



Gwinnett County Public Schools ESPLOST Audit

For the Period July 1, 2023 through June 30, 2024

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COVER LETTER

December 18, 2024

Dr. Calvin J. Watts
Superintendent
Gwinnett County Public Schools
437 Old Peachtree Road NW
Suwannee, GA 30024-2978

Dear Dr. Watts,

MGT Impact Solutions, LLC (MGT) is pleased to submit our audit report of the Education Special Purpose Local Option Sales Tax (ESPLOST) audit. Gwinnett County Public Schools (District) contracted with MGT to conduct an audit of the District's operations as it related to the ESPLOST VI funds. The audit objectives included a review of the goals of the ESPLOST VI program and the extent to which the program is meeting expectations for the effective, efficient, and economical use of the tax dollars collected. The audit scope included reviewing the ESPLOST VI operations for the period July 1, 2023, through June 30, 2024 (FY2024)

MGT conducted this audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

This report provides the District with an independent and objective analysis that presents information concerning the activities reviewed. Although MGT exercised due professional care in performing this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected. MGT appreciates the cooperation and professional courtesies extended to the team.

MGT Impact Solutions, LLC

MGT Impact Solutions, LLC
Tampa, Florida

c: Mr. Steven B. Knudsen, Chair, School Board
Ms. Karen Mulzac Watkins, Vice Chair, School Board
Dr. Mary Kay Murphy, School Board
Dr. Adrienne Simmons, School Board
Dr. Tarece Johnson-Morgan, School Board
Ms. Masana Mailliard, Chief Financial Officer
Mr. Nic Moore, Executive Director of Financial Reporting & Treasury Services
Mr. Anthony Stephenson, Director of Financial Reporting & Capital Projects



REPORT HIGHLIGHTS

Key Observations

- GCPS documented its planned scope of the capital building program via the Capital Projects Plan (“The Plan”).
- Accounting records/reports for projects in progress and/or completed appeared adequate when compared to work completed to date with funds expended to date.
- Tax proceeds are disbursed in a fiscally responsible manner and the expenditures selected for testing were allowable under the E-SPLOST resolution.
- GCPS has invested sales tax proceeds in a sound fiscal manner.
- Construction-related projects were publicly advertised, the District pre-qualified bidders, and service providers submitted their responses through the Bonfire Interactive online portal. Additionally, the District selected the lowest responsible, responsive provider, as determined by its review of the submitted proposals.
- The District complied with statutory competitive award requirements and other applicable sections of the Official Code of Georgia Annotated (O.C.G.A). Specifically: O.C.G.A. 20-2-491, O.C.G.A. 36-91-21, and O.C.G.A. 48-8-121.
- The E-SPLOST funds are an integral part of the District’s wide Capital Project Fund as it pertains to financial reporting. MGT was unable to obtain and review the Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR) because the annual audit had not been completed when this report was issued. However, MGT reviewed the 2023 ACFR and noted that the report indicated that the financial statements presented fairly, in all material respects, the respective financial position of the District.

E-SPLOST Expenditures

- In Fiscal Year 2024, expenditures for construction, equipment, instructional material, and technology accounted for approximately 91 percent of E-SPLOST spending.

Table – Fiscal Year 2024 E-SPLOST VI Expenditures

Department Description	FY2024 Expenditures	% of Total
Construction	\$87,501,046	40%
Equipment	\$10,537,064	5%
Instructional Material	\$44,674,397	21%
Technology	\$55,436,574	26%
Transfers	\$9,489,667	4%
Other*	\$9,078,306	4%
Total	\$216,717,054	100%

Source: Created by MGT from expenditures data provided by the District.

*-Other includes Budgets, Fleet Maintenance, General Building Maintenance, Information Security, Land Purchases, and Storage & Moving.

EXECUTIVE SUMMARY

BACKGROUND INFORMATION

Gwinnett County Public Schools (District/GCPS) is the largest school District in the State of Georgia. In 2024-25, the school district is serving 182,214 students. Approximately one of every five Gwinnett County residents is a GCPS student in 142 schools and special entity facilities. The District is also the largest employer in Gwinnett County, with over 24,400 employees. The District is governed by a Board of Education (Board) consisting of five members elected from five county posts. The Board appoints a Superintendent to oversee the day-to-day administration of the District.

Since 1997, the District has benefitted from a special purpose local option sales tax (SPLOST) for education. In November 2022, the citizens of Gwinnett County approved an extension of the one percent E-SPLOST. This is the sixth renewal of this sales tax program (E-SPLOST VI). The referendum approved a maximum collection of \$984,565,000 over 5 years, from the date SPLOST V expired (July 2022) through 20 calendar quarters. A proportionate share of up to \$27,469,000 is to be distributed to the City of Buford Schools, an independent city school system within Gwinnett County. The remaining funds (up to \$957,096,000) are to be used to fund the District's Building and Technology Program.

