

GOING FURTHER

*City of Decatur*  
*Board of Education*

Performance Audit on SPLOST Program  
For the Fiscal Year Ended June 30, 2025



CPAs & ADVISORS

*City of Decatur*  
*Board of Education*

**Performance Audit on SPLOST Program**  
**For the Fiscal Year Ended June 30, 2025**



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## Introduction

To the Superintendent and Members of  
The City of Decatur Board of Education  
Decatur, Georgia

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:

- A. 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.
- B. 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 A above.
- C. Provide for issuance of periodic public recommendations, not less than annually for improvements in meeting the goal specified in Item A above.

SPLOST, or “Special Purpose Local Option Sales Tax,” is a referendum voted and approved by DeKalb County voters in which one percent is added to the local sales tax for the purpose of funding the City of Decatur Board of Education’s (the “School District”) building and renovation projects that would otherwise require financing through increasing residents’ property taxes. SPLOST funds are also available for retiring general obligation bond indebtedness.

The School District is in the third (3<sup>rd</sup>) year of authorizing the SPLOST VI taxes and related projects. The School District works under the direction of the Board of Education and its superintendent, and the projects selected for SPLOST funding are chosen by the Board of Education.

The School District had two (2) SPLOST programs (SPLOST V and SPLOST VI) during the period covered by this audit report from July 1, 2024 to June 30, 2025. The SPLOST programs were as follows:

### SPLOST V (which commenced July 1, 2017 and expired on June 30, 2022) Program:

The School District has approved the following capital outlay projects at a total maximum cost of \$30,000,000.

- 1) Acquisition, including through lease-purchase, construction, renovation, modification, addition, repair, replacement, demolition of, improvement and equipping of existing and new school buildings and facilities, early childhood learning buildings, and other buildings useful and desirable in connection therewith;
- 2) To acquire and install computers, technology and information systems, hardware, and infrastructure;
- 3) To acquire school buses, school-related vehicles, and transportation equipment;

- 4) School improvement and maintenance projects;
- 5) To acquire any property, real and personal, useful and desirable in connection with the projects listed in the Notice of Election; and
- 6) To pay a portion of principal and interest on previously issued General Obligation bonds.

SPLOST VI (which commenced July 1, 2022 and expires on June 30, 2027) Program:

The School District has approved the following capital outlay projects at a total maximum cost of \$40,811,757.

- 1) To acquire design, construct, renovate, reconfigure, modify, add to, repair, replace, demolish all or a portion of, improve, and equip existing and new school buildings and sites and other existing and new buildings and facilities, including greenspace, useful or desirable in connection therewith;
- 2) To acquire and install technology improvements throughout the school system, including computers, systems, and related hardware and infrastructure;
- 3) To acquire school buses, school-related vehicles, and transportation equipment, including infrastructure for electric vehicles;
- 4) For school and facilities improvement, energy conservation, and maintenance projects; and
- 5) To acquire supplemental capital equipment for the school system, including any property, real and personal, useful and desirable in connection with the projects listed in the Notice of Election.

## Audit Scope, Objectives, and Methodology

### Audit Scope

Mauldin & Jenkins, LLC was 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 receipt and expenditure of sales tax proceeds for allowable SPLOST educational purposes.

The audit covers the SPLOST V and SPLOST VI program from July 1, 2024 to June 30, 2025. From a listing of all disbursements made during the specified timeframe, we selected sixty (60) disbursements to test from the SPLOST VI Program for the fiscal year totaling \$2,707,802 of the total disbursements for the audit period.

## **Audit Objectives**

The overall objective of the performance audit was to evaluate whether the tax funds were expended efficiently and economically so that the School District is receiving maximum benefit from the dollars collected. The specific audit objectives were:

- 1) To determine whether the schedule of projects adheres to the approved resolutions adopted by the City of Decatur Board of Education;
- 2) To determine that the reporting effectiveness between the School District and the Board of Education communicates the status of capital outlay projects to ensure that legislative, regulatory, and organizational goals and objectives were achieved;
- 3) To determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts;
- 4) To 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 capital project;
- 5) To determine the reliability, validity, or relevance of financial analyses to verify that cash flows conform to forecasted projections by project and priority, and that intended economic results are accomplished;
- 6) To determine whether effective procedures exist to verify that design and construction of capital projects adhere to applicable quality control standards;
- 7) To 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; and
- 8) To determine whether the management of the School District is following Board-approved procurement policies and procedures.

## **Audit Methodology**

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.

