



SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM • FISCAL YEAR 2023

Decatur County Board of Education Bainbridge, Georgia

Compliance and Performance Audit Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Decatur County Board of Education

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Dr. Boyd English, Superintendent and Members of the
Decatur County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Decatur County Board of Education (School District) for the year ended June 30, 2023. Management of the School District is responsible for the School District's compliance with the specified requirements. Our responsibility is to determine the School District's compliance with the specified requirements based on our audit objectives.

Audit Summary

Our performance audit of the School District's Special Purpose Local Option Sales Tax (SPLOST) for the fiscal year ended June 30, 2023 found the following:

- The School District has appropriately designed internal control procedures over the SPLOST expenditure transaction cycle and those controls have been placed into operation and are being followed.
- The School District has spent the SPLOST funds in accordance with O.C.G.A. §20-2-491 and the SPLOST resolution passed March 21, 2017 and March 16, 2021 by the voters of Decatur County.

Introduction

Georgia Code Section 20-2-491 requires public school systems to obtain continuing performance audits for expenditure of sales tax for capital outlays if the tax generates \$5 million or more annually. The independent performance audit shall:

1. Include a goal of ensuring, to the maximum extent possible, that the tax funds are expended efficiently and economically so as to ensure that the School District receives maximum benefit from the dollars collected.
2. Provide for issuance of periodic reports, not less than once annually, with respect to the extent to which tax funds are expended efficiently and economically as described in item 1 above.
3. Provide for issuance of periodic public recommendations, not less than annually for improvements in meeting the goal specified in item 1 above.

The Special Purpose Local Option Sales Tax (SPLOST) is a referendum voted and approved by the Decatur County voters in which one percent is added to the local sales tax for the purpose of funding building and renovation projects that would otherwise require financing through increased property taxes. SPLOST funds are also available for retiring general obligation bond debts incurred with respect only to capital outlay projects and to issue new general obligation bonds for specific capital outlay projects.

The School District works under the direction of the School Board and its superintendent. Projects selected for SPLOST funding are approved by the School Board. During fiscal years 2017 and 2021 the SPLOST V and SPLOST VI referendums were passed by the voters of Decatur County. The maximum amount approved to be raised from the SPLOST V and SPLOST VI referendums are \$30,000,000.00 each.

The SPLOST V funds will be used for the following purposes as outlined in the referendum:

“for the purpose of (a) paying debt service on the Decatur County School Building authority Revenue Refunding Bonds, Series 2015 commencing on October 1, 2017 through October 1, 2022 and (b) funding the following capital outlay projects: (i) acquiring, constructing, repairing, improving, rehabilitating, renovating, extending, retrofitting, upgrading, and equipping buildings and facilities in the Decatur County School District useful or desirable in connection therewith, including any necessary property therefore, both real and personal, to include HVAC upgrades, new roof systems, security, safety and communication upgrades, parking and sidewalk renovations and upgrades including renovating and equipping West Bainbridge Middle School for administrative services; (ii) planning for new School District site acquisition, site development and construction; (iii) purchase and installation of technology devices (to include computers, servers, printers, projectors, cabling, wireless access points, and Voice Over IP); (iv) acquiring and installing systemwide software to support instructional initiatives and improvements, finance, safety and operations; (v) purchase and installation of school nutrition equipment; (vi) acquisition of school buses, transportation and maintenance vehicles and equipment; (vii) acquisition of textbooks, ebooks, digital media and library books; (viii) acquisition of band/music, fine arts, vocational, and physical education/athletic equipment; (ix) demolition of existing facilities; (x) acquiring and installing all other necessary property therefore, both and real and personal (the “Projects”); (xi) paying capitalized interest; and (xii) paying expenses incident to accomplishing the foregoing...”