Funds from SPLOST VI may be used to pay the current expenses of the District related to the costs of:

- ◆ Acquiring and developing new sites for the construction of new schools, support facilities and athletic facilities and constructing and equipping new schools, support facilities and athletic facilities specifically including, but not limited to, the Archer Cluster Middle School.
- ◆ Acquiring and developing land for and making additions to and/or renovating, equipping and modernizing existing schools, support facilities and athletic facilities specifically including, but not limited to, the following:
 - Archer Higher School;
 - Harbins Elementary School;
 - Central Gwinnett High School;
 - Trickum Middle School;
 - North Gwinnett High School;
 - Shiloh Middle School; and
 - Gwinnett School of Mathematics, Science and Technology Theatre.
 - Purchasing school buses and other transportation vehicles.
 - Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
 - Modernizing technology and making system-wide technology improvements.
 - Acquiring digital instructional materials, software and textbooks for educational purposes.

As part of the voters' approval process to fund E-SPLOST VI, the voters also authorized the Board to issue general obligation debt in a principal amount not to exceed \$330,000,000 to be repaid with E-SPLOST VI sales tax revenue.

The Official Code of Georgia (O.C.G.A. 20-2-491) requires public school systems to obtain continuing

performance audits or performance reviews for expenditures of sales tax for capital outlay if the tax generates or is reasonably anticipated to generate \$5 million or more annually. This report summarizes the results of the fiscal year 2024 audit.

AUDIT SCOPE

The audit scope encompassed the E-SPLOST VI operations for the period July 1, 2023 through June 30, 2024.

AUDIT OBJECTIVES

Our overall audit objectives for the operating units, program, activities, and functions within the scope of the audit were:

1. Ensure to the maximum extent possible that the tax funds are expended efficiently and economically, to secure to the District the maximum possible benefit from the tax dollars collected:
 - a. Become familiar with the District’s planned scope of the capital building program including, but not limited to, knowledge of the type of work planned.
 - b. Review accounting records/reports for projects in progress and / or completed and compare work completed to date with funds expended to date.
 - c. Review and evaluate schedules for projects.
 - d. Review and evaluate that tax proceeds are disbursed in a fiscally responsible manner.
 - e. Review and evaluate that the investment of sales tax proceeds received by the district has been conducted in a sound fiscal manner.
2. Review and evaluate the contracting process for all work, labor, and material contracts to determine whether procurements were conducted in accordance with industry standards. Specifically:
 - a. Public Bid advertisement of opportunity to provide services.
 - b. Pre-qualification of bidders (mandatory requirements stated).
 - c. Competitively solicited from qualified service providers with responses submitted through the Bonfire Interactive online portal.
 - d. Selection of lowest, responsible, responsive provider – bond and insurance provisions.
 - e. Compliance with statutory competitive award requirements.

AUDIT METHODOLOGY

Our audit included the selection and examination of transactions and records occurring during the period July 2023 through June 2024. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although MGT has presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of District management,

staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, abuse, or inefficiency.

This audit was designed to identify, for those areas included within the scope of the audit, weaknesses in management's internal controls significant to MGT's audit objectives; instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of MGT's audit, MGT's audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of MGT's audit; obtaining an understanding of the program, activity, or function; identifying and evaluating internal controls significant to MGT's audit objectives; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of MGT's audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Specifically, in conducting this audit, MGT:

- Coordinated with the Director of Financial Reporting and Capital Projects to gain an understanding of the scope and objectives of the audit.
- Identified and documented those charged with governance and held an entrance conference with management and staff members of the areas under audit.
- Held fraud discussions with members of the management team.
- Reviewed prior audit reports to identify audit findings relevant to the audit.
- Interviewed key personnel, reviewed applicable laws and regulations, and reviewed policies and procedures to gain an understanding of the E-SPLOST program.
- Assessed and evaluated relevant internal controls and developed and documented a testing plan.
- Obtained and reviewed the applicable resolution to gain an understanding of the requirements of E-SPLOST VI.
- Obtained and reviewed the Capital Projects Plan (The Plan) developed by the District for the five years of E-SPLOST VI funding.
- Analyzed expenditures to gain an understanding of the categories that accounted for the biggest percentage of E-SPLOST VI spending in fiscal year 2024.
- Analyzed revenue transaction data to gain an understanding of what percentages of E-SPLOST VI revenues derived from the investment of sales tax funds.
- Performed research to better understand Georgia Fund 1 and reviewed the Georgia Office of the State Treasurer investment policy to understand the investment strategy and objectives.

