



SPECIAL PURPOSE LOCAL OPTION SALES TAX PROGRAM • FISCAL YEAR 2025

Rabun County Board of Education Tiger, Georgia

Compliance and Performance Audit Report

Greg S. Griffin | State Auditor



DOAA

Georgia Department
of Audits & Accounts

Rabun County Board of Education

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Mr. Steven Cole, Superintendent and Members of the
Rabun County Board of Education

Ladies and Gentlemen

We have audited the Special Purpose Local Option Sales Tax (SPLOST) records and operations of the Rabun County Board of Education (School District) for the year ended June 30, 2025. 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, 2025 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 March 17, 2015, July 23, 2020, and November 7, 2023 by the voters of Rabun 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 Rabun 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 2015, 2021, and 2024, the 2016 SPLOST referendum, 2020 SPLOST referendum, and 2024 SPLOST referendum were passed by the voters of Rabun County. The maximum amount approved to be raised from the 2016 SPLOST, 2020 SPLOST, and 2024 SPLOST referendums are \$19,000,000.00, \$22,500,000.00, and \$39,000,000.00, respectively.

The 2016 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) adding to, renovating, repairing, improving, and equipping existing school buildings and school system facilities, including athletic facilities, (ii) acquiring miscellaneous new equipment, fixtures and furnishing for the school system, including technology equipment, security equipment, band equipment, textbooks, electronic instructional media and other instructional materials, (iii) acquiring school buses and transportation and maintenance equipment, (iv) constructing and equipping a new career, technology and agriculture education building, with a new cafeteria and kitchen therein, adjacent to Rabun County High School, and (v) making payments under the installment Sales and Use Agreement with Rabun County Building Authority for the purchase of an elementary school (the maximum aggregate amount of such payments not to exceed \$5,025,000.00) with the maximum cost of the projects described in items (i)-(v) payable with said tax being \$19,000,000, (vi) paying any general obligation debt of the School District issued in conjunction with the conjunction of said sales and use tax, and (vii) paying expenses incident to accomplishing the foregoing.”

The 2020 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) adding to, renovating, repairing, improving, and equipping existing school buildings and school system facilities, including athletic and fine arts facilities, (ii) acquiring miscellaneous new equipment, fixtures and furnishings for the school system, including technology equipment, security equipment, band equipment, textbooks, electronic instructional media and other instructional materials, (iii) acquiring school buses and transportation and maintenance equipment, (iv) acquiring, constructing and equipping a new agriculture education farm, and (v) acquiring real estate and conducting site preparation of real estate for school district purposes, including but not limited to for use as the future location of the agriculture education farm, and (vi) making payments under the Installment Sale and Use Agreement with Rabun County Building Authority for the purchase of an elementary school (the maximum aggregate amount of such payments not to exceed \$3,600), with the maximum cost of the projects described in items (i)-(vi) payable from said tax being \$22,500,000, (vii) paying any general obligation debt of the School District issued in conjunction with the continuation of said sales and use tax, and (viii) paying expenses incident to accomplishing the foregoing.”

The 2024 SPLOST funds will be used for the following purposes as outlined in the referendum:

“(i) adding to, renovating, repairing and improving existing school buildings and school system facilities, (ii) acquiring miscellaneous new equipment, fixtures, and furnishings for the school system, including technology equipment, security equipment, band equipment, textbooks, electronic instructional media, and other instructional materials, (iii) acquiring school buses and transportation and maintenance equipment, (iv) acquiring, constructing and equipping a new academic building for Rabun County High School, and (v) acquiring real estate and conducting site preparation of real estate for School District purposes (the Projects); (b) capitalized interest on the bonds; and (c) the cost of issuing the bonds.”

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 if the SPLOST funds were expended efficiently and economically so as to secure the School District the maximum possible benefit from the tax dollars.
- 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 the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.
- Determine whether there is an efficient and economic 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.
- Determine whether all SPLOST sales tax revenue is properly recorded.
- Determine that the sales tax proceeds are being disbursed in compliance with the SPLOST Resolutions approved by the Board.
- Determine the effectiveness of financial controls in place to ensure that the receipt and disbursement of tax revenue funds are in compliance with applicable laws and regulations.

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, 2024 to June 30, 2025. From a listing of disbursements made during the specified time frame, we tested 17 individually significant items totaling \$6,868,710.86. In addition, of the remaining population, we sampled 2 of 24 items totaling \$35,681.20. We also verified debt payments of \$774,366.15 to supporting documentation. In total, we tested \$7,678,758.21 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 Rabun 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 if the SPLOST funds were expended efficiently and economically so as to secure the School District the maximum possible benefit from the tax dollars.

Procedures: We obtained a copy of the SPLOST resolutions as approved by the Board of Education and the voters of the county. We reviewed the SPLOST project list and verified projects agreed to those stated in the resolutions and reviewed board minutes to verify projects were brought before the board and that projects were voted on before they started. We reviewed documentation to verify bond payments made during the audit period were for debt outlined in the resolutions. Using a listing of disbursements for the test period, we tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 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. We also reviewed documentation for debt payments paid from SPLOST funds. We verified amounts paid to supporting documentation to ensure payments are for allowable SPLOST expenditures.

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

Objective #2: To 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 fiscal year.

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

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

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

Objective #4: Determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.

Procedures: We interviewed the Chief Financial Officer regarding procedures for monitoring project expenditures and SPLOST budget amounts. In addition, we tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 expenditures to ensure the School District has policies and procedures in place to ensure spending of SPLOST funding did not exceed budgeted amounts.

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

Objective #5: Determine whether there is an efficient and economic 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. In addition, we tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 expenditures to ensure 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 #6: 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 are received and recorded from the State. We determined if accounting controls were in place for this objective, if the administrative controls were sufficient, complete and adequate, and if key management personnel were familiar with the controls. We tested the effectiveness of the controls by testing 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 items. Lastly, we reviewed the general ledger accounts to verify monthly deposits.

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

Objective #7: Determine whether management of the School District is following Board approved procurement policies and procedures.

Procedures: We interviewed management regarding procurement policies and procedures. We tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 expenditures to ensure all policies set in place by the Board are being followed.

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

Objective #8: Determine that all SPLOST sales tax 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 #9: Determine that the sales tax proceeds were being disbursed in compliance with the SPLOST Resolutions approved by the Board.

Procedures: We tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 expenditures to ensure compliance with the SPLOST Resolutions approved by the Board.

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

Objective #10: Determine the effectiveness of financial controls in place to ensure that the receipt and disbursement of tax revenue funds are in compliance with applicable laws and regulations.

Procedures: We tested 17 individually significant items and a nonstatistical random sample of 2 of the remaining 24 expenditures to ensure financial controls are in place.

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

School District Response: Rabun 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,



Greg S. Griffin
State Auditor

February 20, 2026