To ensure that the SPLOST performance audit is adequately planned, performed, and supervised we performed the following steps:

### **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 programs 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 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 preliminary analytical review. We also performed a preliminary analytical review 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 risks for each identified objective. These assessments include an assessment of inherent and control risks to determine a combined risk assessment. Depending on the combined risk assessment, we perform 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 Testing 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 and to further document an understanding of the School District's internal controls over the expenditures of the SPLOST program. Utilizing our understanding of the control environment, we performed certain walkthrough procedures on certain internal controls to provide further support for the audit.

### **Preparation of a Tailored Audit Program**

Based upon preliminary analytical review, control documentation, and testing, audit programs were designed in order for conclusions to be reached for each audit objective.

## Reporting

At the conclusion of the performance audit, we did not have any findings or recommendations for management. A preliminary report and analysis were presented to the School District's representative(s). Upon completion of the presentation and review of the report and analysis by the School District's representative(s), we provided a public report of the results of the annual performance audit.

## Audit Results

Based on the results of our audit, we conclude that the City of Decatur Board of Education's SPLOST Program is operating in compliance with all applicable laws and regulations as well as the referendum approved by the School District's citizens. The objectives, procedures, and results on the following pages are the specific results of our audit.

**Objective #1:** To determine whether the schedule of projects adheres to the approved resolutions adopted by the City of Decatur Board of Education.

**Procedures:** We obtained a copy of the SPLOST V and SPLOST VI Resolutions as approved by the Board of Education of the School District and the voters of DeKalb County. We then conducted tests of disbursements made during the audit fiscal year for SPLOST V and SPLOST VI to ensure that the disbursements for which expenditures were incurred were included in the approved resolution. We selected all sixty (60) expenditures made during the fiscal year ended June 30, 2025 from the SPLOST VI program. We tested a sample of disbursements made during the audit period for SPLOST VI to ensure that the disbursements for which expenditures were incurred were included in the approved resolution and supported by documentation such as a vendor invoice.

**Results:** Based on the results of our disbursement test, the expenditures tested were related to projects approved in the SPLOST resolutions.

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**Objective #2:** To determine that the reporting effectiveness between the School District and the Board of Education communicates the status of capital outlay projects to ensure that legislative, regulatory, and organizational goals and objectives were achieved.

**Procedures:** We discussed the policies and procedures for communication with various personnel across multiple departments. The Executive Director of Finance, Superintendent, Executive Director of Operations, and Executive Director of Information Services collaboratively manage the SPLOST budget and provide the Board with monthly updates of SPLOST spending with the update of other non-SPLOST capital projects at the monthly board meeting which includes spending funds on debt service payments, construction projects, school improvements and maintenance, acquisitions of computers, and acquisitions of buses and vehicles. The Board receives reports on the status of a project monthly after the project is approved and construction begins.

**Results:** Based on the results of the inquiries made and review of reports submitted to the Board, the School District has an effective method in place to communicate with the Board in regard to the status of SPLOST disbursements to ensure that legislative, regulatory, and organizational goals and objectives are achieved.

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**Objective #3:** To determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.

**Procedures:** We discussed the monitoring of expenditures versus budget with management. Per discussion with the Executive Director of Finance, each SPLOST has an overall budget that does not exceed the maximum amount of net proceeds per the applicable SPLOST V and SPLOST VI resolutions. Furthermore, budget to actual performance is monitored on a project basis and changes to preliminary budgets as well as to approved project budgets require approval in accordance with the Board of Education's purchasing policy. Finally, as part of the monthly reporting packages delivered to the Board of Education, budget amendments, if necessary, are included that require Board of Education approval.

**Results:** Based on the results of inquiries made, review of reports prepared, and review of disbursements, an adequate process is in place to monitor expenditures to ensure that actual project expenditures do not exceed budgeted amounts.

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**Objective #4:** To 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 capital project.

**Procedures:** We discussed the monitoring of projects with the Executive Director of Finance and noted that there are two construction projects ongoing at year end. We also noted that the District monitors the spending of SPLOST funds and compares to the anticipated and actual SPLOST revenues and expenditures. Additionally, we conducted a disbursement test (the same disbursement test and samples selected as discussed in Objective #1 above) to ensure that the Board 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.

**Results:** Based on the results of inquiries made, review of the SPLOST cash flow projections, and review of disbursements, the Board has an effective program in place to monitor program performance. Additionally, the Board has policies and procedures in place to ensure that expenditures incurred and paid are valid.

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**Objective #5:** To determine the reliability, validity, or relevance of financial analyses to verify that cash flows conform to forecasted projections by project and priority, and that intended economic results are accomplished.