- Obtained and reviewed the accountant statement from the Office of Treasury & Fiscal Services for the E-SPLOST Georgia Fund 1 for the period July 1, 2023 through June 30, 2024.
- Selected 15 individual transactions totaling \$14,925,496.03 from 13 (4 equipment, 4 instructional resources, and 5 technology services) unique ESPLOST projects from the population of 9 equipment, 4 instructional materials, and 17 technology projects that incurred ESPLOST VI-related expenses during the period July 1, 2023 through June 30, 2024, to determine whether the tax proceeds are distributed in a fiscally responsible manner. The transactions tested totaled approximately \$15M out of the \$100M expended in equipment, instructional resources, and technology-related activities during the fiscal year. For all items selected for testing, reviewed supporting documentation (i.e., invoices and file copies of the checks) stored within the District's records to assess whether the expenditures were allowable per the E-SPLOST resolution and whether the amount per the supporting documentation agreed with the amount per the financials. Furthermore, in some instances, MGT visited the location indicated in the accounting records as the location in which the equipment was located to verify the existence of the equipment
- Selected 8 individual transactions totaling \$9,876,707.90 from 6 construction-related projects from the population of 4,904 expenditures related to 218 construction projects that incurred ESPLOST VI-related expenses from the period July 1, 2023 through June 30, 2024. The transactions tested totaled approximately \$9.9M out of \$87.5M expended in construction-related projects during the fiscal year. For each transaction selected for audit testing, we reviewed supporting documentation to gain an understanding of the nature of the expenditure, compared work completed to date with funds expended to date, and determined whether the contracting process for work, labor, and material contracts complied with best practices in accordance with industry standards. Additionally, we reviewed supporting documentation (i.e., invoices and file copies of the checks) stored within the District's records to assess whether the expenditures were allowable per the E-SPLOST resolution and whether the amount per the supporting documentation agreed with the amount per the financials. We also visited the construction project locations to verify that work had been done.
- Summarized and documented test results.
- Reviewed the State of Georgia Office of Treasury & Fiscal Services' Statement of Accounts for the E-SPLOST Sales Tax account to gain an understanding of the interest earned from the investment of E-SPLOST VI receipts.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Considered the presence of relevant fraud risk factors and the possibility of errors, fraud, waste, abuse, and related party transactions.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading MANAGEMENT'S RESPONSE.

1. CONSTRUCTION PROJECTS

According to the resolution for the current E-SPLOST VI, the construction projects activities to be funded with SPLOST VI funds include:

- ♦ Acquiring and developing new sites for the construction of new schools, support facilities and athletic facilities and constructing and equipping new schools, support facilities and athletic facilities.
- ♦ Acquiring and developing land for and making additions to and/or renovating, equipping, and modernizing existing schools, support facilities and athletic facilities.

The District created a five-year facilities plan, shown in Exhibit 1, for E-SPLOST VI funding. The Plan includes projects expected to be funded by E-SPLOST revenue, state capital outlay dollars, and interest from E-SPLOST bond proceeds. General obligation bonds were sold to start the program and are being repaid with sales tax proceeds. If funds are insufficient, the Plan may be revised.

Exhibit 1 – E-SPLOST VI Projects “The Plan”

Year Opening	Project	New/Addition/Renovation	# Classrooms
2023	Central Gwinnett HS	4 th Floor Buildout	17
	North Gwinnett HS	Addition	25
	GSMST	4 th Floor Buildout	n/a
2024	GSMST	Theater	n/a
	Trickum MS	Addition	18
	New Archer Cluster MS	New	82
2025	Archer HS	Addition	25
	Shiloh MS	Addition	15
	Harbins ES	Addition	20
			Total = 202
2022 – 2027	Technology improvements system wide to support teaching and learning: expansion of eCLASS; student performance analysis systems; improved audiovisual and broadcast media capabilities; expanded support for wireless connectivity; student data security systems; student information system support; safety and security upgrades		
	System wide facility modifications, renovations, and infrastructure improvements: carpeting, painting, roofing, HVAC upgrades; buses (new/refurbished); facility modifications for high school academies; ADA improvements; athletic facility upgrades; furniture/fixtures/equipment growth and replacement; Fine Arts program growth and replacement; facility improvements such as floor coverings, interior finishes, windows and glazing, new and more efficient lighting systems		

Source: Provided by the Facilities Planning & Construction Department

MGT used The Plan to familiarize itself with the District’s planned scope of the capital building program, including, but not limited to, the type of work planned. Furthermore, MGT reviewed the 2022-2027 SPLOST VI – Building & Construction Report and the 2022 Building Program Construction Summary Report to gain an understanding of the current status of the new school and school additions projects.

Exhibit 2 – 2022 Building Program Construction Summary Report

	Design Start	Construction Start	Opening Year	Square Footage	Added Capacity	Net Gain IU's	Trailer Count
<u>New Schools</u>							
Archer Cluster MS Indian Shoals Road and Bold Springs Road Lawrenceville, GA 30045 Carroll Daniel Construction Company, Inc.	Dec-19	Dec-23	2026	200,000 est.	1,100	68	
TOTAL:				200,000	1,100	68	
<u>School Additions</u>							
North Gwinnett HS McKnight Construction Company 3 Story Classroom Addition Includes 19 classrooms, 4 science labs, 1 band room, 1 health lab, storage, workroom, and toilets. Sitework includes new storm water, grading, utilities and parking.	Feb-21	Feb-22	2023 Project Budget: \$16,000,000	71,990 Construction Budget: \$14,675,000	500 Construction Award: \$12,651,263	25	22
Trickum MS Amacher Bros. Construction Co., Inc. 3 Story Classroom Addition 25 IU's including regular classrooms, 4 science labs, 1 chemistry lab, 7 multipurpose speech/resource and testing rooms. Sitework includes relocation of hard court play area.	Sep-21	Oct-22	2024 Project Budget: \$11,600,000	48,600 Construction Budget: \$11,000,000	500 Construction Award: \$11,341,838	25	11
Archer HS Bowen & Watson, Inc. 3 Story Classroom Addition Classroom Add'n w/ Health Science Lab	Mar-23	Feb-24	2025 Project Budget: \$17,000,000	45,000 est. Construction Budget: \$16,000,000	425 Construction Award: \$15,727,000	27	3
GSMST HS Contractor - TBD Project Scope - TBD Project Brief Description - Options to be evaluated	TBD	TBD	TBD Project Budget: \$15,200,000	20,000 est. Construction Budget: \$13,750,000	0 Construction Award: \$	0	
Harbins ES Contractor - TBD 2 Story Classroom Addition Classroom Addition Only	Jan-24	Feb-25	2026 Project Budget: \$17,300,000	30,000 est. Construction Budget: \$15,500,000	300 Construction Award: \$	20	10
Shiloh MS Contractor - TBD 2 Story Classroom Addition Classroom Addition Only	Jan-25	TBD	TBD Project Budget: \$8,000,000	23,000 est. construction Budget: \$7,000,000	250 Construction Award: \$	15	9
Central Gwinnett HS Contractor - TBD Build Vacant 4th Floor Includes 17 classrooms	Sep-21	May-24	2025 Project Budget: \$6,000,000	22,500 Construction Budget: \$4,900,000	350 Construction Award: \$2,608,000	16	15
TOTAL:				261,090	2,325	128	

