



**SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM · FISCAL YEAR 2023**

# Murray County Board of Education Chatsworth, Georgia

**Compliance and Performance Audit Report**

Greg S. Griffin | State Auditor



**DOAA**

Georgia Department  
of Audits & Accounts

# Murray County Board of Education

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Mr. Steve Loughridge, Superintendent and Members of the  
Murray County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Murray 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 resolutions passed on March 1, 2016 and March 16, 2021 by the voters of Murray 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 Murray 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 2016 and 2021, the 2017 SPLOST referendum and the 2022 SPLOST referendum were passed by the voters of Murray County. The maximum amount approved to be raised from the 2017 and 2022 SPLOST referendums are \$24,000,000.00 and \$25,500,000.00, respectively.

The 2017 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) constructing and equipping a new facility at Spring Place Elementary School or extensive renovations and improvements to the existing Spring Place facility, (ii) renovations and improvements to Murray County High School including athletic facilities, (iii) renovations and improvements to Gladden Middle School, (iv) technology upgrades and equipment and system-wide renovations and improvements; and (v) adding to, remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities of the school district, and acquiring any property, both real and personal, and equipment necessary therefor.”

The 2022 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) renovations and improvements to Murray County High School including athletic facilities, (ii) improvements and equipping for Gladden Middle School, (iii) renovations, improvements, and equipping Northwest Elementary School (iv) technology upgrades and equipment (v) purchasing of buses (vi) reroofing and renovations to Enrollment Center Complex including Gym at old Murray County High School (vii) system-wide renovations and improvements and adding to, remodeling, renovating, improving, and equipping existing educational buildings, properties, and facilities of the School District, and acquiring any property, both real and personal, and equipment necessary therefor.”

## **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 SPLOST funds were spent in accordance with SPLOST Resolutions passed in March 2016 and March 2021.
- Determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.
- 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 if administrative controls were established and appeared to be adequate to ensure the responsible fiscal management of the sales tax proceeds received by the School District.
- Determine if management of the School District is following Board approved procurement policies and procedures and ensuring to the maximum extent possible that the tax funds are expended efficiently and economically.
- Determine that all SPLOST revenue is properly recorded.
- 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.

## **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 28 individually significant items totaling \$7,385,759.28. In addition, of the remaining population, we sampled 6 of 55 item totaling \$34,987.51. In total, we tested \$7,420,746.79 or 97% 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 Murray County School District's SPLOST program is operating in compliance with all applicable laws and regulations and the referendum approved by the County's citizens. The following are the specific results of our audit:

**Objective #1:** Determine whether SPLOST funds were spent in accordance with SPLOST Resolutions passed in March 2016 and March 2021.

**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. We reviewed SPLOST projects listed and verified projects agreed to those stated in the resolutions and reviewed the board minutes to verify projects were brought before the board and that projects were voted on before they started. Using a listing of disbursements for the test period, we tested 28 individually significant items and a sample of 6 of the remaining 55 expenditures in order to ensure expenditures were properly classified, approved and in line with the SPLOST resolutions. We tested each transaction to supporting documentation such as vendor invoices.

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

**Objective #2:** Determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.

**Procedures:** The Director of Finance of the Murray County Board of Education was interviewed in order to understand procedures for monitoring projects expenditures and SPLOST budget amounts. Documentation was examined during the testing in order to verify monitoring procedures were in place and being followed by management.

**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 interviewed management regarding procedures used to monitor program performance timeline, evaluation of the validity of expenditures and timely completion of the capital projects. 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 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 if administrative controls were established and appeared to be adequate to ensure the responsible fiscal management of the sales tax proceeds received by the School District.

**Procedures:** We interviewed management to identify how funds were received and recorded from the State. In addition, management was interviewed in order to determine their familiarity with the controls in place. We determined accounting controls were in place for this objective and the

administrative controls were sufficient, complete and adequate. The effectiveness of the controls were tested by examining 28 individually significant items and a sample of 6 of the remaining 55 expenditures. Lastly, we reviewed the general ledger accounts to verify deposits.

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

**Objective #5:** Determine if management of the School District is following Board approved procurement policies and procedures and ensuring to the maximum extent possible that the tax funds are expended efficiently and economically.

**Procedures:** We obtained a copy of the School District's procurement and bid policies, including construction contracts. We tested all construction bids entered into during the year to ensure that all policies set in place by the Board are being followed and SPLOST funds were spent efficiently and economically.

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

**Objective #6:** 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.

**Objective #7:** 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, 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 #8:** 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.

**School District Response:** Murray 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

May 29, 2024