



SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM • FISCAL YEAR 2024

Lowndes County Board of Education Valdosta, Georgia

Compliance and Performance Audit Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Lowndes County Board of Education

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Mrs. Sandra Wilcher, Superintendent and Members of the
Lowndes County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Lowndes County Board of Education (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.
- The School District has spent the SPLOST funds in accordance with O.C.G.A. §20-2-491 and the SPLOST resolution passed March 19, 2019 by the voters of Lowndes 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 Lowndes 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 year 2019, the SPLOST VI referendum was passed by the voters of Lowndes County. The maximum amount approved to be raised from the SPLOST VI referendum is \$83,550,000.00. SPLOST VI funds will be used for the following purposes as outlined in the referendum:

“(i) planning and construction of new facilities, including elementary school(s), middle school(s) and high school(s), (ii) the addition, renovation, repair, and improvement to existing school buildings, facilities, and grounds, including, but not limited to, all elementary schools, middle schools, and high school(s), (iii) equipping and furnishing system-wide new construction, additions, and renovations, (iv) acquisition of school vehicles, including but not limited to, school buses, maintenance vehicles and equipment, (v) system-wide technology improvements, (vi) acquisition of security and safety systems, equipment and/or fencing, (vii) textbooks (including e-books) and related instructional software, band and other musical instruments, vocational equipment and physical education and athletic equipment, and (viii) renovations and modifications of athletic facilities, acquisition of any property necessary and desirable for new construction, and expansion and/or improvement of existing facilities, both real and personal.”

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 the SPLOST Resolution passed March 19, 2019.
- 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.
- 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 periodic public recommendations at least annually for improvements in meeting the goals described in O.C.G.A. §20-2-491.
- Determine whether 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 spent 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 listing of disbursements made during the specified time frame, we tested 53 individually significant items totaling \$9,949,369.62. In addition, of the remaining

population we sampled 117 of 1,163 items totaling \$485,993.83. We also verified all debt payments of \$748,700.00 to supporting documentation. In total, we tested \$11,184,063.45 or 72.74% 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 Lowndes 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 the schedule of projects adheres to the approved resolution adopted by the School District.

Procedures: We obtained and reviewed the Resolution as approved by the Board of Education of the School District and the voters of Lowndes 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 Resolution.

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

Objective #2: Determine if SPLOST funds were spent in accordance with the SPLOST Resolution passed March 19, 2019.

Procedures: We obtained a copy of the SPLOST Resolution 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 53 individually significant items and a nonstatistical random sample of 117 of the remaining 1,163 items. In addition, we verified all debt payments. Testing was done to ensure that spending of SPLOST funding was compliant with the approved activity in the resolution. We tested each transaction to supporting documentation such as vendor invoices.

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 53 individually significant items and a nonstatistical random sample of 117 of the remaining 1,163 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: 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 #5: Provide for the issuance of periodic 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 #6: Determine whether 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 spent efficiently and economically.

Procedures: We obtained a copy of the School District's procurement and bid policies, including construction contracts. We tested all bid packages obtained to ensure all policies set in place by the Board are being followed.

In addition, using a listing of disbursements for the test period, we tested 53 individually significant items and a nonstatistical random sample of 117 of the remaining 1,163 items, in order to ensure that all policies set in place by the Board are being followed and spending of SPLOST funding was compliant with the approved activity in the resolution. We tested each transaction to supporting documentation such as vendor invoices.

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: Significant exceptions were found as a result of these procedures. See Communication of Audit Findings and Recommendations for more information.

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: Lowndes County Board of Education agrees with the report.

Communication of Audit Findings and Recommendations

See findings and recommendations in the attached *Schedule of Findings*.

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,



Greg S. Griffin
State Auditor

August 21, 2025

LOWNDES COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024

Finding 2024-001 Internal Controls over SPLOST Expenditures

Criteria:

The School District’s management is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are processed according to established procedures.

Chapter IV-8, *The Annual Audit of the Financial Management of Georgia Local Units of Administration* (FMGLUA) provides that management is responsible for establishing and maintaining internal controls, including monitoring of ongoing activities.

Lowndes County Board of Education policy DJE – Purchasing states “All purchases must be authorized by purchase order or contract issued by the appropriate personnel. In addition, the policy states “All purchases of and contracts for supplies, materials, equipment, and services over \$10,000 but less than \$50,000 require solicitation of three competitive written quotes ... will be available for public inspection.” Lastly, the policy states “Contracts for, and purchases of supplies, materials, equipment and services in the aggregate amount of over \$50,000 shall be based on at least three competitive sealed bids ... and shall require Superintendent and Board approval.”

The Lowndes County Board of Education policy DJE – Purchasing was revised March 18, 2024, and states “All purchases must be authorized by purchase order or contract issued by the appropriate personnel.” In addition, the policy also states, “All purchases of and contracts for supplies, materials, equipment, and services over \$25,000 but less than \$100,000 require solicitation of three competitive written quotes ... will be available for public inspection.” Lastly the policy states “Board members will be informed of purchases over \$25,000 in a timely fashion. Purchases over \$50,000 require Superintendent and Board approval.”

Condition:

The School District did not document their adherence to board approved procurement policies and procedures resulting in the following exceptions:

- Four individually significant items totaling \$376,289.56 lacked documentation of Board approval prior to purchase.
- Three items tested from the nonstatistical random sample of 117 items totaling \$16,744.64 lacked documentation of approval by the appropriate personnel prior to purchase. This error was projected to the population and the projected number of errors is 30 items totaling \$119,913.37.

Cause:

In discussing these deficiencies with the School District, they indicated that the errors occurred due to the not following established internal control policies and procedures.

Effect:

Without following internal control policies and procedures, the School District could place itself in a position where SPLOST funds are not spent efficiently and economically which is not in compliance with laws and regulations.

LOWNDES COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024

Recommendation:

The School District should ensure that Board approved procurement policies and procedures are followed. In addition, the School District should ensure to the maximum extent possible that tax funds are spent efficiently and economically to ensure that the School District receives maximum benefit from the dollars collected.

LOWNDES COUNTY SCHOOLS

Home of the Vikings

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BOARD MEMBERS

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Mike Davis

Melanie Hasty

Robert McGeehan

Erin Price

Fred Wetherington

Jason Wisenbaker

August 13, 2025

The school district concurs with the finding and has revised the policy to address this finding and have put in procedures in the finance department to improve issues for lack of documentation and prior approvals for requests. We feel that implementing these procedures and the changed policy will correct this.

Completion Date: August 11, 2025

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