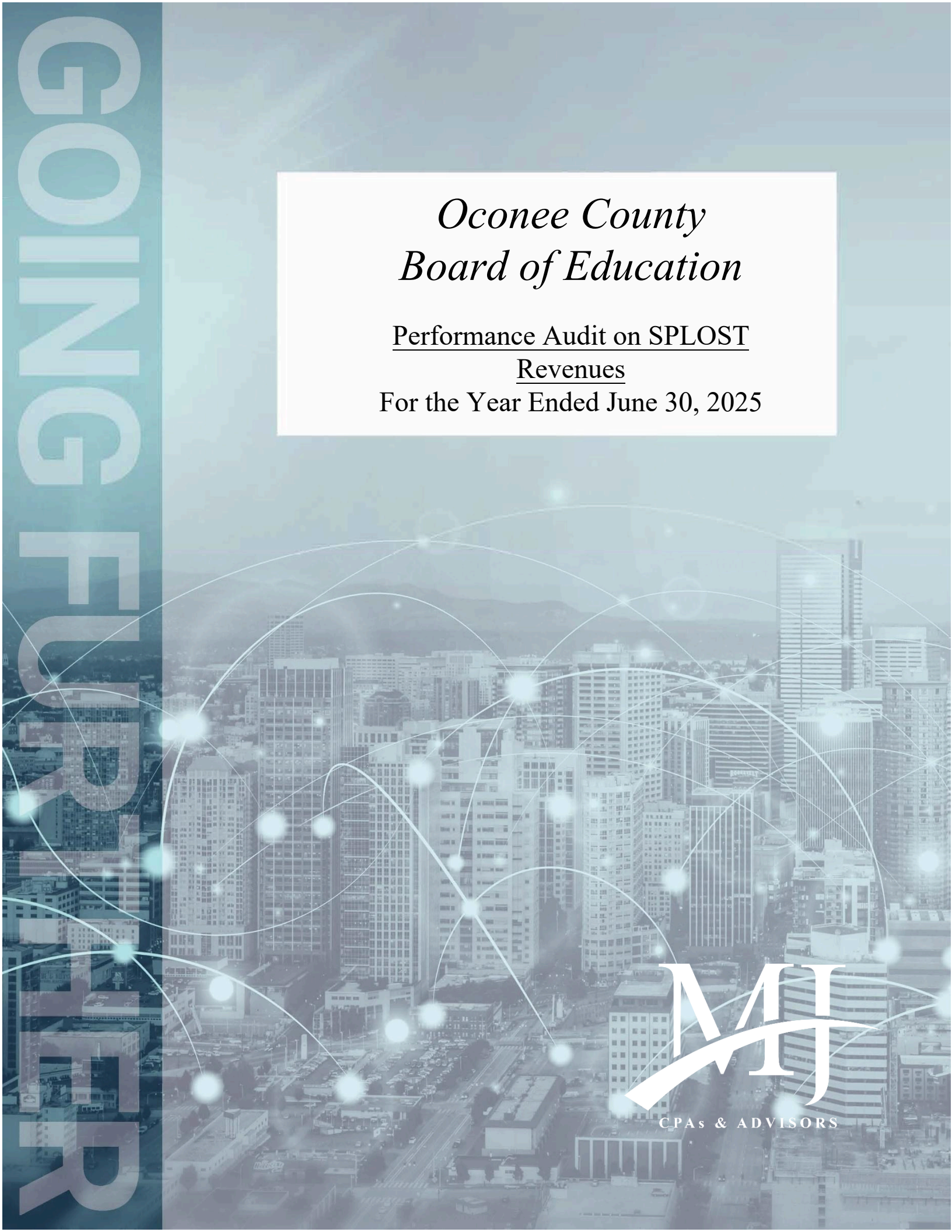
GOING FURTHER

Oconee County Board of Education

Performance Audit on SPLOST Revenues

For the Year Ended June 30, 2025



CPAs & ADVISORS

Oconee County
Board of Education

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

200 Galleria Parkway S.E., Suite 1700
Atlanta, Georgia 30339-5946
Phone: (800) 277-0080
Web: www.mjcpa.com

Table of Contents

Introduction ***3***

Audit Scope, Objectives, and Methodology ***4***

Audit Results ***6***

Closing ***9***

Introduction

To the Members of the Board of Education
Oconee County School District
Watkinsville, 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:

1. Include a goal of ensuring, to the maximum extent possible, that the tax funds are expended efficiently and economically so as to ensure that the school district receives maximum benefit from the dollars collected.
2. Provide for issuance of periodic reports, not less than once annually, with respect to the extent to which tax funds are expended efficiently and economically as described in Item 1 above.
3. Provide for issuance of periodic public recommendations, not less than annually for improvements in meeting the goal specified in Item 1 above.

SPLOST, or "Special Purpose Local Option Sales Tax," is a referendum voted and approved by Oconee County voters in which one percent is added to the local sales tax for the purpose of funding Oconee County School District (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 debts incurred with respect only to capital outlay projects and to issue new general obligation bonds for specific capital outlay projects to be paid with SPLOST funds.

The School District works under the direction of the Oconee County Board of Education (the "School District") and its Superintendent, and the projects selected for SPLOST funding are chosen by the School Board.

The Oconee County School District had two SPLOST programs (2017 and 2021) during the period covered by this audit report from July 1, 2024 to June 30, 2025. The 2017 SPLOST funds, for the raising of not more than $45,000,000, are to be used specifically for acquiring, constructing, and equipping the following capital outlay projects: (a) new schools, administrative and service facilities and/or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation facilities, and educational facilities; (b) heating and air systems; (c) technology to be used at educational and administrative facilities, including but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, displays and other technology upgrades with necessary hardware, software, and programs; (d) real and personal property, including, but not limited to, improved or unimproved land and existing buildings for future school or administrative and services facility sites and other furniture, fixtures, and equipment; (e) and school buses (including installment payments); and (f) capitalized interest and reimbursements for expenditures for needs assessment for facilities.

The 2021 SPLOST funds, for the raising of not more than $48,500,000, are to be used specifically for: (a) paying a portion of the costs of the acquisition, construction, and equipping the following capital outlay projects: (1) new schools, administrative and service facilities and/or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation and maintenance facilities, and administrative and educational facilities; (2) network infrastructure and technology to be used at educational and administrative facilities, including, but not limited to, classroom technology infrastructure, computers, laptops, tablets and mobile devices for students and staff, servers, wiring, wireless antennas, displays and other technology upgrades with necessary hardware, software, and programs, and (3) real and personal property for future school or administrative and service facility sites; (b) paying capitalized interest on bonds; (c) paying the costs of issuing the bonds; and (d) financing new school buses.

Audit Scope, Objectives, and Methodology

Audit Scope

Mauldin & Jenkins was engaged to conduct a performance audit of the SPLOST programs. 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 programs from July 1, 2024 to June 30, 2025. From a listing of all disbursements made during the specified timeframe, we selected 100% of total disbursements to test, totaling $3,910,922 for the current period.

Audit Objectives

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

- To determine whether the schedule of projects adheres to the approved resolution adopted by the School Board,
- To determine that the reporting effectiveness between the School District and the School Board communicates the status of capital outlay projects to ensure that legislative, regulatory, and organizational goals and objectives are achieved,
- To determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts,
- 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,
- 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,
- To determine whether effective procedures exist to verify that design and construction of capital projects adhere to applicable quality control standards,

- To determine the effectiveness of financial controls in place to ensure that the receipt and expenditure of tax revenue funds are in compliance with applicable laws and regulations, and
- To determine whether 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 the conduct of 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 programs, 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. We also completed questionnaires to further document an understanding of the School District's internal controls over the expenditures of the SPLOST programs. Utilizing our understanding of the control environment, we tested 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 prepared a preliminary report of findings and a written analysis of proposed recommendations in draft form. This preliminary report and analysis was 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 Oconee County School District's SPLOST Programs are operating in compliance with applicable laws and regulations, the referendums approved by the County's citizens, and industry best practices. The following are the specific results of our audit:

Objective #1: To determine whether the schedule of projects adheres to the approved resolutions adopted by the School Board.

