Charleston County School District

1 Cent Sales Tax Program

Report on Agreed Upon Procedures

For the period January 1, 2023
through December 31, 2025

Independent Accountant's Report on Applying Agreed-Upon Procedures

Charleston County School District
75 Calhoun Street
Charleston, SC 29401

We have performed the procedures enumerated below on the 2023 - 2028 1 Cent Sales Tax Program (the "Program") of the Charleston County School District (the "District") for the period January 1, 2023 through December 31, 2025. The District's management is responsible for the District's accounting records related to the Program.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. *Verify the District has established clear standards to successfully manage the 2023 - 2028 Sales Tax Program (Capital Building, Capital Maintenance and Technology Replacement and Upgrades). Obtain the District's policies and procedures related to the 1 Cent Sales Tax Project in effect from January 1, 2023 through December 31, 2025. Document significant changes, if any, implemented since the previous report through December 31, 2022 on the District's 1 Cent Sales Tax Program. Verify significant changes were approved. Perform a test of controls as specified below.*

   We obtained the District's policies and procedures that were effective for the period January 1, 2023 through December 31, 2025, and compared those policies and procedures to that of the previous report period (January 1, 2020 through December 31, 2022). No significant changes were identified. From the population of transactions subject to the controls described in the District's policies and procedures for (a) acquisition selection strategy, (b) architect selection, (c) contractor selection, and (d) operational management during the period, we selected five transactions using a haphazard selection. For each selection, we inspected the file for the specific evidence required by policy (e.g., required form, required approval/signature/date) and recorded whether the required evidence was present. No exceptions were identified as a result of our testing.

2. *Pick a sample of projects to test that capital construction contracts awarded during the period were awarded in compliance with applicable rules and regulations as follows:*

   a. *Verify that bid bonds and certificates of insurance were properly received and are current (if applicable). We identified the processes the District has in place to ensure all contractors and subcontractors are insured and have performance bonds.*

We obtained the District's written process for confirming contractor/subcontractor bonding and insurance. From the population of contractors/subcontractors engaged during the period, we selected five using a haphazard selection. For each, we obtained the bid bond and certificate(s) of insurance (as applicable) and inspected whether (i) the documents were present in the file and (ii) the dates indicated coverage was current as of contract award (or other date specified by policy). We noted record of presence/absence and date matching. No exceptions were identified as a result of our testing.

b. *Ensure that all bids received prior to the deadline were included in the bid tabulation and trace bidders to the bid opening attendance sheet.*

From the population of projects awarded during the period, we selected three projects. For each: (a) we obtained the bid opening attendance sheet and bid tabulation and traced bidder names between the two documents; (b) for the awarded contractor and one additional haphazardly selected bidder, we inspected the bid receipt time stamp and compared it to the stated bid deadline to determine whether the recorded receipt was on or before the deadline. We recorded any instances received after the deadline. No exceptions were identified as a result of our testing.

c. *Determine that bids received after bid opening are returned, unopened, to the bidder after documenting the time and date of receipt.*

From the population of bid tabulation files during the period, we selected three projects, and identified any bids documented as received after bid closing. For such bids, we inspected the file for evidence of returning unopened (or other handling required by policy) and whether the evaluation materials excluded those bids. We recorded the presence/absence of required evidence. No exceptions were identified as a result of our testing.

d. *Obtain a copy of the bid tabulation and verify accuracy.*

From the population of bidders during the period, we selected three bidders. We obtained the submitted bids and related bid tabulations and traced base bid amounts from the bids to the tabulations to determine whether amounts agreed. We recorded agreements/differences. No exceptions were identified as a result of our testing.

e. *Verify the District has practices in place to select qualified design firms for the projects in the capital program. Document significant changes, if any, implemented since the previous report through December 31, 2022 on the District's 1 Cent Sales Tax Program. Verify significant changes were approved.*

We obtained the District's written criteria for design firm qualifications. We did not identify any significant changes implemented in the policies and procedures since the previous report through December 31, 2022. From the population of design firms approved during the period, we selected three. For each selection, we compared the approval file to the stated criteria and recorded, for each criterion, whether file documentation evidenced that criterion. No exceptions were identified as a result of our testing.

f. *Verify the District has practices in place to advertise and select qualified contractors who have the past experience, qualified project teams, project approaches and financial stability to successfully construct these schools within budget and schedule. Document significant changes, if any, implemented since the previous report through December 31, 2022 on the District's 1 Cent Sales Tax Program. Verify significant changes were approved.*

We obtained the District's policies for advertising, prequalification, and technical evaluation. We did not identify any significant changes implemented in the policies and procedures since the previous report through December 31, 2022. From the population of contractors selected during the period, we selected five. For each, we inspected the file (e.g., advertisement evidence, prequalification plan, technical evaluation reports) and compared to the specific steps/criteria in the policy, and recorded the presence or absence of each required element. We inquired of management about the advertising process and documented their responses. No exceptions were identified as a result of our testing.