Source: Provided by the Facilities Planning & Construction Department.

MGT performed interviews and reviewed documentation to gain an understanding of the procurement process. GCPS utilizes the design/bid/build construction delivery method for most of its capital improvement projects. Before any contractor is allowed to bid on a project, they are screened using a prequalification process. This typically involves ensuring a contractor has the proper credentials and financial capability to complete a project. The prequalification requirements are laid out on the District's website and in the project proposal requests. The typical requirements are the standard AIA form 305A and proper insurance, bonding, and attendance at a pre-bid conference. This process is sufficient to ensure that contractors are sufficiently able to complete projects in a timely manner and at a high level of quality.

Projects over \$100,000 are advertised on the District's website for a 30-day time period. Bids are received and opened in a public opening attended by the project architect and all participating contractors. The bids are read aloud and recorded. The lowest responsive and responsible bidder is awarded the project and officially receives a contract once the Board approves the project and the bonds are verified.

Some projects are completed by contractors under unit price agreement contracts. Under these contracts, a contractor agrees to a certain rate for a specific type of work. These contracts are competitively bid like those for individual projects and typically last three years. The District often uses these contracts for maintenance work such as painting, roofing, electrical, carpet replacement, etc. These types of contracts can be beneficial, as the District can utilize these agreements at specific rates when there is a high workload demand, such as during the summer when there is a heavy push to complete a large amount of work in a short time period.

The District has utilized the construction manager at risk delivery method on complicated projects. In this method, the District advertises the project publicly and receives proposals from qualified firms. A team of professionals independently scores these proposals, and the highest-scoring firms are shortlisted to present their qualifications, project team, and project approach. The highest scoring firm is selected as a construction manager at risk. The Board approves the successful firm at a regularly scheduled meeting and is awarded the project. This method is often beneficial to the District because the selected construction manager at risk is liable for any construction costs that exceed an agreed-upon guaranteed maximum price.

The District also works diligently to ensure that projects are completed on time. Before a contractor is selected, they are screened through the process described above to ensure that the selected contractor can produce quality work promptly. Many projects are bid well ahead of time, so the contractor has plenty of time to prepare. For new construction and addition projects, the District coordinates with the project contractors and architects daily in addition to a detailed monthly meeting to ensure that any potential issues are caught early and there are no surprises. If a contractor does end up behind schedule on a project by 10 days or more, the District requires them to revise the work plan and provide a recovery schedule to complete the work by the deadline.

MGT also performed analytical procedures of E-SPLOST-related expenditures to understand the total amount expended on construction projects and their cost ranges in Fiscal Year 2024. Construction-related expenditures accounted for approximately \$87 million of E-SPLOST VI expenditures in Fiscal Year 2024, with the Trickum Middle School, North Gwinnett High School, Give Center West, and Collins High School projects accounting for 33 percent of the total. Other significant projects included the turf replacement project at Seckinger High School and the Vestibule Addition project which accounted for approximately 5 and 4 percent of E-SPLOST VI construction expenditures in Fiscal Year 2024, respectively.

Table 2 – Construction Projects Range

Project Range	No. of Projects	Total Expenditures	% of Total Cost
Projects < \$250K	157	\$11,774,226	13%
Projects \$250 to \$1M	43	\$22,818,278	25%
Projects \$1M to \$5M	14	\$24,312,843	28%
Projects > \$5M	4	\$29,232,599	33%
Total	218	\$87,501,046	100%

Source: Created by MGT from expenditure data provided by the District.

Furthermore, MGT selected 6 construction-related projects for audit testing. The six projects selected for testing accounted for approximately 43 percent of the total E-SPLOST construction-related expenditures in Fiscal Year 2024. For these six projects, MGT reviewed accounting records/reports for projects in progress and/or completed to compare work completed to date with funds expended to date. Documents reviewed include invoices scheduled for payment, file copies of checks, contractor pay request transmittal forms, monthly building reports, and certificates of the contractors or duly authorized representatives.

