943.00)	(31,764,092.21)	(54,986,030.83)	(23,221,938.62)
Total Other Financing Sources (Uses)	(20,000,000.00)	(21,500,000.00)	(54,846,660.77)	(33,346,660.77)
Net Change in Fund Balances	(58,595,030.95)	(73,002,138.93)	(42,341,853.26)	30,660,285.67
Fund Balances - Beginning	559,580,039.57	559,580,039.57	520,779,760.36	(38,800,279.21)
Fund Balances - Ending	\$ 500,985,008.62	\$ 486,577,900.64	\$ 478,437,907.10	\$ (8,139,993.54)

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

(1) Original and Final Budget amounts do not include the budgeted revenues or expenditures of the various principal accounts.

The actual revenues and expenditures of the various principal accounts are \$11,581,573.18 and \$11,328,340.57, respectively.

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

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Agriculture, U.S. Department of			
Child Nutrition Cluster			
Pass-Through From Georgia Department of Education			
Food Services			
School Breakfast Program	10.553	255GA324N1199	\$ 14,292,103.58
National School Lunch Program	10.555	255GA324N1199	45,759,131.23
Total Child Nutrition Cluster			<u>60,051,234.81</u>
Education, U.S. Department of			
Education Stabilization Fund			
Pass-Through From Georgia Department of Education			
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund	84.425U	S425U210012	79,539,365.10
COVID-19 - American Rescue Plan Elementary and Secondary School			
Emergency Relief Fund - Homeless Children and Youth	84.425W	S425W210011	85,279.06
Total Education Stabilization Fund			<u>79,624,644.16</u>
Special Education Cluster			
Pass-Through From Georgia Department of Education			
Special Education			
Grants to States	84.027A	H027A230073	20,978,621.22
Grants to States	84.027A	H027A240073	4,534,342.33
Preschool Grants	84.173A	H173A230081	261,355.16
Preschool Grants	84.173A	H173A240081	81,859.17
Total Special Education Cluster			<u>25,856,177.88</u>
Other Programs			
Direct			
Graduate Ready to Attain Success in Postsecondary Program	84.116		454,302.14
School Based Mental Health Program	84.184H		650,352.89
Teacher Quality Partnership Grant	84.336S		56,766.94
Pass-Through From Georgia Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	V048A240010	1,097,021.88
Education for Homeless Children and Youth	84.196A	S196A230011	77,381.13
Education for Homeless Children and Youth	84.196A	S196A240011	54,125.17
English Language Acquisition State Grants	84.365A	S365A230010	1,427,062.82
English Language Acquisition State Grants	84.365A	T365A240010	1,438,031.54
Migrant Education State Grant Program	84.011A	S011A230011	222.55
Migrant Education State Grant Program	84.011A	S011A240011	12,261.45
Student Support and Academic Enrichment Program	84.424A	S424A230011	2,900,708.50
Student Support and Academic Enrichment Program	84.424A	S424A240011	1,609,321.25
Student Support and Academic Enrichment Program	84.424H	S424H240002	157,300.00
Supporting Effective Instruction State Grants	84.367A	S367A230001	4,994,669.35
Title I Grants to Local Educational Agencies	84.010A	S010A230010	47,572,650.50
Title I Grants to Local Educational Agencies	84.010A	S010A240010	18,106,953.21
Pass-Through From Technical College System of Georgia			
Adult Education - Basic Grants to States	84.002A	V002A240010	416,928.44
Total Other Programs			<u>81,026,059.76</u>
Total U.S. Department of Education			<u>186,506,881.80</u>

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

SCHEDULE "10"

FUNDING AGENCY PROGRAM/GRANT	ASSISTANCE LISTING NUMBER	PASS- THROUGH ENTITY ID NUMBER	EXPENDITURES IN PERIOD
Health and Human Services, U.S. Department of Direct			
Human Trafficking Youth Prevention Education Grant	93.327		195,128.55
Treasury, U.S. Department of the Pass-Through From Georgia Department of Education			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-1189	15,324.56
Defense, U.S. Department of Direct			
Department of the Air Force			
R.O.T.C. Program	12. UNKNOWN		591,804.75
Department of the Army			
R.O.T.C. Program	12. UNKNOWN		121,272.23
Department of the Navy			
R.O.T.C. Program	12. UNKNOWN		1,237,474.26
Total U.S. Department of Defense			1,950,551.24
Total Expenditures of Federal Awards			\$ 248,719,120.96