The SPLOST VI funds will be used for the following purposes as outlined in the referendum:

“for the purpose of providing funds to pay a portion of the costs of funding the following capital outlay projects: (i) acquiring, constructing, furnishing, and equipping a new middle school and all support facilities, structures or projects serving an educational purpose in connection therewith, including necessary furnishing, fixtures and equipment; (ii) acquiring, constructing, repairing, improving, rehabilitating, renovating, extending, retrofitting, upgrading, and equipping buildings and facilities in the School District, including any necessary real and personal property, useful or desirable in connection therewith, which may include energy efficiency or HVAC upgrades, new roof systems, security, safety and communication upgrades, parking and sidewalk renovations and upgrades; (iii) acquiring and installing systemwide software or other technology equipment to support instructional and administrative initiatives or improvements, safety and security, communication, finance and operations; (iv) finance, safety and operations; (v) acquiring school buses and transportation or maintenance vehicles and equipment; (vi) acquiring fine arts, music/band, vocational, and physical education/athletic equipment; (vii) purchasing and providing textbooks, ebooks, digital media and library books, furnishings, and other vocational equipment; (ix) acquiring and installing school nutrition equipment; (x) planning for new School District site acquisition, site development and construction; (xi) demolishing or renovating existing school facilities within the School District; (xii) acquiring any necessary property therefore, both and real and personal; (xiii) paying capitalized interest; and (xiv) paying expenses incident to accomplishing the foregoing (the “Projects”)...”

Audit Objectives

The overall objective of the performance audit was to evaluate whether the tax funds are expended efficiently and economically so that the School District is receiving the maximum benefit from the dollars collected. The specific audit objectives were:

- Determine whether the schedule of projects adheres to the approved resolution adopted by the School District.
- Determine if SPLOST funds were spent in accordance with SPLOST Resolutions passed March 21, 2017 and March 16, 2021 and were expended efficiently and economically.
- Determine whether there is an effective means of monitoring program performance within a projected timeline, to evaluate the validity of expenditures, and to evaluate the timely completion of each project.
- Determine whether management of the School District is following Board approved procurement policies and procedures and ensuring to the maximum extent possible tax funds are spent efficiently and economically.
- Provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described in O.C.G.A. §20-2-491.
- Provide for the issuance of public recommendations at least annually for improvements in meeting the goals described in O.C.G.A. §20-2-491.
- Determine that all SPLOST revenue is properly recorded.

Audit Scope and Methodology

We were engaged to conduct a performance audit of the SPLOST program. The audit focused on the School District's compliance with state and local laws and mandates and the receipts and expenditure of sales tax proceeds for allowable SPLOST purposes. This audit covers the year of the SPLOST program from July 1, 2022 to June 30, 2023. From a listing of disbursements made during the specified time frame, we tested 16 individually significant items totaling \$11,127,883.28. In addition, we tested a sample of the remaining population totaling \$19,221.04 which was comprised of 2 of 19 items. In total, we tested \$11,147,104.32 or 98.6% of the total SPLOST disbursements for the audit period.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Planning

Prior to conducting the audit, we determined mutual expectations in performing the engagement and meeting timelines. We discussed policies and procedures, methodologies, and other relevant aspects of the School District's SPLOST program with relevant staff. We requested various schedules from the School District's staff and discussed with them the date the fieldwork was expected to begin.

Preliminary Analytical Review

The preliminary analytical review (PAR) provided direction to our audit approach. In this analysis, we developed expectations related to projects, program documentation, key personnel, program organization, and account balances and relationships among those account balances. During the audit, tests were designed to confirm the expectations developed during our PAR. We also performed a PAR to analyze the laws governing SPLOST funds and to identify in advance the critical audit risk areas.

Risk Assessment

Our audit approach is risk-based, whereby we assess risk for each identified objective. Depending on the risk assessment, we performed substantive or analytical procedures, or a combination of both, to test the related objectives. These assessments were made during the planning process and throughout the engagement.

