



Cherokee County
School District

Ed-SPLOST Performance Audit
Fiscal Year Ended June 30, 2025

Table of Contents

	<u>Page</u>
Executive Summary	1
Audit Objectives	2
Audit Scope	2
Audit Methodology	3
2022-2027 Schedule of Ed-SPLOST Revenues and Expenditures	4
Results of Audit Procedures	4

To the Superintendent and Members of
The Cherokee County Board of Education
Canton, Georgia

The Official Code of Georgia Annotated §20-2-491 requires a performance audit or review on educational sales tax expenditures of a School District if that sales tax for educational purposes generates \$5 million or more and is imposed in whole or in part for capital outlay projects. The performance audit should be designed and executed so that:

1. It provides assurance 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”
2. Public reports are issued at least once a year, to provide insight as to the extent that funds are being expended efficiently and economically in order to maximize the benefit from tax collections as described in (1) above.
3. Periodic public recommendations are issued at least once a year for the purpose of improving the School District’s operations in regard to efficiently and economically maximizing the use of the educational sales tax collections.

For the fiscal period ended June 30, 2025, the Cherokee County School District operated under the 2022-2027 Educational Special Purpose Local Option Sales Tax (Ed-SPLOST) resolution that began collecting in October of 2022.

2022-2027 Ed-SPLOST

On November 2, of 2021, the voters of Cherokee County approved by resolution the establishment of a special one percent sales and use tax in which one percent is added to the local sales tax in order to pay a portion of the principal and interest on the School District’s Series 2009, Series 2010, Series 2012, Series 2014, Series 2015, Series 2016, Series 2017, Series 2018, and Series 2020 General Obligation Bonds previously issued, along with acquiring, constructing, and equipping new school, administrative, athletic and other buildings and facilities; adding to, renovating, repairing, improving and equipping existing school, administrative, athletic and other buildings and facilities; acquiring buses and other vehicles; acquiring, installing, and implementing technology improvements; acquiring land; and acquiring any property useful or desirable, both real and personal. Total collections are not to exceed \$290,000,000. Collections began in October 2022 and will end September 2027.

Audit Objectives

The primary objective of a performance audit of educational sales tax expenditures is to determine that sales tax dollars are being disbursed efficiently and economically so the School District receiving the funds is obtaining the maximum benefit possible from the tax dollars collected. This is achieved through the design and execution of a series of procedures to meet more specific audit objectives in order to determine that:

1. Construction projects and equipment purchases were executed in accordance with the Ed-SPLOST resolution approved by the Cherokee County Board of Education.
2. Debt service payments made with Ed-SPLOST funds during the fiscal year were within the guidelines of the voter approved resolution.
3. The School District has established and adhered to specific policies regarding the requisitions and approvals and the selection of contractors for its construction projects and vendors for significant equipment purchases.
4. Management is monitoring the progress of construction projects through routine status checks on site in addition to budget versus actual comparisons at various stages of construction and to verify that there is an effective means of communicating the status of each project funded with Ed-SPLOST proceeds to management and those in charge of governance.
5. Accumulated sales tax proceeds are invested in a manner that yields a competitive investment return for the School District while remaining compliant with the deposit and investment guidelines set forth by the State of Georgia.
6. That the School District's use of Ed-SPLOST funds for technology equipment and software is managed in a way that facilitates the optimal use of the voter approved funds while keeping pace with the demands of an ever-changing technological environment at the educational and administrative level.

Audit Scope

The Cherokee County School District engaged Williamson & Company, CPAs to conduct the annual performance audit of the District's Special Purpose Local Option Sales Tax (Ed-SPLOST) program for the fiscal year ended June 30, 2025. In order to complete the performance audit, we examined a sample of disbursements made with Ed-SPLOST funds during the fiscal year, reports and schedules related to various construction projects funded through bond proceeds and Ed-SPLOST collections, applicable statements from financial institutions, and the School District's purchasing and procurement policies as they relate to the type of expenditures paid with Ed-SPLOST funds. We also conducted interviews with selected School District employees with duties that are directly related to the administration of the Ed-SPLOST program.

Audit Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards as applied to performance audits. 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.