**Procedures:** In order to determine the reliability, validity, and relevance of financial analyses, we obtained the SPLOST V and SPLOST VI Cash Projections as of June 30, 2025 and compared the forecasted collections to the actual collections. Furthermore, we compared forecasted expenditures for SPLOST V and SPLOST VI to actual expenditures from inception through June 30, 2025 and noted that actual expenditures did not exceed actual collections or forecasted collections. We also reviewed the SPLOST V and SPLOST VI Financial Reports for each month of the fiscal year ended June 30, 2025 presented to the Board of Education noting the report included original budgets, current budgets, and actual amounts to date.

**Results:** Based on the results of inquiries made and review of prepared reports, there is an adequate process in place to monitor cash flows through financial analysis to verify that cash flows conform to forecasted projections by project and priority are reliable, valid, and relevant and that the intended economic results are accomplished.

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**Objective #6:** To determine whether effective procedures exist to verify that design and construction of capital projects adhere to applicable quality control standards.

**Procedures:** We discussed procedures in place to monitor the design and construction of capital projects with the Executive Director of Finance. Per our discussion, we noted the District is currently expending SPLOST V and SPLOST VI funds on ongoing capital construction projects. The District is also spending funds on debt service payments, school improvements, and maintenance, acquisitions of computers, and acquisitions of buses and vehicles. Per review of proposals submitted, the District did pre-qualify architects for the project to ensure the architects used were familiar with standards and specifications necessary for schools. Additionally, they work together to perform on-site visits to ensure that the construction adheres to the specifications for that project and that work performed is correct and of good quality. We reviewed field reports prepared by the architect after the Director of Operation's site visits noting that someone does monitor and document its assessment of the work was performed (to ensure quality and that work meets the project specifications) and status of the project in respect to the projected timeline to ensure that the project meets the deadline for completion. In addition, when a pay application is submitted, the architect and Director of Operations review the pay application to ensure that the work indicated as performed had been performed. Additionally, we conducted a disbursement test, as described in Objective #1, to ensure that the District had policies and procedures in place to ensure that expenditures are properly approved by an individual who reviews the work on site to ensure that invoices submitted are valid in regard to work completed.

**Results:** Based on the results of inquiries made and review of disbursements, the District did expend SPLOST V and SPLOST VI funds on allowable debt service payments, capital construction projects, school improvements and maintenance, acquisitions of computers, and acquisitions of buses and vehicles.

**Objective #7:** To 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 discussed financial controls in place with the Executive Director of Finance. The Finance Department has an approval process in place whereby all expenditures are verified (goods have been received and/or work has been completed) before an invoice is approved for payment. The invoices are reviewed by the architect (where applicable) and then approved by the project manager and Director of Operations. With regard to the receipt of SPLOST funds, we obtained a schedule of receipts from the Georgia Department of Revenue of the revenues collected for the fiscal year ended June 30, 2025 and reconciled those receipts to the sales tax revenues reported in the SPLOST Capital Projects Fund per the Annual Financial Report as of and for the fiscal year ended June 30, 2025. The District receives SPLOST receipts directly from the Georgia Department of Revenue via a wire payment. We reviewed the journal entry to record the revenue noting it was prepared by accounting staff and reviewed by the Executive Director. With regard to the expenditure of tax revenue funds, we performed disbursement testing for SPLOST V separately to ensure the Board of Education's purchasing policy was adhered to. As part of our disbursement tests, as detailed in Objective #1, we reviewed disbursements for proper approval and to verify that the disbursements were related to projects approved as per the SPLOST resolutions.

**Results:** Based on the results of inquiries made and results of our disbursement tests, effective financial controls are in place to ensure that the receipt and disbursements of tax revenue funds are in compliance with applicable laws and regulations.

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**Objective #8:** To determine whether management of the School District is following the Board-approved procurement policies and procedures.

**Procedures:** In order to test the procurement practices of the SPLOST program, we obtained a copy of Board policy in regard to bids and procurements and held discussions with the Executive Director of Finance and conducted disbursement testing of SPLOST V and SPLOST VI funds. For the disbursements selected, as detailed in Objective #1, we tested to ensure the Board's purchasing policy was followed for each purchase. Furthermore, the District procured two ongoing capital construction projects which includes school improvements and maintenance, acquisitions of computers, and acquisitions of buses and vehicles.

**Results:** Based on inquiries made and our review of disbursements, the School District is following Board-approved procurement policies and procedures.

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## Closing

This report is intended solely for the information and use of the Board of Education of the City of Decatur School District and its management and other officials and is not intended to be and should not be used by anyone other than these specified parties.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
January 8, 2026