Notes to the Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the DeKalb County Board of Education (the "Board") under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

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

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2025

SCHEDULE "11"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
GRANTS			
Bright From the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 16,838,015.54	\$ -	\$ 16,838,015.54
Summer Transition Program	105,200.08	-	105,200.08
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost			
Kindergarten Program	45,048,896.00	-	45,048,896.00
Kindergarten Program - Early Intervention Program	2,624,047.00	-	2,624,047.00
Primary Grades (1-3) Program	104,634,182.00	-	104,634,182.00
Primary Grades - Early Intervention (1-3) Program	9,323,582.00	-	9,323,582.00
Upper Elementary Grades (4-5) Program	49,433,418.00	-	49,433,418.00
Upper Elementary Grades - Early Intervention (4-5) Program	5,908,237.00	-	5,908,237.00
Middle School (6-8) Program	84,762,598.00	-	84,762,598.00
High School General Education (9-12) Program	84,216,582.00	-	84,216,582.00
Vocational Laboratory (9-12) Program	20,607,491.00	-	20,607,491.00
Students with Disabilities	113,227,535.00	-	113,227,535.00
Gifted Student - Category VI	42,453,447.00	-	42,453,447.00
Remedial Education Program	5,151,679.00	-	5,151,679.00
Alternative Education Program	6,383,235.00	-	6,383,235.00
English Speakers of Other Languages (ESOL)	55,466,928.00	-	55,466,928.00
Media Center Program	15,858,559.00	-	15,858,559.00
20 Days Additional Instruction	4,691,813.00	-	4,691,813.00
Staff and Professional Development	2,763,194.00	-	2,763,194.00
Principal Staff and Professional Development	50,127.00	-	50,127.00
Indirect Cost			
Central Administration	13,321,886.00	-	13,321,886.00
School Administration	31,683,982.00	-	31,683,982.00
Facility Maintenance and Operations	27,866,815.00	-	27,866,815.00
QBE Local Five Mill Reduction	(183,115,595.00)	-	(183,115,595.00)
Charter System Adjustment	789,484.17	-	789,484.17
Categorical Grants			
Pupil Transportation			
Regular	10,918,228.00	-	10,918,228.00
Bus Replacement	2,819,520.00	-	2,819,520.00
Nursing Services	2,242,395.00	-	2,242,395.00
State Special Charter Supplement	555,943.00	-	555,943.00
Other State Programs			
Career, Technical and Agricultural Education (CTAE)	1,026,295.00	-	1,026,295.00
Custodian Supplement	741,000.00	-	741,000.00
Food Services	1,772,268.35	-	1,772,268.35
GNETS State Grant	1,752,674.11	-	1,752,674.11
Georgia Outdoor Learning Demonstration (GOLD) Grant	731.28	-	731.28
GRASP - Graduate Ready to Attain Success in Postsecondary Program	270,000.00	-	270,000.00
Hygiene Products	74,804.93	-	74,804.93
International Baccalaureate Exam Fee Incentive Grant	25,374.00	-	25,374.00
Math and Science Supplements	353,658.10	-	353,658.10
Paraprofessional to Teacher Reimbursement Grant	15,000.00	-	15,000.00
Preschool Disability Services	2,636,396.27	-	2,636,396.27
Pupil Transportation - State Bonds	376,380.00	-	376,380.00
Residential Treatment Centers Grant	493,097.00	-	493,097.00
Rule 10 Special Education State Grant	47,730.70	-	47,730.70
School Security Grant	6,220,368.00	-	6,220,368.00
Teachers Retirement	262,189.20	-	262,189.20

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF STATE REVENUE
YEAR ENDED JUNE 30, 2025

SCHEDULE "11"