3. *Inquire of District personnel about their procedures in place to ensure the District is obtaining the most favorable type of contract for the District and the project.*

For a sample of five selected contractors (from Procedure 2f), we obtained the acquisition file. We inspected for (i) non-disclosure certificates and (ii) statements of financial interest for each committee member, and (iii) the memorandum cover sheet signed by the superintendent, and recorded presence/absence. We obtained the technical rating for each selected contractor from the file and recorded its presence. Through inspection of the acquisition file for one of our selected projects, the required documentation was not present, as the District utilized a cooperative purchasing arrangement to procure the contractor. We verified this cooperative purchasing arrangement complied with District policies and procedures, which expressly exempt such procurements from standard purchasing procedures. No exceptions were identified as a result of our testing.

4. *Determine that original contracts and all revisions (if applicable) were properly approved.*

   a. *Verify the District has a change management process in place.*

   We obtained the District's written process for approval of change orders and documented the required steps/approvals. No exceptions were identified as a result of our testing.

   b. *Verify the District has controls and practices for scope changes that include approval by the Construction Management program director to ensure the change is valid; the contracting office to ensure contract compliance; and the program manager to ensure there are sufficient funds within the project budget to pay for the change before directive is given to the contractor.*

   We obtained the policy/process for scope changes. From the population of scope changes approved during the period, we selected five. For each, we inspected the file for: (a) approval by the construction management program director; (b) approval by the contracting office; and (c) documentation evidencing available project budget prior to issuance of the directive. We recorded presence/absence for (a)–(c). No exceptions were identified as a result of our testing.

   c. *Verify the District has processes in place to review the reason code for all changes and the value of the changes conformed and proposed change orders are in the system.*

   We obtained the District's policy for reason codes and proposed change orders ("PCO"s). From the population of PCOs during the period, we selected five. For each, we inspected for (i) presence of a reason code and (ii) supporting documentation for the dollar amount (e.g., quote, estimate, calculation). We recorded presence/absence for (i)–(ii). No exceptions were identified as a result of our testing.

   d. *Verify the District has clearly defined "emergency issues" and has processes in place to address emergency issues in a timely manner.*

We obtained the District's definition of "emergency issues" and related process. We documented the defined steps and any stated timeframes. No exceptions were identified as a result of our testing.

e. *Verify District controls are in place to ensure adherence with established levels of authority.*

We obtained the policy defining authorization levels. From the population of scope changes during the period, we selected five and inspected the authorized individual(s) documented in each file. No exceptions were identified as a result of our testing.

5. *Verify that project budgets are accurate and updated timely, and included comparing project budgets with available proceeds to identify funding shortfalls.*

We obtained the District's budgeting and cash flow policies. We selected three capital project financial reports presented to the Board during the period and compared selected amounts (e.g., total project budget, total actual spend to date) to the general ledger for the same periods, and recorded differences. For each selected project, we obtained the Board action item/resolution approving the initial project budget and recorded the presence of approval evidence (e.g., minutes/resolution). No exceptions were identified as a result of our testing.

6. *Inquire whether any covenants apply and, if so, obtain the covenant requirements. Compare the specific covenant metrics/requirements to the District provided activity schedules and record whether the schedules show amounts/metrics that meet those stated requirements (no conclusion provided). From the population of expenditures during the period, select ten and compare each to the Board-approved project list to determine whether each relates to a listed approved project; record results.*

We inquired whether any covenants applied; management noted there were no covenants. From the population of expenditures during the period, we selected ten and compared each to the Board-approved project list to determine whether each related to a listed approved project. We recorded our results. No exceptions were identified as a result of our testing.

7. *Ensure that payments to contractors were properly approved and in accordance with the contract, to include (if applicable):*

a. *Verify reasonableness of the method used to calculate progress payments and ensure there is a clear correlation between the payment processed and the percentage of work completed.*

From the population of contractor payments during the period, we selected five. For each, we obtained the application for payment, certificate of payment, and payment approval evidence and recorded presence/absence. We traced the paid amount to the project cost records and identified whether the cost was recorded to a budget category/wave shown as approved by the Board. We recorded agreement/differences. No exceptions were identified as a result of our testing.

b. *Verify reasonableness of the method used to calculate retention (Note: retention amounts should be documented in the contract in order to be enforceable) and ensure that appropriate retention amounts are withheld based on contracts and state law.*

From the population of projects with retainage activity during the period, we selected five. For each, we obtained the contract and District provided state law retainage requirements and compared the retained amounts to (i) the contract retainage terms and (ii) the state requirement. We recorded any differences. No exceptions were identified as a result of our testing.