Understanding the Control Environment and Test Key Controls

We examined the School District's internal controls related to the SPLOST program, focusing on formulating comments and suggestions for improving operations. We used a discussion memorandum format to document the relevant accounting cycles and processes from start to finish. Utilizing our understanding of the control environment, we walked through certain internal controls to provide further support for the audit.

Preparation of a Tailored Audit Program

Based upon preliminary analytical review, control documentation and walk-through procedures, audit programs were designed in order for conclusions to be reached for each audit objective.

Audit Results

Based on the results of our audit, we conclude that the Decatur County School District's SPLOST program is operating in compliance with all applicable laws and regulations, and the referendums approved by the County's citizens. The following are the specific results of our audit:

Objective #1: Determine whether the schedule of projects adheres to the approved resolutions adopted by the School District.

Procedures: We obtained a copy of the SPLOST Resolutions as approved by the Board of Education of the School District and the voters of the county which outlines eligible expenditures from SPLOST proceeds. We verified that the list of SPLOST projects provided by the School District agreed to those stated in the Resolutions.

Results: We found no exceptions as a result of these procedures.

Objective #2: Determine if SPLOST funds were spent in accordance with SPLOST Resolutions passed on March 21, 2017 and March 16, 2021 and were expended efficiently and economically.

Procedures: We obtained a copy of the SPLOST Resolutions as approved by the Board of Education of the School District and the voters of the county. Using a listing of disbursements for the test period, we tested 16 individually significant items and a sample of 2 of the remaining 19 items in order to ensure that spending of SPLOST funds was compliant with the approved activity in the resolutions. We tested each transaction to supporting documentation such as vendor invoices to ensure expenditures were in accordance with the SPLOST resolutions and were spent efficiently and economically.

Results: We found no exceptions as a result of these procedures.

Objective #3: Determine whether there is an effective means of monitoring program performance within a projected timeline, to evaluate the validity of expenditures, and to evaluate the timely completion of each project.

Procedures: We obtained an understanding of the monitoring and budget procedures and how the School District ensures projects are completed within project specifications, timelines, and approved budgets. We tested disbursements to ensure that the School District has policies and procedures in place to ensure that expenditures are properly approved by an individual who reviews the work to ensure that invoices submitted are valid in regard to work completed and appropriate for the SPLOST projects.

Results: We found no exceptions as a result of these procedures.

Objective #4: Determine whether management of the School District is following Board approved procurement policies and procedures and ensuring to the maximum extent possible tax funds are spent efficiently and economically.

Procedures: We obtained a copy of the School District's procurement and bid policies, including construction contracts. We tested 16 individually significant items and sampled 2 of the remaining 19 expenditures to ensure all policies set in place by the Board are being followed and SPLOST funds were spent efficiently and economically.

We reviewed board minutes for any new construction contracts and obtained bid documentation for any SPLOST related construction activity to ensure Board policy is being followed.

Results: We found no exceptions as a result of these procedures.

Objective #5: Provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described in O.C.G.A. §20-2-491.

Procedures: We obtained and reviewed the prior year performance audit report conducted and we provided a public report of the result of the performance audit for the current fiscal year.

Results: We found no exceptions as a result of these procedures.

Objective #6: Provide for the issuance of public recommendations at least annually for improvements in meeting the goals described in O.C.G.A. §20-2-491.

Procedures: We obtained and reviewed the prior year performance audit report, and we provided a public report of the result of the performance audit for the current fiscal year.

Results: We found no exceptions as a result of these procedures.

Objective #7: Determine that all SPLOST revenue is properly recorded.

Procedures: We confirmed with the Georgia Department of Revenue the amounts collected for and remitted to the School District.

Results: We found no exceptions as a result of these procedures.

School District Response: Decatur County Board of Education agrees with the report.

Communication of Audit Findings and Recommendations

No matters were reported.

Closing

This report is intended solely for the information and use of the Board and management of the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

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

Greg S. Griffin
State Auditor

February 22, 2024