AGENCY/FUNDING	GOVERNMENTAL FUND TYPES		TOTAL
	GENERAL FUND	CAPITAL PROJECTS FUND	
Vocational Supervisors	57,768.00	-	57,768.00
Georgia Department of Behavioral Health and Developmental Disabilities			
Sources of Strength	15,000.00	-	15,000.00
Georgia State Financing and Investment Commission			
Reimbursement on Construction Projects	-	4,554,541.49	4,554,541.49
Community Health, Georgia Department of			
Other Post-Employment Benefits (OPEB)	14,709,020.06	-	14,709,020.06
Office of the State Treasurer			
Public School Employees Retirement	1,677,199.00	-	1,677,199.00
OTHER			
Metro Atlanta Regional Educational Service Agency			
Let's Read, Georgia	75,355.00	-	75,355.00
	<u>\$ 609,233,732.79</u>	<u>\$ 4,554,541.49</u>	<u>\$ 613,788,274.28</u>

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
2012 Sales Tax - Authorized Projects			
1. Americans with Disabilities Act (ADA) Improvements	\$ 2,342,500.00	\$ 15,044,323.50	Completed
2. Stadiums	9,557,400.00	10,628,646.65	Completed
3. Capital renewal program	84,892,200.00	94,202,587.97	Completed
4. Code requirements	2,342,500.00	2,677,726.34	Completed
5. Coralwood Diagnostic Center addition	9,932,200.00	6,164,482.54	Completed
6. Early learning center	2,717,300.00	2,188,329.76	Completed
7. Arts School at former Avondale Middle School	4,029,100.00	11,127,167.00	June 2028
8. Renovation of Southwest Dekalb High School and Stone Mountain High School	11,056,600.00	34,163,839.27	Completed
9. Replacement of Austin Elementary School, Fernbank Elementary School, Gresham Park Elementary School, Pleasantdale Elementary School, Peachcrest Elementary School, Rockbridge Elementary School, and Smoke Rise Elementary School	135,021,700.00	169,796,479.57	Completed
10. Henderson Middle School renovation/addition	14,992,000.00	19,245,872.25	Completed
11. Redan High School renovation/addition	20,988,800.00	22,065,648.16	Completed
12. Chamblee High School replacement	55,001,900.00	69,089,766.52	Completed
13. McNair Middle School replacement	35,043,800.00	40,742,607.53	Completed
14. Local school priority requests	5,153,500.00	2,902,294.25	Completed
15. Demolition	2,342,500.00	4,221,328.66	Completed
16. Safety/security systems upgrade	2,342,500.00	2,292,719.24	Completed
17. Technology equipment and infrastructure refresh	36,261,900.00	33,277,357.33	Completed
18. School buses	9,463,700.00	12,800,247.61	Completed
19. Service vehicles	1,592,900.00	2,252,530.33	Completed
20. Other capital improvements and supporting services (includes Bond Series 2012 Bond Issuance Costs, Principal Payments and 2011 COPS Interest Payments).	29,925,000.00	80,271,016.03	Completed
Subtotal 2012 Projects	475,000,000.00	635,154,970.51	
2017 Sales Tax - Authorized Projects			
(1) Making of site, facility and technology improvements deemed necessary to improve safety and security, such as enhancing surveillance systems, fire alarm systems, fire sprinkler installation, perimeter fencing, etc. at some or all of the DeKalb County School District (DCSD) schools and facilities;	12,872,000.00	41,245,876.00	June 2028
(2) Adding to, modifying, replacing, reconfiguring schools and/or creating new schools and/or facilities to accommodate current and future student enrollment, address major facility conditions, develop early childhood centers, enhance regional support of schools, and accommodate expanded new programmatic needs, and acquiring land for constructing and equipping new and/or replacement schools/facilities, or equivalent facility capacity, including, but not limited to, site preparation and the demolition of all or portions of existing structures and/or acquiring leasehold purchasing of facilities/properties as needed based on DCSD's determination of need priorities;	298,180,000.00	260,642,220.00	June 2028
(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 HVAC, making athletic field and physical education facility upgrades and if necessary) e.g., roofing, plumbing, wiring, painting, water piping, 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			