Exhibit 3 – Monthly Building Report Example

DATE: July 2, 2024
 PROJECT NAME: GIVE CENTER WEST RENOVATIONS
 PROJECT NUMBER: 223035
 ARCHITECT: Lindsay Pope Brayfield & Associates, Inc.
 CONTRACTOR: Bowen & Watson, Inc.
 CONTRACTOR'S STARTING DATE: November 17, 2023
 % COMPLETE: 90.11%
 % BEHIND SCHEDULE: N/A
 % AHEAD OF SCHEDULE: N/A
 % INCREASE FOR MONTH OF: June - 16.56%
 ARCHITECT INSPECTED WORK THIS MONTH: 6/6, 6/6 (OAC), 6/13, 6/18, 6/20, 6/20(OAC), 6/27
 ORIGINAL CONTRACT AMOUNT: \$9,230,000.00 DAYS: 250
 ORIGINAL COMPLETION DATE: July 23, 2024
 REVISED NUMBER OF DAYS: N/A
 REVISED COMPL. DATE INCL. APPROVED CHANGE ORDERS: N/A
 REVISED CONTRACT SUM INCL. APPROVED CHANGE ORDERS: N/A
 % OF REVISED CONTRACT TIME COMPLETED: 90.80%

CHANGE ORDERS APPROVED:

NUMBER	DATE	TIME ALLOWED	\$ AMOUNT
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

COMMENTS:
 STORED MATERIALS INCLUDE: 1) HM DOORS, FRAMES & HARDWARE, 2) STOREFRONT MATERIAL & 3) LIGHT FIXTURES
 CONCRETE IS 92% COMPLETE. CARPENTRY IS 97% COMPLETE. THERMAL & MOISTURE PROTECTION IS 76% COMPLETE. DOORS, FRAMES & HARDWARE ARE 60% COMPLETE. FINISHES ARE 96% COMPLETE. SPECIALTIES ARE 95% COMPLETE. EQUIPMENT IS COMPLETE. FURNISHINGS ARE 92% COMPLETE. SPRINKLER IS COMPLETE. PLUMBING IS COMPLETE. HVAC IS COMPLETE. ELECTRICAL IS 92% COMPLETE. SITE WORK IS COMPLETE.
 ALLOWANCES ARE 99.7% UTILIZED.



Source: Provided by the Facilities Planning & Construction Department.



MGT also reviewed supporting documentation associated with the contracting process for all work, labor, and materials contracts to determine if the process complied with best practices and industry standards, including:

- ◆ Public bid advertisement.
- ◆ Pre-qualification of bidders.
- ◆ Competitively solicited from qualified service providers.
- ◆ Selection of the lowest, responsible, responsive provider – bond and insurance provisions.
- ◆ Compliance with statutory competitive award requirements.

The supporting documentation reviewed includes the bid advertisement, invitation to bid, pre-bid sign-in sheet, A305 Qualification Statement, and bid tabulation form. Exhibit 4 provides an example of the bid tabulation for the North Gwinnett High School addition/renovation project.

Exhibit 4 – Bid Tabulation Example

BID TABULATION												
	Architect:	Cunningham Forehand Matthews & Moore Architects	Project Location:	North Gwinnett High School								
	Address:	2011 Manchester Street, Atlanta, GA 30324	Telephone:	(404) 873-2152					ARCHITECTS			
	Owner:	Gwinnett County Public Schools	Project Name:	Addition and Renovations					Bid Date:	Thursday, January 6, 2022		
	Address:	53 Gwinnett Drive, Bldg C, Lawrenceville, GA 30046							Bid Time:	3:00 PM		
Telephone:	(678) 414-0335											
RANK	BIDDERS	ADD 1	ADD 2	ADD 3	ADD 4	IMM AFF	BID AFF	BID BOND	BASE BID PROPOSAL	ALLOWANCES	REMARKS	TOTAL BASE BID
3	Bowen & Watson, Inc. 2802 GA Highway 17 Alt. Toccoa, GA 30577	✓	✓	✓	✓	✓	✓	✓	\$12,862,575.00	\$137,425.00	DEDUCT \$267,000.00	\$12,733,000.00
	Carrol Daniel Construction Co. 330 Main Street Gainesville, GA 30501	NO BID			NO BID			NO BID				-
	Cooper & Company General Contractors, Inc. 304 Tribble Gap Road, Ste 100 Cumming, GA 30040	✓	✓	✓	✓	✓	✓	✓	\$13,462,000.00	\$138,000.00	DEDUCT \$450,000.00	\$13,150,000.00
	Hogan Construction Group, LLC 5075 Avalon Ridge Parkway Norcross, GA 30071	✓	✓	✓	✓	✓	✓	✓	\$12,865,000.00	\$82,557.00		\$12,947,557.00
	Kevin Price General Contractors 2500 Daniels Bridge Rd, Bldg 100, Ste 201 Athens, GA 30606	✓	✓	✓	✓	✓	✓	✓	\$12,865,000.00	\$87,175.00		\$12,952,175.00
	Meja Construction, Inc. 107 Guthrie Way Peachtree City, GA 30269	✓	✓	✓	✓	✓	✓	✓	\$13,349,000.00	\$138,000.00		\$13,487,000.00
1	McKnight Construction 635 NW Frontage Road Augusta, GA 30907	✓	✓	✓	✓	✓	✓	✓	\$12,493,565.00	\$143,950.00		\$12,637,515.00
	Parrish Constructing Group 2300 Lakeview Parkway, Ste 200 Alpharetta, GA 30009	✓	✓	✓	✓	✓	✓	✓	\$13,300,000.00	\$146,116.00	ADD \$200,000.00	\$13,646,116.00
2	Reeves Young 45 Peachtree Industrial Boulevard Sugar Hill, GA 30518	✓	✓	✓	✓	✓	✓	✓	\$12,558,577.00	\$131,500.00		\$12,690,077.00
	R. K. Redding 412 Sangamore Road Bremen, GA 30110	✓	✓	✓	✓	✓	✓	✓	\$12,921,225.00	\$137,175.00		\$13,058,400.00

