



POLK SCHOOL DISTRICT
CEDARTOWN, GEORGIA

SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM
COMPLIANCE AND PERFORMANCE AUDIT REPORT
FISCAL YEAR 2024

Polk County School District

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Mr. Mark Lumpkin, Superintendent and Members of the
Polk County School District

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Polk County School District (School District) for the year ended June 30, 2024. 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, 2024 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 May 20, 2014, November 7, 2017, and November 2, 2021 by the voters of Polk 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 Polk 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 2014, 2018, and 2022, the SPLOST V, SPLOST VI, and SPLOST VII referendums were passed by the voters of Polk County. The maximum amount approved to be raised from the 2014 SPLOST, 2018 SPLOST, and 2022 SPLOST referendums are \$28,000,000.00, \$25,000,000.00, and \$43,000,000.00, respectively.

The 2014 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) constructing, remodeling, improving and equipping of existing facilities including Cedartown High School, Rockmart High School, Westside Elementary School and Eastside Elementary School; (ii) purchasing instructional and administrative technology; (iii) acquiring system-wide safety and security systems and equipment; (iv) purchasing school buses, transportation and maintenance vehicles and equipment; (v) purchasing vocational, fine arts, cafeteria, physical education and athletic equipment; (vi) purchasing textbooks and e-books; and (vii) acquiring real and personal property necessary, or to be used for the foregoing purposes, and all other general purposes related to these capital outlay projects. ”

The 2018 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(a) constructing, remodeling, improving and equipping of existing facilities, including (i) the College and Career Academy at Cedartown High School, (ii) elementary school classroom additions and related facilities; (iii) at Cedartown High School, a fine arts building with expansion of an improvements to band and drama facilities, parking lots and access roads, renovations to administrative offices, and resurfacing the track; (iv) at Rockmart High School, the agriculture barn/learning center, college and career facilities, concession stand, press box, resurfacing the track, and renovations and improvements to the gymnasium; (v) at Rockmart Middle School, restrooms, storage, and concessions facility for athletic fields; and (vi) roofing and air condition (HVAC) improvements, resurfacing of parking lots, additional parking lots and access roads, equipment and furnishings, and technology infrastructure and devices at new and existing school facilities; (b) instructional and administrative technology; (c) system-wide safety and security systems and equipment; (d) purchasing school buses, transportation, and maintenance vehicles and equipment; (e) purchasing vocational, fine arts, cafeteria, physical education, and athletic equipment; (f) purchasing textbooks and e-books; and (g) acquiring real and personal property necessary or to be used for the foregoing purposes and all other general purposes related to these capital outlay projects and for expansion of facilities. ”

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

“(a) constructing, remodeling, improving, and equipping of existing facilities, including (i) a fine arts building and new turf for athletic fields at Rockmart High School, (ii) an auxiliary gym and new turf for athletic fields at Cedartown High School, and (iii) system-wide roofing, HVAC, bathrooms, and classroom upgrades and improvements; (b) instructional and administrative technology; (c) system-wide safety and security systems and equipment; (d) purchasing school buses, transportation, and maintenance vehicles and equipment; (e) purchasing vocational, fine arts, cafeteria, physical education, and athletic equipment; (f) purchasing textbooks and e-books; and (g) acquiring real and personal property necessary or to be used for the foregoing purposes and all other general purposes related to these capital outlay projects and for expansion of facilities.”

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 May 2014, November 2017, and November 2021.
- 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 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 to ensure to the maximum extent possible that tax funds are expended efficiently and economically.
- 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, 2023 to June 30, 2024. From a list of disbursements made during the specified time frame, we tested 41 individually significant items totaling \$12,913,017.88. In addition, of the remaining population, we sampled 19 of 188 totaling \$58,483.79. In total, we tested \$12,971,501.67 or 85% of the total SPLOST disbursements for the audit period.

From a listing of journal entries made during the specified time frame, we tested 4 individually significant items totaling \$962,558.37. In addition, we tested the remaining journal entry totaling \$7,580.25. In total, we tested \$970,138.62 or 100% of the total SPLOST journal entries 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 Polk 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 May 2014, November 2017, and November 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 Polk County. Using a list of disbursements for the test period, we tested 41 individually significant items and a nonstatistical random sample of 19 of the remaining 188 items to ensure that spending of SPLOST funding was compliant with the approved activity in the resolutions. In addition, using a list of journal entries for the test period, we tested 4 individually significant items and the remaining journal entry to ensure the validity of expenditure adjustments made to SPLOST projects. We tested each transaction to supporting documentation such as vendor invoices.

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

Objective #2: 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 to determine if this objective was met in the previous year. In addition, this objective is being met by the publication of this report for the current year.

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

Objective #3: 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 to determine if this objective was met in the previous year. In addition, this objective is being met by the publication of this report for the current year.

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

Objective #4: 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 41 individually significant items and a nonstatistical random sample of 19 of the remaining 188 disbursements to ensure that the School District has policies and procedures in place to ensure that SPLOST expenditures are approved by an individual who reviews the work on site and 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 #5: Determine whether management of the School District is following Board approved procurement policies and procedures to ensure to the maximum extent possible that 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 29 individually significant bids and a nonstatistical random sample of 5 of the remaining 48 bids to ensure that all policies set in place by the Board are being followed and SPLOST funds were spent efficiently and economically. We also 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 #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.

School District Response: Polk County School District 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 fluid and cursive, with a horizontal line extending from the end.

Greg S. Griffin
State Auditor

July 14, 2025