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

PROJECT	ORIGINAL ESTIMATED COST (1)	CURRENT ESTIMATED COSTS (2)	ESTIMATED COMPLETION DATE
DCSD's determination of need priorities at some or all of the DCSD schools and facilities;	96,948,000.00	184,311,643.00	June 2028
(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	64,121,898.95	Completed
(5) Replacing, purchasing, upgrading, refurbishing or supplementing school buses and support vehicles and other capital equipment as needed including, but not limited to items such as desks, chairs, tables, instructional equipment, band equipment, kitchen equipment, waste compactors, portable classroom/modular buildings, custodial equipment, grounds equipment, etc. at some or all DCSD schools and facilities; and	40,000,000.00	40,312,169.00	June 2026
(6) And the expenses incidental to accomplishing the DeKalb projects including, but not limited to, implementation expenses, management expenses, and legal expenses.	48,000,000.00	32,288,092.00	June 2028
Subtotal 2017 Projects	<u>561,000,000.00</u>	<u>622,921,898.95</u>	
2022 Sales Tax - Authorized Projects			
1. Adding to, upgrading, reconfiguring, renovating, replacing, modifying and equipping existing and replacement schools, support facilities, athletic fields and physical education facilities;	150,000,000.00	28,000,000.00	June 2028
2. Acquiring and developing land for, constructing and equipping, new and replacement schools and support facilities, as well as additions to existing facilities;	352,000,000.00	516,150,000.00	January 2028
3. Installing capital improvements for various existing and new schools, buildings and facilities;	69,000,000.00	128,750,000.00	January 2028
4. Providing hardware, software, and related infrastructure and making technology improvements; and	129,000,000.00	95,000,000.00	January 2028
5. Replacing, purchasing, upgrading school buses, support vehicles, and other capital equipment.	40,000,000.00	35,500,000.00	January 2028
Subtotal 2022 Projects	<u>740,000,000.00</u>	<u>803,400,000.00</u>	
Total	<u>\$ 1,776,000,000.00</u>	<u>\$ 2,061,476,869.46</u>	

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
2012 Sales Tax - Authorized Projects				
1. Americans with Disabilities Act (ADA) Improvements	\$ -	\$ 15,044,323.50	\$ 15,044,323.50	\$ -
2. Stadiums	-	10,628,646.65	10,628,646.65	-
3. Capital renewal program	-	94,202,587.97	94,202,587.97	-
4. Code requirements	-	2,677,726.34	2,677,726.34	-
5. Coralwood Diagnostic Center addition	-	6,164,482.54	6,164,482.54	-
6. Early learning center	-	2,188,329.76	2,188,329.76	-
7. Arts School at former Avondale Middle School	-	310,896.41	-	-
8. Renovation of Southwest Dekalb High School and Stone Mountain High School	-	34,163,839.27	34,163,839.27	-
9. Replacement of Austin Elementary School, Fernbank Elementary School, Gresham Park Elementary School, Pleasantdale Elementary School, Peachcrest Elementary School, Rockbridge Elementary School, and Smoke Rise Elementary School	-	169,796,479.57	169,796,479.57	-
10. Henderson Middle School renovation/addition	-	19,245,872.25	19,245,872.25	-
11. Redan High School renovation/addition	-	22,065,648.16	22,065,648.16	-
12. Chamblee High School replacement	-	69,089,766.52	69,089,766.52	-
13. McNair Middle School replacement	-	40,742,607.53	40,742,607.53	-
14. Local school priority requests	-	2,902,294.25	2,902,294.25	-
15. Demolition	-	4,221,328.66	4,221,328.66	-
16. Safety/security systems upgrade	-	2,292,719.24	2,292,719.24	-
17. Technology equipment and infrastructure refresh	-	33,277,357.33	33,277,357.33	-
18. School buses	-	12,800,247.61	12,800,247.61	-
19. Service vehicles	-	2,252,530.33	2,252,530.33	-
20. Other capital improvements and supporting services (includes Bond Series 2012 Bond Issuance Costs, Principal Payments and 2011 COPS Interest Payments).	-	80,271,016.03	80,271,016.03	-
Subtotal 2012 Projects	-	624,338,699.92	624,027,803.51	-

2017 Sales Tax - Authorized Projects

(1) Making of site, facility and technology improvements deemed necessary to improve safety and security, such as enhancing surveillance systems, fire alarm systems, fire sprinkler installation, perimeter fencing, etc. at some or all of the DeKalb County School District (DCSD) schools and facilities;

