



SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM • FISCAL YEAR 2023

DeKalb County Board of Education Stone Mountain, Georgia

Compliance and Performance Audit Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

DeKalb County Board of Education

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Dr. Devon Horton, Superintendent and Members of the
DeKalb County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the DeKalb 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 November 8, 2011, May 24, 2016 and November 2, 2021 by the voters of DeKalb 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 DeKalb 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 2012, 2016, and 2022, the SPLOST IV, SPLOST V, and SPLOST VI referendums were passed by the voters of DeKalb County. The maximum amount approved to be raised from the SPLOST IV, SPLOST V, and SPLOST VI referendums are \$607,384,422.00, \$600,000,000.00, and \$742,773,993.78, respectively.

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

“(1) Improvement projects to make reasonable accommodations for the Americans with Disabilities Act at various schools throughout the DeKalb County School District; (2) Upgrades, including turf installation, at stadiums and renovations to Athletic Facilities and Stadiums including, but not limited to Adams Stadium, Avondale Stadium, Hallford Stadium, North DeKalb Stadium and Panthersville Stadium; (3) Capital Renewal Program to include renovations, modifications, and upgrades to existing buildings and facilities that will include, but not be limited to, roofing, plumbing, electrical, HVAC, kitchens and program-driven modifications as needed ...; (4) Modifications and upgrades to existing buildings and facilities to comply with health/safety and other building codes as required by DeKalb County or other local governments; (5) Modifications, upgrades, and renovations to Coralwood Diagnostic Center; (6) Development of an Early Learning Center in the Wesley Chapel area to include design, acquisition, construction, renovation, and modification of an existing structure; (7) Modifications, upgrades, and additions to Avondale Middle School for an Arts School; (8) Modifications, upgrades, and renovations to Southwest DeKalb High School and Stone Mountain High School; (9) Design, construction, renovation, modification, additions to and equipping of replacement elementary buildings and facilities for Austin, Fernbank, Gresham Park, Pleasantdale, Peachcrest, Rockbridge and Smoke Rise Elementary Schools, including the acquisition of land and the demolition of all or portions of existing structures, if necessary; (10) Design, construction, renovation, modification, additions to and equipping of buildings and facilities at Henderson Middle School, including the acquisition of land and the demolition of all or portions of existing structures, if necessary; (11) Design, construction, renovation, modification, additions to and equipping of buildings and facilities at Redan High School, including the acquisition of land and the demolition of all or portions of existing structures, if necessary; (12) Acquisition of replacement Chamblee High School pursuant to Qualified School Construction Bonds (QSCB) lease-purchase financing; (13) Design, construction, renovation, modification, additions to and equipping of replacement buildings and facilities for McNair Middle School, including the acquisition of land and the demolition of all or portions of existing structures, if necessary; (14) Local School Priority Requests, involving minor projects deemed necessary to meet interior and exterior facility needs at various local schools; (15) Repurpose and/or demolish surplus properties as needed; (16) Modifications and upgrades to security and life safety systems for existing buildings and facilities, including, but not limited to, camera installation, lighting, intrusion alarm systems, fire alarm systems, closed circuit television, and video recorder installation; (17) Upgrade classroom technology (including interactive boards, student response systems and projectors), upgrade and refresh to hardware (including desktops, laptops, and servers), software, wireless infrastructure in all schools, digital communication technology (including video conferencing, virtual and learning technologies), enterprise content management solution, upgrade and increase data storage systems, upgrades to telecommunications and implementing a mass notification system; (18) Acquisition of buses, upgrade bus radio communications to comply with FCC regulations and GPS reporting equipment to serve various schools throughout the DeKalb County School

District; (19) Acquisition of support service vehicles; and (20) Facility improvement projects throughout the DeKalb County School District, including but not limited to building and site renovations, replacements and demolition; code required renovations and upgrades; HVAC renovations and replacements; roofing repairs and replacements; electrical and low voltage repairs, renovations, and upgrades; technology additions, renovations and upgrades; transportation improvements; environmental and air quality control; and site acquisitions for new facilities.”

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

“(i) Making of site, facility and technology improvements deemed necessary to improve safety and security, such as enhancing surveillance systems, fire alarms systems, fire sprinkler installation, perimeter fencing, etc. at some or all of the DeKalb County School District (DCSD) Schools and Facilities (as defined hereinbelow); (ii) Adding to, modifying, replacing, reconfiguring 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 or 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 DeKalb County School District's determination of need priorities; (iii) 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 if necessary)--e.g., roofing, plumbing, wiring, painting, water piping, HVAC, making athletic field and physical education facility upgrades and 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 School District's determination of need priorities at some or all of the following schools and facilities (the “DCSD” Schools and Facilities) ...; (iv) 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; (v) 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 classrooms/modular buildings, custodial equipment, grounds equipment, etc. at some or all of DCSD Schools and Facilities.”

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

“(i) adding to, upgrading, reconfiguring, renovating, replacing, modifying and equipping existing and replacement schools, support facilities, athletic fields and physical education facilities; (ii) acquiring and developing land for, constructing and equipping, new and replacement schools and support facilities, as well as additions to existing facilities; (iii) installing capital improvements for various existing and new schools, buildings and facilities; (iv) providing hardware, software, and related infrastructure and making technology improvements; and (v) replacing, purchasing, upgrading school buses, support vehicles, and other capital equipment.”

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 resolutions adopted by the School District.
- Determine if SPLOST funds were spent in accordance with SPLOST Resolutions passed November 8, 2011, May 24, 2016 and November 2, 2021.
- 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 that the tax funds are expended 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 57 individually significant items totaling \$35,805,468.16. In addition, of the remaining population we sampled 51 of 506 items totaling \$1,218,793.56. In total, we tested \$37,024,261.72 or 88% 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 DeKalb 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 DeKalb County which outlines eligible SPLOST 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 November 8, 2011, May 24, 2016 and November 2, 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. Using a listing of disbursements for the test period, we tested 57 individually significant items and a nonstatistical random sample of 51 of the remaining 506 expenditures in order to ensure that spending of SPLOST funding was compliant with the approved activity in the resolutions. 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 57 individually significant items and a nonstatistical random sample of 51 of the remaining 506 expenditures 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 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 57 individually significant items and a nonstatistical random sample of 51 of the remaining 506 expenditures to ensure all policies set in place by the Board are being followed.

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 and SPLOST funds are being spent efficiently and economically.

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 by other auditors 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: 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 conducted by other auditors 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 #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: DeKalb 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".

Greg S. Griffin
State Auditor

September 4, 2025