THE APPARENT LOW BIDDER IS:	I CERTIFY THIS COPY TO BE A CORRECT COPY OF BIDS RECEIVED THIS DATE:	IMPORTANT NOTICE:
McKnight Construction	 Cunningham Forehand Matthews & Moore Architects Jeff Robinson  Gwinnett County Public Schools Carey Bell	
	1/6/22 Date 1/6/22 Date	

Source: Provided by the Facilities Planning & Construction Department.

Audit procedures disclosed that there were no major changes to the GCPS bidding and construction process and practices between Fiscal Year 2023 and Fiscal Year 2024.

MGT also visited the locations of the construction projects selected for testing to verify whether the work was in progress or completed. Exhibit 5 provides an example of the images taken during MGT’s visit to the construction sites.

Exhibit 5 – Trickum Middle School



Source: Taken by MGT staff during the onsite visit.

Observation 1.1: As it relates to construction projects:

1. GCPS documented its planned scope of the capital building program via the Capital Projects Plan (“The Plan”).
 2. Accounting records/reports for projects in progress and/or completed appeared adequate when compared to work completed to date with funds expended to date.
 3. The District complied with statutory competitive award requirements, including public advertising, pre-qualifying bidders, and service providers submitting their responses through the Bonfire Interactive online portal. Additionally, the District selected the lowest responsible, responsive provider, as determined by its review of the submitted proposals.
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2. DISBURSEMENT OF E-SPLOST FUNDS

In accordance with O.C.G.A 48-8-121, the proceeds collected from E-SPLOST VI shall be kept in a separate account and not commingled with other funds. To ensure compliance with this requirement, the District established Fund 229 specifically for E-SPLOST VI activities, effectively segregating these funds from other financial resources. This practice enhances financial accountability and transparency and allows for precise tracking and reporting of the E-SPLOST expenditures. Such financial management provides stakeholders, including taxpayers, with confidence that the funds are being used solely for their intended purposes, thereby bolstering trust in the District's fiscal stewardship.

In addition to tracking SPLOST VI-related expenses in Fund 229, the District has established approval limits to ensure that expenditures over certain amounts are authorized by someone with the proper authorization level, including but not limited to:

- ◆ Contracts for Facilities and Operations capital projects from budgeted funds with a value up to \$500,000 shall be made by the Chief Operations Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$100,001 - \$500,000 shall be made by the Director of Purchasing upon approval of the Chief Financial Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$500,001 - \$1,000,000 shall be made by the Director of Purchasing upon approval of the Superintendent once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$1,000,001 or greater shall be made by the Director of Purchasing upon approval of the Board of Education once procedural requirements are met.
- ◆ Emergency purchases above \$1,000,000 or which have not been provided for in the budget may be made if critical to the continued operation of the District upon approval by the Superintendent. Such an action shall be reported to the Board of Education at its next regularly scheduled meeting.

MGT auditors conducted a thorough review of the E-SPLOST resolution to gain a comprehensive understanding of the non-construction expenditures permitted under the resolution. This review was essential to ensure that all expenditures aligned with the stipulated guidelines. According to the resolution, the non-construction projects activities to be funded with E-SPLOST VI funds include:

- ◆ Purchasing school buses and other transportation vehicles.
- ◆ Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
- ◆ Modernizing technology and making system-wide technology improvements.
- ◆ Acquiring digital instructional materials, software, and textbooks for educational purposes.

MGT reviewed the E-SPLOST VI expenditures detail for Fiscal Year 2024 to understand the amount expended and the non-construction and non-transfer categories that accounted for the biggest percentages of total expenditures. The review disclosed that the non-construction and non-transfer categories accounted for approximately 56 percent of total E-SPLOST VI expenditures in Fiscal Year 2024, with equipment, instructional material, and technology accounting for the vast majority of these expenditures.

Table 3 – Non-Construction & Non-Transfers Expenditures

Department Description	FY2024 Expenditures	% of Total
Equipment	\$10,537,064	5%
Instructional Material	\$44,674,397	21%
Technology	\$55,436,574	26%
Other*	\$9,078,306	4%
Non-Construction/Transfers Total	\$119,726,341	56%
Construction	\$87,501,046	40%
Transfers	\$9,489,667	4%
Total	\$216,717,054	100%

Source: Created by MGT from expenditures data provided by the District.

*-Other includes Budgets, Fleet Maintenance, General Building Maintenance, Information Security, Land Purchases, and Storage & Moving.

MGT selected 15 (i.e., 5 equipment, 5 instructional resources, and 5 technology) individual expenditure transactions for audit testing. The 15 transactions were selected from 13 unique projects and included invoices for laptop computers, weight room equipment, office equipment such as copy machines, digital courseware, books, and IT-related services, among others. Table 4 provides an overview of the items selected for testing.