(2) 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;

(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 HVAC, making athletic field and physical education facility upgrades and if necessary) e.g., roofing, plumbing, wiring, painting, water piping, 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

849,241.23	10,553,041.53	-	-
22,395,000.55	134,602,207.42	-	-

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS
YEAR ENDED JUNE 30, 2025

SCHEDULE "12"

PROJECT	AMOUNT EXPENDED IN CURRENT YEAR (3) (4)	AMOUNT EXPENDED IN PRIOR YEARS (3) (4)	TOTAL COMPLETION COST	EXCESS PROCEEDS NOT EXPENDED
DCSD's determination of need priorities at some or all of the DCSD schools and facilities;	68,913,104.65	114,513,163.40	-	-
(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;	-	64,121,898.95	64,121,898.95	-
(5) Replacing, purchasing, upgrading, refurbishing or supplementing school buses and support vehicles and other capital equipment as needed including, but not limited to items such as desks, chairs, tables, instructional equipment, band equipment, kitchen equipment, waste compactors, portable classroom/modular buildings, custodial equipment, grounds equipment, etc. at some or all DCSD schools and facilities; and	842,287.03	34,598,441.54	-	-
(6) And the expenses incidental to accomplishing the DeKalb projects including, but not limited to, implementation expenses, management expenses, and legal expenses.	96,000.00	30,558,193.13	-	-
Subtotal 2017 Projects	<u>93,095,633.46</u>	<u>388,946,945.97</u>	<u>64,121,898.95</u>	<u>-</u>
2022 Sales Tax - Authorized Projects				
1. Adding to, upgrading, reconfiguring, renovating, replacing, modifying and equipping existing and replacement schools, support facilities, athletic fields and physical education facilities;	7,070,635.07	6,705,509.96	-	-
2. Acquiring and developing land for, constructing and equipping, new and replacement schools and support facilities, as well as additions to existing facilities;	54,620,745.49	2,731,003.80	-	-
3. Installing capital improvements for various existing and new schools, buildings and facilities;	6,415,932.78	-	-	-
4. Providing hardware, software, and related infrastructure and making technology improvements; and	31,627,640.20	2,173,429.08	-	-
5. Replacing, purchasing, upgrading school buses, support vehicles, and other capital equipment.	563,196.00	-	-	-
Subtotal 2022 Projects	<u>100,298,149.54</u>	<u>11,609,942.84</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 193,393,783.00</u>	<u>\$ 1,024,895,588.73</u>	<u>\$ 688,149,702.46</u>	<u>\$ -</u>

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

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

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

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

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

Prior Years	\$ 20,367,291.67
Current Year	<u>-</u>
Total	<u>\$ 20,367,291.67</u>

(This page left intentionally blank)

Section II

Compliance and Internal Control Reports

(This page left intentionally blank)



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Norman Sauce, Superintendent and Members of the
DeKalb County Board of Education

We have audited the financial statements of the governmental activities and each major fund of the DeKalb County Board of Education (School District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 27, 2026. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Report on Internal Control over Financial Reporting

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

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

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

(This page left intentionally blank)

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Greg S. Griffin
State Auditor

March 27, 2026

(This page left intentionally blank)



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

The Honorable Brian P. Kemp, Governor of Georgia
Members of the General Assembly of the State of Georgia
Members of the State Board of Education
and
Dr. Norman Sauce, Superintendent and Members of the
DeKalb County Board of Education

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the DeKalb County Board of Education's (School District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2025. The School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

(This page left intentionally blank)

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

(This page left intentionally blank)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* in finding FA 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Greg S. Griffin". The signature is fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

March 27, 2026

(This page left intentionally blank)

Section III

Auditee's Response to Prior Year Findings and Questioned Costs

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
AUDITEE'S RESPONSE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

FS 2024-001 Strengthen Oversight of the Information System Conversion

Finding Status: Previously Reported Corrective Action Implemented

FS 2024-002 Strengthen Information Technology General Controls

Finding Status: Previously Reported Corrective Action Implemented

FS 2024-003 Strengthen Controls over Employee Compensation

Finding Status: Previously Reported Corrective Action Implemented

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2024-001 Improve Controls over Employee Compensation

Federal Awarding Agency: U.S. Department of Agriculture

Pass-Through Entity: Georgia Department of Education

Finding Status: Unresolved

The School District is developing corrective action to strengthen Child Nutrition Cluster Department internal controls, policies, and procedures and ensure adherence through improved monitoring.