In order to achieve the objectives of the performance audit we:

- Developed an adequate plan that facilitates an efficient and effective performance audit of the School District's Ed-SPLOST program
- Obtained an understanding of the policies, procedures, and personnel involved, along with the provisions of local laws and regulations as they pertain to the School District's current Ed-SPLOST resolution
- Gained an understanding of the internal controls employed by the School District to ensure Ed-SPLOST funds are being deposited, maintained, and disbursed in a manner that is within the guidelines set forth by the State of Georgia and local legislation
- Designed effective procedures to achieve the audit objectives and provide a reasonable basis for our conclusions including findings, comments, and recommendations
- Summarized our objectives, scope, methodology, and conclusion in a written audit report

The following documents and procedures were obtained in order to form conclusions on the Cherokee County School District's Ed-SPLOST program for the fiscal year ended June 30, 2025:

- Reviewed Official Code of Georgia Annotated §20-2-491, which sets forth the requirements related to performance audits for sales tax for educational purposes
- Reviewed the Ed-SPLOST resolution that was approved in November 2021, which the School District operated under during the fiscal year ended June 30, 2025.
- Interviewed management and staff of the School District that are directly involved in some aspect of the Ed-SPLOST program
- Reviewed the School District's policies and procedures relating to deposits, purchasing, disbursements, and the procurement and contracting of services
- Obtained and reviewed the bank statements of the School District accounts that receive and use Ed-SPLOST funds
- Obtained the general ledger detail for the School District's capital projects fund and debt service funds for disbursement sample selection
- Obtained and reviewed documentary evidence that supports our conclusions in regard to the School District's use of Ed-SPLOST funds.

CHEROKEE COUNTY SCHOOL DISTRICT

Ed-SPLOST Performance Audit

For the Year Ended June 30, 2025

In October 2022 the School District began collecting Ed-SPLOST under a resolution that was approved November 2, 2021. Collections and disbursements under the 2022-2027 Ed-SPLOST for the year ended June 30, 2025, are as follows:

<u>Revenues</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>REVENUES IN PRIOR YEARS</u>	<u>REVENUES IN CURRENT YEAR</u>	<u>TOTAL REVENUES</u>
Ed-SPLOST Revenues	\$ 290,000,000	\$ 290,000,000	\$ 115,971,834	\$ 68,764,967	\$ 184,736,801
<u>Expenditures</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>EXPENDED IN PRIOR YEARS</u>	<u>EXPENDED IN CURRENT YEAR</u>	<u>TOTAL EXPENDED</u>
Payment of a portion of the principal and interest on the Series 2009, Series 2010, Series 2012, Series 2014, Series 2015, Series 2016, Series 2017, Series 2018 and Series 2020 General Obligation Bonds previously issued along with acquiring, constructing, and equipping new school, administrative, athletic and other buildings and facilities; adding to, renovating, repairing, improving and equipping existing school, administrative, athletic and other buildings and facilities; acquiring buses and other vehicles; acquiring, installing, and implementing system-wide technology improvements; acquiring land; and acquiring any property useful or desirable both real and personal.	\$ 290,000,000	\$ 290,000,000	\$ 214,144,624	\$ 75,855,376	\$ 290,000,000

The School District has issued general obligation bonds to advance fund the completion of certain projects that are intended to be paid for with Ed-SPLOST funds. This type of funding arrangement can sometimes allow Ed-SPLOST expenditures to exceed the total revenue collected. Over the course of the five-year collection period the revenue collected will ultimately match the total Ed-SPLOST expenditures.

Based on the results of our audit procedures, we have determined that the Cherokee County School District’s Ed-SPLOST program is operating within the guidelines set forth by the State of Georgia and the local resolution passed by voters and approved by the School Board. A detailed description of the objectives, procedures and results of the audit are as follows:

Objective 1 Projects and Purchases – To determine if construction projects and equipment purchases were executed in accordance with the Ed-SPLOST resolution approved by the Cherokee County Board of Education.

Procedures – We reviewed the Ed-SPLOST resolution that the School District operated under for fiscal year ended June 30, 2025, to determine the types of expenditures that were allowed. We also obtained the general ledger and compared the amounts recorded in the financial accounting system with amounts maintained on separate subsidiary schedules that accounting personnel use to track the Ed-SPLOST expenditures. From the District’s subsidiary Ed-SPLOST disbursement schedules, we selected a sample of 61 Ed-SPLOST disbursements totaling \$66,474,761. From this sample, we examined the supporting documentation to

confirm that the transactions were recorded in the proper period, amounts recorded matched the invoices, and the nature of each expenditure was within the approved project expenses set forth by the resolution.

Conclusion – Of the 61 transactions examined, we identified no transactions that were not permitted by the Ed-SPLOST resolution under audit and one transaction near year end that was a fiscal 2026 transaction. After identification, the fiscal 2026 item was removed from the fiscal 2025 report and is not included in the schedule of collections and disbursements on page 4 of this report.

Objective 2 Debt Service Payments – To confirm that debt service payments made with Ed-SPLOST funds during the fiscal year were allowable under the resolution for the 2025 audit period.