Table 4 – Non-Construction & Non-Transfers Expenditures

Department Description	Project ID	Description/PO #/Invoice #	Amount
Equipment	P-0172	PROMAXIMA MA,PO2024010007,INV136061,REQ0000626109 NORCROSS HS FH WR	\$61,100.00
Equipment	P-0030	APPLE INC,PO2024000480,INVMA07650567,REQ000060890 5 D. Lukens/Music tec	\$50,376.00
Equipment	C-999-009	ERNIE MORRIS,PO2024002744,INV437529- 0,REQ0000613538 TESTING DESKS-OTB-	\$472,381.25
Equipment	C-999-009	APPLE INC,PO2024011755,INVMA72124690,REQ000062871 7 LANIER MS MIDI-1.25	\$71,874.00
Equipment	C-950-003	GEORGIA SPEC,PO2024008367,INV21688,REQ0000623237 TRICKUM ADD/3 FLOOR/G	\$95,265.02
Instructional Material	P-0115	EDUCATION TR,PO2024001218,INV281021/280994,REQ00006101 97 ETR HealthSma	\$3,014,652.50
Instructional Material	P-0115	OPEN UP RESO,PO2023014377,INVINV- 28637,REQ0000601681 LA Gr 5 Open Up S	\$4,427,372.00
Instructional Material	P-0117	SAVVAS LEARN,PO2024003139,INV4027043758,REQ0000613 797 Savvas Math Alge	\$214,008.00
Instructional	P-0113	HOUGHTON	\$1,917,610.00

Department Description	Project ID	Description/PO #/Invoice #	Amount
Material		MIF,PO2024001575,INV955909669,REQ0000611000 HMH Chemistry & P	
Instructional Material	P-0114	GALLOPADE IN,PO2024012735,INV216569,REQ0000631051 Gallopade GA Experie	\$543,979.80
Technology	T-800	AREY JONES E,PO2024005200,INV0233951- IN,REQ0000617748 CO Retrofit HP 1	\$356,537.50
Technology	T-700	WORLDTECH IT,PO2024012025,INVWTIT-GCPS- 002477-MAR-24,REQ0000628112 F5	\$2,115,571.00
Technology	T-300	ALE USA INC,PO2024002611,INV404178880,REQ0000612226 Richards MS-Networ	\$195,093.36
Technology	T-110	CONVERGE TEC,PO2024013090,INVMSI- CTS100294,REQ0000631028 Converge C400	\$601,475.60
Technology	S-100	Arbitrage Reclass	\$788,200.00
Total			\$14,925,496.03

Source: Created by MGT from expenditures data provided by the District.

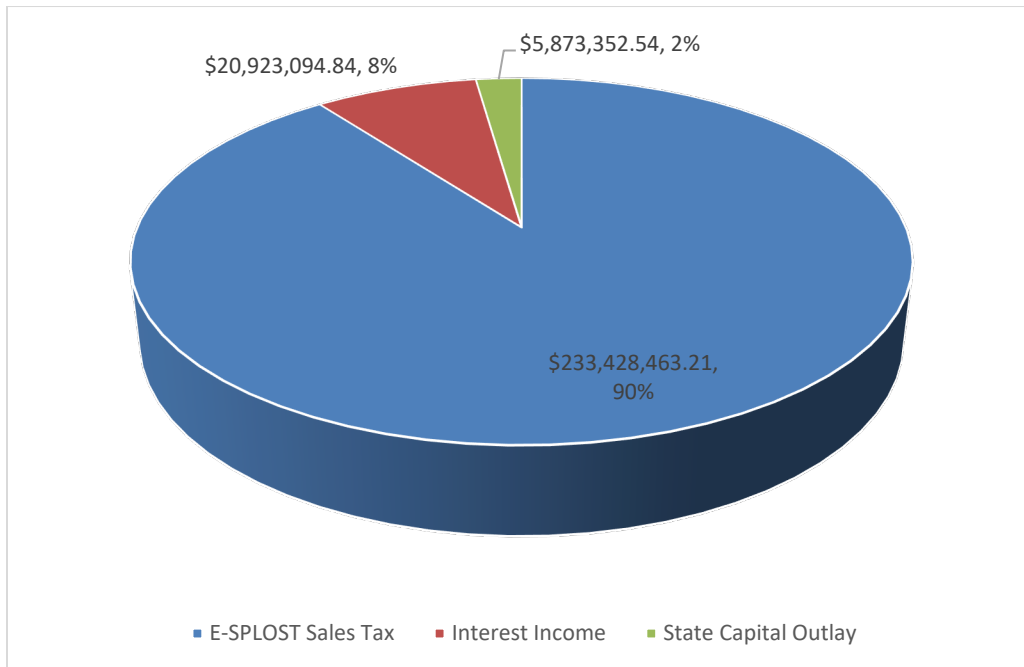
For all items selected for testing, MGT reviewed supporting documentation (i.e., invoices and file copies of the checks) stored within the District's records to assess whether the expenditures were allowable per the SPLOST resolution and if the amount per the supporting documentation agreed with the amount in the District's financial records. Furthermore, in some instances, MGT visited the location indicated in the accounting records as the location in which the equipment was located to verify the existence of the equipment (note that some of the transactions tested included multiple individual pieces of equipment as part of a single invoice and for these occurrences we verified the existence of the equipment for certain items and not all).