FA 2023-004 Allowable Costs

Federal Awarding Agency: U.S. Department of Agriculture

Pass-Through Entity: Georgia Department of Education

Finding Status: Partially Resolved

See response to finding number FA 2024-001.

(This page left intentionally blank)

Section IV

Findings and Questioned Costs

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:
Governmental Activities and Each Major Fund Unmodified

Internal control over financial reporting:
▪ Material weakness(es) identified? No
▪ Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted: No

Federal Awards

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

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

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Assistance Listing Program or Cluster Title</u>
10.553, 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.367	Supporting Effective Instruction

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.00

Auditee qualified as low-risk auditee? No

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

II FINANCIAL STATEMENT FINDINGS

No matters were reported.

III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2025-001 Improve Controls over Employee Compensation

Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
Assistance Listing Number and Title:	10.553 – School Breakfast Program 10.555 – National School Lunch Program
Federal Award Number:	255GA324N1199 (Year: 2025)
Questioned Costs:	\$7,474
Repeat of Prior Year Finding:	FA 2024-001, FA 2023-004

Description:

The policies and procedures of the School District were insufficient to provide adequate internal controls over the employee compensation process as it relates to the Child Nutrition Cluster.

Background Information:

The Child Nutrition Cluster (CNC) is comprised of various programs that are intended to assist states in administering and overseeing food service program operators that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential childcare institutions, and summer programs. This Cluster of programs also fosters healthy eating habits in children by providing fresh fruits and fresh vegetables to children attending elementary and secondary schools and encourages the domestic consumption of nutritious agricultural commodities.

CNC funding was granted to the Georgia Department of Education (GaDOE) by the U.S. Department of Agriculture. GaDOE is responsible for distributing funds to local educational agencies (LEAs) and overseeing the various CNC programs. CNC funds totaling \$60,051,234.81 were expended and reported on the DeKalb County Board of Education's Schedule of Expenditures of Federal Awards (SEFA) for fiscal year 2025.

Criteria:

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

(This page left intentionally blank)

**DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

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

Furthermore, provisions included in the Uniform Guidance, Section 200.430 – Compensation-Personal Services prescribe standards for documentation of personnel expenses and state, in part, that “(a) ... Costs for compensation are allowable to the extent that they satisfy... specific requirements... and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the recipient or subrecipient consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a recipient’s or subrecipient’s laws, rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (g)..., [as follows:] (g) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the recipient or subrecipient...”

Condition:

A sample of 60 employees was randomly selected for testing using a non-statistical sampling approach. These employees were reviewed to determine if internal controls were properly functioning, and applicable compliance requirements were met. The following deficiencies were noted:

- One employee was paid on the incorrect pay scale and thus was overpaid by \$4,903.
- Two employees were paid on the incorrect pay scale and thus were underpaid by \$1,287.
- Additional pay totaling \$967 for 2 employees was incorrectly charged to the federal program.
- Documentation of retrospective pay totaling \$317 could not be located for 1 employee.

Questioned Costs:

Upon testing a sample of \$1,643,657 in personnel services expenditures, known questioned costs of \$7,474 were identified for payroll charges not supported by adequate documentation. Using the total personnel services expenditure population of \$20,618,901 (excluding benefits payments), we project the likely questioned costs to be approximately \$93,759. The following Assistance Listing Numbers were affected by known and likely questioned costs: 10.553 and 10.555.

Cause:

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

(This page left intentionally blank)

**DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Effect:

The School District is not in compliance with the Uniform Guidance and GaDOE guidance. Failure to pay employees with CNC funds the appropriate amount and/or maintain documentation supporting those payments could result in the expenditure of funds for unallowable purposes. This may also expose the School District to unnecessary financial strains and shortages within the CNC funds as ED or GaDOE may require the School District to return funds associated with improperly documented expenditures.