c. *Ensure payments made by the District are being made timely and in compliance with state law, including the South Carolina Prompt Payment Act.*

From the population of payments during the period, we selected five. For each, we compared the payment issue date to the payment request/approval date and the District provided statutory timeframe. We recorded whether the elapsed time was within the timeframe and noted any that exceed the timeframe. No exceptions were identified as a result of our testing.

d. *Verify the District has a process in place to encumber funds for the contracts that have been approved by the Board prior to award.*

We obtained the District's process for encumbering funds prior to contract award. From the population of Board approved contracts during the period, we selected five. For each, we obtained the Munis encumbrance listing for the original contract amount and selected one encumbrance to trace to the approved purchase requisition. We recorded agreement/differences. No exceptions were identified as a result of our testing.

8. *Verify that construction-in-progress balances are appropriately stated.*

From the population of construction in progress ("CIP") additions during the period, we selected ten and compared the recorded cost to the related vendor invoice. We recorded agreement/differences. From the population of projects transferred from CIP to the fixed asset ledger during the period, we selected four, as there were only four transfers during the period, and inspected evidence of substantial completion/placed in service date (e.g., certificate of occupancy, acceptance memo) and recorded whether the transfer date aligned with the evidence. No exceptions were identified as a result of our testing.

9. *Determine that the District's fixed asset detail records reflect costs associated with completed construction projects, and that these costs were transferred from construction-in-progress to the appropriate capital asset category in a timely manner. This includes:*

a. *Verify that procedures for closing out contracts follow a structured process involving final acceptance of the contractor's work and receipt of acceptable documentation required by contractual terms.*

We obtained the District's closeout process requirements. From the population of contracts closed during the period, we selected all four and inspected the file for presence of required closeout documentation (e.g., acceptance memo/closeout package/certificate of occupancy). We recorded presence/absence of each required item. No exceptions were identified as a result of our testing.

b. *If there is a post-performance evaluation, determine who is responsible for the preparation and that the evaluation was completed prior to closeout.*

We inquired whether post-performance evaluations were required and obtained the policy. From the population of evaluations completed during the period, we selected three and compared the evaluation completion date to the policy timeline. We recorded any instances outside the timeline. We recorded whether each evaluation included the elements required by policy. No exceptions were identified as a result of our testing.

c. *Verify processes are in place to ensure the "Level II executive meetings on the projects to review schedules, changes, submittals, RFI's, safety and quality control on all projects" are held.*

From the population of Level II executive meetings during the period, we selected two sets of detailed notes. We inspected whether the notes included the following topics: schedule, changes, submittals, RFIs, safety, and quality control; recorded presence/absence by topic. No exceptions were identified as a result of our testing.

d. *Verify processes are in place to ensure "the District uses approved Chapter 1/17 inspectors on all projects to ensure code compliance".*

From the population of projects requiring Chapter 1/17 inspections during the period, we selected three projects. For each, we obtained the list of inspectors used and inspected licensing documentation. We recorded presence of licensing evidence for each inspector. No exceptions were identified as a result of our testing.

10. *Review the 1 cent sales tax program internal controls to ensure they are being followed as designed.*

We obtained internal control documentation for the 1 Cent Sales Tax Program. We identified any key controls not addressed by Procedures above and, for each such control, we selected five instances (haphazardly) and (a) inquired of management how the control is performed (documented responses) and (b) inspected supporting documentation for evidence that the control step occurring for each selected instance. We recorded presence/absence of required evidence. No exceptions were identified as a result of our testing.

11. *Review the reliability, validity, and relevance of financial information presented to the Board.*

From the population of monthly capital projects financial reports presented to the Board during the period, we selected three and compared selected amounts (e.g., total budget, total actual expenditures to date) to the corresponding amounts in the general ledger; we recorded any differences. For all capital project financial reports selected, the Board reports were not consistent with expenditures recorded in the general ledger as of the date of our procedures. Management explained that the discrepancies were attributable to timing differences between year-end expenditures being recorded in Munis and the generation of reports used for inclusion in the capital project financial reports presented to the Board. Management had identified all discrepancies prior to our procedures, and the differences were subsequently corrected in periods following the selected Board presentations.

12. *Verify the validity of the reimbursements for the early out bonds issued in May 2021 - $15M, May 2022 - $67.8M and May 2023 - $40M.*

We inquired of management regarding the occurrence of reimbursements during the period for the early out bonds issued in May 2021 - $15M, May 2022 - $67.8M and May 2023 - $40M. Management noted no reimbursements. As a result, no further procedures were performed. No exceptions were identified as a result of our testing.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Program. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

This report is intended solely for the information and use of management of the District, the Board of Trustees, and the Citizens Oversight Committee and is not intended to be and should not be used by anyone other than those specified parties.

Elliott Davis, LLC

Charleston, South Carolina
July 8, 2026