

**BULLOCH COUNTY BOARD OF EDUCATION**

COMPLIANCE AND PERFORMANCE REVIEW  
EDUCATIONAL SPECIAL PURPOSE LOCAL OPTION SALES TAX

YEAR ENDED JUNE 30, 2021

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## INDEPENDENT ACCOUNTANT'S REPORT

Bulloch County Board of Education  
Statesboro, Georgia

We have performed the procedures enumerated below to complete a review of the Bulloch County Board of Education's compliance and performance concerning its Educational Special Purpose Local Option Sales Tax for the year ended June 30, 2021. Bulloch County Board of Education's management is responsible for the information provided to us during this engagement.

The Bulloch County Board of Education has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users of this report in understanding the compliance and performance concerning its Educational Special Purpose Local Option Sales Tax for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report, and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

### BACKGROUND

In September 2003 Bulloch County voters approved the imposition of the first Educational Special Purpose Local Option Sales Tax (ESPLOST) for a period of five years beginning January 2004. Voters also authorized the issuance of \$38,000,000 in bonds to be repaid with ESPLOST proceeds so that the Board might obtain most of its funding at the beginning of the five year period. The Board received collections for ESPLOST I through December 2008.

In September 2005 Bulloch County voters approved the imposition of ESPLOST for an additional five years and the issuance of new bonds totaling \$44,265,000. ESPLOST II bond proceeds were received by the Board during the year ended June 30, 2008, and the Board received ESPLOST II collections for the period beginning January 2009 and ending December 2013.

In March 2009 Bulloch County voters approved the imposition of ESPLOST III beginning January 2014 for a period not to exceed five years. Voters also approved the issuance of new bonds not to exceed \$53,590,000. Bonds relating to ESPLOST III have been issued as follows: \$23,525,000 in the year ended June 30, 2010; \$13,705,000 in the year ended June 30, 2011; \$8,120,000 in the year ended June 30, 2013 and \$1,725,000 in the year ended June 30, 2015.

In November 2017 voters approved the imposition of ESPLOST IV beginning January 2019 for a period not to exceed five years. Voters also approved the issuance of new bonds not to exceed \$40,000,000. The \$40,000,000 in ESPLOST IV bonds were issued in the year ended June 30, 2018.

The original ESPLOST referendum, as approved by voters, described the purpose of ESPLOST as “acquiring, constructing, and equipping new facilities for Portal High School and Middle School, Southeast Bulloch High School, Statesboro High School, and Nevils Elementary School; relocation of William James Middle School to the existing Statesboro High School and the renovation and equipping of facilities for use as a middle school; a new central auditorium on the campus of the new Statesboro High School for use by all Bulloch County students; and, site improvements, improvements to facilities, and technology upgrades throughout the Bulloch County School System.” After a public forum was held, the Board approved a resolution to amend the original ESPLOST referendum and allow William James Middle School to remain in its current location. The approved ESPLOST II referendum was similar except that reference to moving William James Middle School was omitted, and references to real and personal property and system-wide renovations were added.

The ESPLOST III referendum described the purpose of ESPLOST as “acquiring, constructing, and equipping (i) new facilities for Julia P. Bryant, Sallie Zetterower, and Mattie Lively Elementary Schools, (ii) new classroom facilities for Langston Chapel Elementary, Mill Creek Elementary, Portal Elementary, and William James Middle Schools, (iii) new athletic facilities for Statesboro High School, Southeast Bulloch High School, William James Middle School, Southeast Bulloch Middle, and Langston Chapel Middle School, (iv) a new gymnasium, athletic facilities, and other improvements for Portal High School, and (v) real and personal property, site improvements, renovations and improvements to facilities, and technology upgrades throughout the Bulloch County School System.”

The ESPLOST IV referendum outlined the purpose of ESPLOST as for the following capital outlay projects (i) safety and security to include, but not be limited to equipment and software, (ii) instructional and technology resources to include textbooks and other related materials, (iii) buildings and land to include physical education and athletic facility improvements, renovations, building and land improvements, and new construction, (iv) equipment and vehicles to include playground equipment, buses and other vehicles, equipment, furniture and furnishings, copiers, and other office equipment. Each of the district’s fifteen schools were named, as well as Transitions Learning Center, William James Complex, Central Office, Transportation Department, Maintenance Department and Auxiliary Services.

ESPLOST expenditures made during the year ended June 30, 2021 were funded with ESPLOST IV funds and ESPLOST IV bond proceeds.

Georgia law requires that a ESPLOST performance audit or review be performed when ESPLOST generates at least \$5 million annually. The purpose of the audit or review is to determine whether the local board of education has “economically and efficiently” utilized its ESPLOST revenue in accordance with O.C.G.A. §20-2-491. Our firm has been engaged by the Board to complete a performance review for the year ended June 30, 2021.