Recommendation:

The School District should evaluate their internal control process related to the approval and retention of documentation to support employee compensation payments. Where vulnerable, the School District should develop and/or modify its policies and procedures to ensure that CNC employees are paid appropriately. Furthermore, management should develop and implement a monitoring process to ensure that these procedures are functioning properly.

Views of Responsible Officials:

The District acknowledges the audit team's findings regarding undocumented additional pay and the isolated instances of overpayment identified during the testing of School Food Nutrition program. While the District remains committed to absolute fiscal accuracy, we believe the following context is essential for a complete understanding of the program's scale and the nature of the identified error.

- **Scale of Operations:** The District's School Food Nutrition program is a massive operation, serving over 90,000 students across 124 separate kitchens. This decentralized environment requires the management of approximately 900 personnel and a total salary expenditure of \$20,618,901.
- **Statistical Significance vs. Actual Error:** The audit identified actual errors totaling \$7,474. While the District understands that federal auditing standards (Uniform Guidance) require this amount to be extrapolated across the entire \$20.6M population-resulting in a projected error exceeding the \$25,000 mandatory reporting threshold-it is important to note that the actual identified discrepancy represents only 0.036% of the program's personnel budget.
- **Accuracy Rate:** Even when utilizing the extrapolated figure of \$25,000, the District maintains a 99.64% accuracy rate in payroll processing for this program. We believe this demonstrates a robust internal control environment, particularly given the complexities of managing 124 distinct points of service.
- **Disproportionate Reporting Thresholds:** The District notes that the \$25,000 reporting threshold is a fixed statutory limit that does not scale with the size of the Local Educational Agency (LEA). Consequently, a District of our size is held to a significantly more compressed margin of error (less than one-eighth of one percent) than a smaller district with fewer employees and sites.

(This page left intentionally blank)

DEKALB COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Auditor's Concluding Remarks:

While the questioned costs identified by auditors appear to be relatively small in the context of the School District's overall School Nutrition expenditures, the amounts exceed the reporting threshold established by the Uniform Guidance. This threshold is designed to ensure consistent reporting of noncompliance across entities of all sizes. Given the information reflected above, we reaffirm our finding and will review the status of the finding during our next audit.

(This page left intentionally blank)

Section V

Management's Corrective Action

(This page left intentionally blank)



Dr. Norman C. Sauce III
Interim Superintendent of Schools

Ms. Allyson Gevertz, Board Chair, District 4
Mr. Awet Eyasu, Vice Chair, District 7
Mr. Andrew B. Ziffer, District 1
Ms. Whitney McGinniss, District 2
Mrs. Deirdre P. Pierce, District 3
Tiffany Hogan, Ph.D., District 5
Mr. Diijon DaCosta, Sr., District 6

CORRECTIVE ACTION PLANS - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 2025-001 Improve Controls over Employee Compensation

Compliance Requirement:	Allowable Costs/Cost Principles
Internal Control Impact:	Significant Deficiency
Compliance Impact:	Nonmaterial Noncompliance
Federal Awarding Agency:	U.S. Department of Agriculture
Pass-Through Entity:	Georgia Department of Education
Assistance Listing Number and Title:	10.553 – School Breakfast Program
	10.555 National School Lunch Program
Federal Award Number:	255GA324N1199 (Year 2025)
Questioned Costs:	\$7,474
Repeat of Prior Year Finding:	FA 2024-001, FA 2023-004

Corrective Action Plans:

Despite the high overall accuracy rate, the District is taking immediate steps to address identified compensation and documentation issues. We have corrected pay scale deficiencies to ensure employees receive proper compensation and implemented additional review controls to prevent future errors. We have also strengthened our account coding procedures to ensure compensation charges are applied to the appropriate funding sources. Additionally, we have updated our digital time-tracking approval workflow to require contemporaneous authorization and improve documentation retention for all supplemental and retrospective compensation.

Estimated Completion Date: March 31, 2026

Contact Person: Byron Schueneman, Chief Financial Officer

Telephone: (678) 676-0133

Email: Byron_Schueneman@dekalbschoolsga.org

Signature:

Dr. Norman C. Sauce III

Title:

Interim Superintendent of Schools