Procedures – We examined the debt service accounts within the general ledger to identify the timing and amount of the bond payments made from the debt service fund. We traced the amounts per the general ledger to supporting documentation provided by management and to amortization schedules that we have on file. We also traced the transfer of the funds used for bond debt service from the Ed-SPLOST account to the debt service cash account.

Conclusion – Total debt service paid with Ed-SPLOST funds in fiscal 2025 was \$28,744,998. The debt service payments examined were for bond payments that were either covered under the Ed-SPLOST resolution or were debt payments made as repayments for capital projects approved by the resolution that were advance funded using debt proceeds. In each instance, the debt service expenditures were within the compliance requirements of the Ed-SPLOST resolution.

Objective 3 Policies and Procedures – To verify that the School District has established and adhered to specific policies regarding the requisitions and approvals and the selection of contractors for its construction projects and vendors for significant equipment purchases.

Procedures – From the disbursement sample selected in Objective 1, we examined the supporting documentation to verify that expenditures and disbursements are being executed in accordance with the School District's purchasing policy. We also selected one construction project to test the School District's adherence to its procurement procedures as they extend to Ed-SPLOST expenditures.

Conclusion – Based on the test work performed on the Ed-SPLOST disbursement sample, discussion with personnel, and the examination of the procurement files, the School District appears to be following its policies and procedures for purchases, disbursements, quotes, and projects requiring the submission of formal proposals.

Objective 4 Monitoring and Communication – To verify that management is monitoring the progress of construction projects through routine status checks on site in addition to budget versus actual comparisons at various stages of construction and to verify that there is an effective means of communicating the status of each project funded with Ed-SPLOST proceeds to management and those in charge of governance.

Procedures – We interviewed the Director of Capital Improvements to gain an understanding of the School District’s procedures in place to monitor the status of projects and how that status is communicated from the construction site to the School Board. We also reviewed the minutes of the monthly School Board meetings along with the project updates via the School District’s website. We examined the lead and subsidiary budget to actual schedules for one construction project that completed during the audit period to verify that all costs associated with the project were recorded correctly and project budget to actual comparisons were being maintained and reviewed throughout all phases of the project.

Conclusion – Based on our discussions with management and review of various reports that supports those discussions, the School District appears to have sound procedures in place for the continual monitoring of each construction project throughout all phases of construction and for communicating project status to management and those in charge of governance.

Objective 5 Accumulated ED-SPLOST Funds – To determine that accumulated unspent sales tax proceeds are invested in a manner that yields a competitive investment return for the School District while remaining compliant with the deposit and investment guidelines set forth by the State of Georgia.

Procedures – We discussed the School District’s policy for accumulated Ed-SPLOST funds that have been collected and not disbursed. We also examined the statements of the financial institutions where the Ed-SPLOST funds are originally deposited and examined any movement of funds that were not expenditure related to verify that any excess Ed-SPLOST funds are being maintained responsibly and within the guidelines set forth by the Official Code of Georgia Annotated.

Conclusion – Based on our discussions with management and examination of the District’s banking records, accumulated Ed-SPLOST funds that do not remain in the Georgia Fund 1 are held in accounts that are offering competitive yields with financial institutions currently doing business in Georgia until being disbursed for goods and services.

Objective 6 Technology Planning and Purchasing – To gain assurance that the School District’s use of Ed-SPLOST funds for technology equipment and software is managed in a way that facilitates the optimal use of the voter approved funds while keeping pace with the demands of an ever-changing technological environment at the educational and administrative level.

CHEROKEE COUNTY SCHOOL DISTRICT

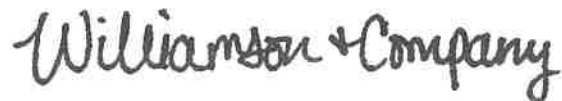
Ed-SPLOST Performance Audit
For the Year Ended June 30, 2025

Procedures – We updated our understanding of the School District’s methods of determining what type of technology purchases are to be made with Ed-SPLOST funds and the projected timeline of those purchases. Through our disbursement test from Objective 1, we examined 4 transactions that were for technology equipment totaling \$2,607,043 that were approved by management and within the approved Ed-SPLOST resolution covering technology purchases.

Conclusion – Based on our discussions with management and examination of the School District’s budgeting, purchasing, and vendor selection documents, Ed-SPLOST expenditures for the technology and information services division of the School District are being budgeted and monitored to achieve maximum use of the Ed-SPLOST proceeds set aside for those purchases.

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

Williamson and Company
Certified Public Accountants
Cartersville, Georgia
March 15, 2026

A handwritten signature in dark ink that reads "Williamson + Company". The script is cursive and fluid, with the plus sign and "Company" written in a slightly different style than "Williamson".