Procedures: We obtained copies of the SPLOST resolutions as approved by the Board of Education of the School District and the voters of Oconee County. We also noted these resolutions were posted on the School Districts website noting it was accessible to the public. We chose to test forty-six (46) expenditures from the SPLOST funds during the fiscal year ended June 30, 2025. We then conducted a disbursement test for the forty-six (46) disbursements made during the audit period to ensure that the projects for which expenditures were incurred were included in the approved resolutions and supported by documentation such as a vendor invoice.

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

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 are achieved.

Procedures: We discussed the policies and procedures for communication with the School Board with management. Based on inquires, there is monthly communication with the School Board on the financial or construction status of projects. The School 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 status reports, the School District has an effective method in place to communicate with the School Board in regard to the financial and construction status of each project to ensure that legislative, regulatory, and organizational goals and objectives are achieved.

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. Excel financial status reports are maintained on construction projects, and these reports are monitored and compared to the approved amount of the project. The Director of Facilities, Superintendent, and Architect also have periodic meetings to discuss the progress. The Architect and Director of Facilities approve all requests for payment from the contractor. We reviewed disbursements as described in Objective #1 for the Director of Facilities' approval.

Results: Based on the results of inquiries made and review of the disbursements as part of our disbursement test, the School District has an adequate process in place to monitor expenditures to ensure that actual project expenditures do not exceed budgeted amounts.

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 Director of Facilities. Per discussions held, the Director of Facilities and/or Architect visits each site once a week or once a month depending on the scope of the project. Field status reports are prepared by the Director of Facilities or the Architect. The Director of Facilities and the Architect monitor projects to ensure that invoices submitted for work completed are valid. Additionally, we conducted a disbursement test 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 and review of the progress reports, the School District has an effective program in place to monitor program performance and to ensure the timely completion of each capital project within the projected timeline. The School District does have policies and procedures in place to ensure that expenditures incurred and paid are valid expenditures of the SPLOST projects.

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 prepared by various staff involved in the SPLOST Program, we inquired as to the procedures performed in regard to the financial analyses. Per discussions with the Director of Facilities, cash flows and budget-to-actual status reports are prepared and maintained in the finance department. These are also presented to the Board in the monthly work sessions.

Results: Based on the results of inquiries made and review of cash flow and budget-to-actual status reports, the School District has an adequate process in place to monitor cash flows to ensure that financial analyses used for verifying that cash flows conform to forecasted projections by project and priority are reliable, valid, and relevant and that the intended economic results are accomplished.

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 Director of Facilities. Per review of proposals submitted, the School District did pre-qualify architects for the project to ensure the architects used were familiar with standards and specifications necessary for schools. Additionally, the School District and the architects 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. Field status reports are prepared to document their review of the construction. Additionally, we conducted a disbursement test, as described in Objective #1, to ensure that the School Board 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 School District has implemented effective procedures to ensure proper monitoring and review of construction projects to verify that the design and construction of capital projects adhere to applicable quality control standards.

Objective #7: To determine the effectiveness of financial controls in place to ensure that the receipt and expenditure of tax revenue funds are in compliance with applicable laws and regulations.

Procedures: We discussed financial controls in place with the finance department. The facilities 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. We obtained and reviewed the twelve (12) monthly financial reports submitted to the Board during the audit period. Included within the reporting package was a period-to-date and year-to-date summary of information, including receipts and disbursements. Additionally, as described in Objective #1, we reviewed disbursements for proper approval and to verify that the expenditures were related to projects approved as per the SPLOST resolutions.

Results: Based on the results of inquiries made, review of monthly financial reports and results of our disbursement test, the School District has effective financial controls in place to ensure that the receipt and disbursement of tax revenue funds are in compliance with applicable laws and regulations.

Objective #8: To determine whether 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 senior management and documented our understanding of the process. We then reviewed the procurement process and related documents, noting evidence that Board-approved procurement policies and procedures were followed for all projects procured in the audit period. We tested the procurement package for the two (2) new contracts procured during the fiscal year.

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

Closing

This report is intended solely for the information and use of the School Board of the Oconee County 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
February 12, 2026