Observation 2.1: Based on the results of the audit procedures, tax proceeds were disbursed in a fiscally responsible manner, and the expenditures selected for testing were allowable under the E-SPLOST resolution.

3. INVESTMENT OF TAX PROCEEDS

As previously stated, E-SPLOST VI-related transactions are recorded in Fund 229. MGT obtained the revenue details for Fund 229 to gain an understanding of the sources of the revenues recorded in the fund. Audit procedures disclosed that three revenue types were recorded in Fund 229: SPLOST Sales Tax, Interest Income, and State Capital Outlay.

Exhibit 6 – E-SPLOST VI Revenues for Fiscal Year 2024



Source: Created by MGT from expenditures data provided by the District.

Exhibit 6 shows that E-SPLOST Sales Tax revenue accounted for approximately 90 percent of the E-SPLOST VI revenue in Fiscal Year 2024. MGT auditors researched Georgia’s Tax Center website to determine whether E-SPLOST Tax Receipts for Fiscal Year 2024 per the District’s records agreed with the amounts per the State’s website (see Exhibit 7 below). Audit procedures disclosed that SPLOST VI Tax Receipts for Fiscal Year 2024 per the District’s record agreed with the amounts listed on the State’s website.

Exhibit 7 – E-SPLOST VI Salex Tax Distribution

Date	County	Jurisdiction	Amount
31-Jul-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,982,284.57
31-Aug-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	21,309,132.67
30-Sep-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,966,891.95
31-Oct-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,968,128.71
30-Nov-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	19,177,101.69
09-Dec-2023	Gwinne	(Pro Rata) GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	38,148.11
31-Dec-2023	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,952,051.32
31-Jan-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	22,181,846.19
29-Feb-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	17,894,075.79
31-Mar-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,846,856.69
30-Apr-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	18,875,702.21
31-May-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	19,376,925.81
15-Jun-2024	Gwinne	(Pro Rata) GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	48,455.70
30-Jun-2024	Gwinne	GWINNETT COUNTY BOARD OF EDUCATION (ELOST)	19,810,861.80

Source: https://gtc.dor.ga.gov/_/#6

Approximately \$20.9M (or 8%) of the total revenues recorded in Fund 229 during Fiscal Year 2024 were derived from interest earned from investing E-SPLOST VI funds. As part of the audit, MGT auditors inquired with District personnel and reviewed the investment account detail report to gain an understanding of the sources of income (categories) that accounted for the investment income for Fiscal Year 2024. Audit procedures disclosed that E-SPLOST revenues are used to pay bond debt and interest payments. Based on investment strategies and opportunities, the District may determine that federal treasuries can be a more beneficial investment than investing in Georgia Fund 1¹.

MGT auditors reviewed the State of Georgia Office of Treasury & Fiscal Services’ Statement of Accounts for the E-SPLOST Sales Tax account to gain an understanding of the interest earned from the investment of E-SPLOST VI receipts. The review disclosed that during Fiscal Year 2024, the District earned approximately \$14.4M in interest income from the investment of E-SPLOST VI receipts. The

¹ Georgia Fund 1 is offered by the State of Georgia to counties, municipalities, public colleges and universities, boards of education, special districts, state agencies, and other authorized entities as a conservative, efficient, and liquid investment alternative. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield, and diversification with primary emphasis on safety of capital and liquidity.

\$14.4M accounts for approximately 69 percent of all interest income received into Fund 229. The remaining interest income derived from the investment of E-SPLIST bonds revenue.

Observation 3.1: GCPS has invested sales tax proceeds in a sound fiscal manner.

ATTACHMENT A - MANAGEMENT'S RESPONSE



December 12, 2024

Gwinnett County
Board of Education

Steven B. Knudsen
2024 Chair
District II

Karen Watkins
2024 Vice Chair
District I

Dr. Mary Kay Murphy
District III

Dr. Adrienne Simmons
District IV

Dr. Tarece Johnson-Morgan
District V

Dr. Calvin J. Watts
Superintendent

437 Old Peachtree Road, NW
Suwanee, GA 30024-2978
678-301-6000
www.gcpsk12.org

It is the policy of Gwinnett County Public Schools not to discriminate on the basis of race, sex, religion, national origin, age, or disability in any employment, practice, educational program, or any other program, activity, or service.

**The Mission of
Gwinnett County
Public Schools**

is to pursue excellence
in academic knowledge,
skills, and behavior for
each student, resulting in
measured improvement
against local, national,
and world-class
standards.

MGT Impact Solutions, LLC
Attn: Mr. Ricardo Cepin, CPA, CFE
Director
4320 W. Kenney Blvd,
Tampa, FL 33609

RE: 2024 SPLOST VI Audit

Dear Mr. Cepin:

MANAGEMENT'S RESPONSE

We acknowledge and appreciate the results of the audit which identified no findings. This outcome reflects our commitment to maintaining high standards of compliance, efficiency, and effective internal controls.

We extend our gratitude to the audit team for their thorough review and constructive feedback during the process. We will continue to monitor and enhance our practices to uphold the integrity of our operations.

Thank you for your collaboration and support.

Sincerely,

Nic Moore, CPA, CFE
Executive Director of Financial Reporting and Treasury Services
Gwinnett County Public Schools