## **OBJECTIVES AND METHOD**

The following objectives were identified for the year ended June 30, 2021 ESPLOST performance review:

- Ensuring to the maximum extent possible that the tax funds are expended efficiently and economically so as to secure to the expending school district the maximum possible benefit from the tax dollars collected
- Providing for the issuance of periodic public reports, not less than once annually, with respect to the extent to which expenditures are meeting the goal specified in Objective One
- Providing for the issuance of periodic public recommendations, not less than once annually, for improvements in meeting the goal specified in Objective One

The methods utilized for meeting the stated objectives are described below.

**OBJECTIVE 1:** *Ensuring to the maximum extent possible that the tax funds are expended efficiently and economically so as to secure to the expending school district the maximum possible benefit from the tax dollars collected*

Six procedures were identified to assist in evaluating whether ESPLOST funds were expended efficiently and economically: (1) identify the Board of Education's procedures for monitoring funding availability and uses, (2) review bidding process for new projects which began during the year under review, (3) review the Board's expenditure process to determine whether disbursements are monitored by a knowledgeable and responsible individual and follow the Board of Education's expenditure policy, (4) review a sample of expenditures to determine whether they met the purposes described in the ESPLOST IV referendum, (5) review expenditures to determine whether funds were used in a manner considered reasonable and necessary to the average citizen, and (6) review use of contract change orders.

The Board's general ledger was reviewed to obtain an understanding of how ESPLOST funds were expended. During the year ended June 30, 2021, the Board's major expenditures were made for system wide technology, transportation, academic support, mobile classrooms and athletic facilities.

Board personnel were interviewed to determine the extent to which budgeting and planning tools have been utilized for ESPLOST projects. Board staff utilizes a five year ESPLOST project worksheet which tracks current ESPLOST cash balances, estimated or known costs for projects in progress and cost estimates for future projects. The worksheet is updated to reflect changes in cost estimates.

The project analysis was reviewed to determine whether the FY 2021 capital projects balance was correct and FY 2021 expenditures agreed with the general ledger. The expenditures and ending capital projects balance per the project analysis worksheet agreed to the general ledger expenditures and balance when compared.

The Board's purchasing policy was reviewed to determine its expenditure and vendor selection processes. When choosing a vendor, the Board requests two competitive quotes for purchases made between \$5,000 and \$99,999. Sealed competitive bids or a competitive request for proposal are required for purchases over \$100,000. Bids and quotes are reviewed by the supervising architect for contractors and Board personnel for their responsible areas. Bid documentation was reviewed for five vendors from whom goods or services were purchased during the year ended June 30, 2021. Documentation showing that bids had been obtained and recommendations made by the appropriate individuals was provided in all five instances.

Depending on the expenditure type, a purchase order may be issued for purchases. Items obtained with a purchase order should be checked for receipt of goods before payment is issued. It is the Board's policy to require invoice approval for items or services not obtained with a purchase order, such as contracts. Forty randomly selected expenditures totaling \$2,476,132 were reviewed. All purchase orders, invoices, check copies, Authorization to Release Payment reports and any other documentation available were provided for the 40 expenditures. All 40 expenditures selected for review contained, as applicable, an approved purchase order and Authorization to Release Payment report or an approved invoice.

The 40 reviewed expenditures were also utilized to test compliance with ESPLOST fund use restrictions. None of the tested checks were issued for a purpose which was not included in the approved ESPLOST IV referendum.

Contracts and contract change orders with an effective date occurring between July 1, 2020 and June 30, 2021, were requested for review. Change orders were requested to determine their frequency and whether they resulted in ESPLOST project cost increases. Six contracts were signed and three change orders were issued. One change order increased the contract amount for the Statesboro High School practice field improvements project. The net result of the change order and the two change orders issued in the prior fiscal year related to the Statesboro High School practice field improvements project was an overall reduction in the original contract amount. The other two change orders increased the contract amounts for the Southeast Bulloch High School track resurfacing project and the Brooklet Elementary School parking improvements.

The following is a schedule of ESPLOST project payments by current year and prior years and outstanding contractual obligations to be fulfilled with ESPLOST funding:

FACILITY	FY 2005 THROUGH			TOTAL	OUTSTANDING CONTRACTUAL OBLIGATIONS AS OF 6/30/21
	FY 2020	FY 2021			
Southeast Bulloch High School	\$ 26,361,104	-	\$	26,361,104	-
Statesboro High School	40,164,252	-		40,164,252	-
Nevils Elementary School	8,307,498	-		8,307,498	-
Portal Middle/High School	16,687,790	-		16,687,790	-
Julia P. Bryant Elementary School	12,057,847	-		12,057,847	-
Brooklet Elementary School	1,528,671	-		1,528,671	-
Langston Chapel Middle School	1,006,849	-		1,006,849	-
Southeast Bulloch Middle School	1,761,347	-		1,761,347	-
Technology	9,642,749	\$ 3,421,338		13,064,087	-
William James Middle School	460,772	-		460,772	-
Sallie Zetterower Elementary School	11,452,167	-		11,452,167	-
Mattie Lively Elementary School	14,313,506	-		14,313,506	-
System Wide Facility Improvements	4,361,520	-		4,361,520	-
Maintenance Capital Projects	1,003,060	171,531		1,174,591	-
Mill Creek Park Lease	582,311	-		582,311	-
Stilson Elementary School	1,105,037	-		1,105,037	-
Mill Creek Elementary School	492,384	-		492,384	-
Portal Elementary School	427,723	-		427,723	-
System Wide Playground Equipment	814,913	-		814,913	-
System Wide Business Services	358,029	9,227		367,256	-
System Wide Warehouse	60,078	-		60,078	-
System Wide Grounds	197,791	-		197,791	-
System Wide Transportation	1,667,686	689,199		2,356,885	-
System Wide Academic Support	1,856,672	1,450,641		3,307,313	-
System Wide Student Information	193,267	103,314		296,581	-
System Wide School Improvements	467,186	29,345		496,531	-
System Wide Capital Projects	3,888,884	2,354,297		6,243,181	\$ 362,907
	\$ 161,221,093	\$ 8,228,892	\$	169,449,985	\$ 362,907

While bond proceeds have provided funding for the Board’s projects, ESPLOST revenue has been utilized to make bond principal and interest payments. See the schedule of bond-related disbursements and outstanding obligations below:

PAYMENT TYPE	FY 2005	FY 2021	TOTAL	OUTSTANDING OBLIGATIONS AS OF 6/30/21
	THROUGH FY 2020			
Series 2004 Bond Repayment	\$ 38,000,000	-	\$ 38,000,000	-
Series 2004 Interest	3,378,345	-	3,378,345	-
Series 2007 Bond Repayment	44,265,000	-	44,265,000	-
Series 2007 Interest	9,309,688	-	9,309,688	-
Series 2009 Bond Repayment	23,525,000	-	23,525,000	-
Series 2009 Interest	7,241,053	-	7,241,053	-
Series 2010 Bond Repayment	13,705,000	-	13,705,000	-
Series 2010 Interest	161,019	-	161,019	-
Series 2012A Bond Repayment	7,170,000	-	7,170,000	-
Series 2012A Interest	870,897	-	870,897	-
Series 2012B Bond Repayment	950,000	-	950,000	-
Series 2012B Interest	20,030	-	20,030	-
Series 2015 Bond Repayment	1,725,000	-	1,725,000	-
Series 2015 Interest	83,793	-	83,793	-
Series 2018 Bond Repayment	7,675,000	\$ 7,825,000	15,500,000	\$ 24,500,000
Series 2018 Interest	3,554,417	1,546,250	5,100,667	2,328,250
Other Bond Expenditures	1,172,777	5,750	1,178,527	-
	<u>\$ 162,807,019</u>	<u>\$ 9,377,000</u>	<u>\$ 172,184,019</u>	<u>\$ 26,828,250</u>
Transfers in from non-ESPLOST funds	(2,095,100)		(2,095,100)	
	<u>\$ 160,711,919</u>		<u>\$ 170,088,919</u>	

The Board issued Qualified School Construction Bonds (QSCB) in 2010. Prior to the year ended June 30, 2014, no interest payments were made by the Board for the QSCB bonds. Bondholders received tax credits in lieu of interest. During fiscal years 2014, 2015, 2016, 2017, 2018, and 2019, the federal government reduced the refundable credits by its sequestration rates. For fiscal years 2020 and 2021, the Board was responsible for full payment of the Series 2018 Bond interest payments due on November 1st and May 1st.

**OBJECTIVE 2:** *Providing for the issuance of periodic public reports, not less than once annually, with respect to the extent to which expenditures are meeting the goal specified in Objective 1*

The Board’s website was accessed to determine whether the results of prior ESPLOST performance audits and reviews were made available to the public. Results for prior ESPLOST performance reviews and audits have been made available to the public on the Board’s website.

**OBJECTIVE 3:** *Providing for the issuance of public recommendations, not less than once annually, for improvements in meeting the goal specified in Objective 1*

No items were identified for improvement.

We were engaged by the Bulloch County Board of Education to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Bulloch County Board of Education's compliance and performance concerning its Educational Special Purpose Local Option Sales Tax. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Bulloch County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Bulloch County Board of Education and the State of Georgia and is not intended to be and should not be used by anyone other than these specified parties.

*Lanier, Dahl & Proctor*

Statesboro, Georgia  
December 30, 2021