

**OCONEE COUNTY
BOARD OF EDUCATION
PERFORMANCE AND OPERATIONAL REVIEW
EDUCATION LOCAL OPTION SALES TAX
(ELOST)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

OCONEE COUNTY BOARD OF EDUCATION
PERFORMANCE AND OPERATIONAL REVIEW

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EXECUTIVE SUMMARY

December 16, 2020

Oconee County Board Of Education
34 School Street
Watkinsville, Georgia 30677

Ladies and Gentlemen:

Georgia Code Section 20-2-491 requires public school systems to obtain continuing performance reviews for expenditures of sales tax for capital outlay if the tax generates \$5 million or more annually. The independent performance review shall:

- 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 the maximum benefit for the dollars collected.
- Provide for issuance of periodic reports, not less than once annually, with respect to the extent to which the expenditures are expended efficiently and economically as outlined above.
- Provide for issuance of periodic public recommendations, not less than annually, for improvements in meeting the goal specified above.

The Education Local Option Sales Tax (ELOST) is a referendum voted and approved by the Oconee County voters in which one percent is added to the local sales tax for the purpose of funding building and renovation projects that would otherwise require financing through other sources. ELOST 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. The ELOST funds under review were approved by the voters in 2017.

Total expenditures relative to Oconee County Schools 2017 ELOST Projects for the fiscal year ended June 30, 2020 were as follows:

(i) Acquiring, constructing, and equipping new schools, administrative and service facilities and or additions to, renovations of, repairs to, improvements to, and equipment for existing educational, administrative and service buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation facilities, and educational facilities; heating and air systems, technology infrastructure; acquiring real and personal property for future school or administrative and services facility sites and school buses	\$ 3,416,467
(ii) General obligation debt payments	<u>882,975</u>
Total Expenditures	<u><u>\$ 4,299,442</u></u>

Total expenditures and funding for the Oconee County Schools 2017 ELOST Projects for the fiscal year ended June 30, 2020 were as follows:

Funded By:	
Georgia State Financing and Investment Commission	\$ 2,077,697
2017 ELOST proceeds	<u>2,221,745</u>
Total Expenditures from above	<u><u>\$ 4,299,442</u></u>

OCONEE COUNTY BOARD OF EDUCATION

PERFORMANCE AND OPERATIONAL REVIEW

JUNE 30, 2020

REVIEW SCOPE, OBJECTIVES AND METHODOLOGY

Review Scope

Clifton, Lipford, Hardison & Parker, LLC was engaged to conduct a performance and operational review of the ELOST program for the year ended June 30, 2020. The review focused on the School District's compliance with the state legislation and the receipt and expenditures of sales tax proceeds for allowable ELOST educational purposes.

Review Objectives

Based on the requirements of Georgia Code Section 20-2-491, we identified the following objectives of the operational review:

1. To the maximum extent possible, the tax funds are being expended efficiently and economically, so as to secure the maximum possible benefit from the tax dollars collected.
2. The sales tax proceeds are being disbursed in a fiscally responsible manner.
3. The School District has established adequate administrative controls to ensure the proper management of the sales tax proceeds received.
4. The Schools' technology and transportation expenditures are reasonable.
5. Investment of the sales tax proceeds received by the School District has been conducted in a sound fiscal manner.

Review Methodology

The following details some of the significant phases of the engagement:

- Plan the engagement and obtain a written understanding of the scope and objectives of the review.
- Document our understanding of the internal control environment related to the expenditures of the ELOST funds.
- Prepare a review program based on review objectives and the control environment to include the following steps:
 - a. Conduct interviews with staff members responsible for the ELOST program.
 - b. Review proposal procedures to ensure that there are a variety of contractors, architects and vendors used, they are qualified, and that contracts are awarded to the responsible and responsive offeror whose proposal is determined in writing to be the most advantageous to the Board.
 - c. Review a majority of the ELOST expenditures.
- Conclude the review and prepare a draft report.
- Obtain management input and representation and finalize report.

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PROCEDURES, FINDINGS, CONCLUSIONS AND CLOSING

Objective #1: To the maximum extent possible, the tax funds are being expended efficiently and economically, so as to secure the maximum possible benefit from the tax dollars collected.

- We conducted interviews with the Chief Financial Officer of Financial Operations and the Chief Operations Officer of Operations to understand how projects are chosen and how priorities are made among projects.
- We reviewed board minutes to verify that projects were brought before the board and were voted on before the start of the project.
- We reviewed the Five-Year Local Facilities Plan that includes county growth projections, projected student populations, projected priorities, and a facilities outline by school.
- We reviewed 100% of the ELOST projects.

Conclusion: Based on our procedures, there were no findings, and we conclude that the OCS ELOST funds are being expended efficiently and economically, so as to secure the maximum possible benefit from the tax dollars collected.

Objective#2: The sales tax proceeds are being disbursed in a fiscally responsible manner.

- We conducted interviews with the Chief Financial Officer of Financial Operations to identify how costs and use of funding of ELOST monies are determined, how it is classified, and ultimately recorded in the general ledger.
- We reviewed a sample of disbursements to verify that costs were properly identified as ELOST, were properly reviewed and authorized by appropriate personnel, and were properly coded to an ELOST account.
- We gained an understanding of the prequalification and sealed proposal process for contracts.
- We gained an understanding of the various project models to ensure that the best method is used and sound procurement policies were followed.

Conclusion: Based on our procedures, there were no findings, and we conclude the OCS ELOST program is following sound procurement procedures. Per discussion with the Chief Operations Officer of Operations, OCS uses the *Design-Bid-Build model*. These models are appropriate and in accordance with program objectives. Because architect contracts are service oriented, they are not required to go through the proposal process.

PROCEDURES, FINDINGS, CONCLUSIONS AND CLOSING (CONTINUED)

Objective #3: Adequate administrative controls have been established to ensure the proper management of the sales tax proceeds received by the School District.

- We conducted interviews with the Chief Financial Officer of Financial Operations to identify how ELOST proceeds were received and recorded.
- We reviewed the general ledger accounts for all the ELOST proceeds, the ELOST 5 Construction Account, and the 2017 SPLOST Debt Service Escrow Account.

Conclusion: Based on our review procedures we conclude that the OCS ELOST program has adequate administrative controls over the ELOST proceeds.

Objective #4: The Schools' technology and transportation expenditures are reasonable.

- We reviewed a sample of technology and transportation expenditures.

Conclusion: Based on our review procedures, we concluded that there were no findings and that the technology and transportation expenditures were in accordance with the referendum.

Objective #5: Investment of the sales tax proceeds received by the School District has been conducted in a sound fiscal manner.

- We conducted interviews with the Chief Financial Officer of Financial Operations to identify how funds are invested.
- The School District does not have an investment policy. The School District invests monies through a money market account with a local bank.

Conclusion: Based on our review procedures, we conclude that the sales tax proceeds are being invested in a sound fiscal manner.

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CLOSING

We reviewed 100% of all expenditures for construction and equipping of the Oconee County schools and the general obligation debt payments.

The Oconee County Schools (“OCS”) works under the direction of the School Board (“the Board”) and its Superintendent. The Board approves projects selected for ELOST funding. The OCS employs a Chief Operations Officer of Operations and an owner representative to oversee all ELOST and capital outlay projects. In 2020, the *Design-Bid-Build model* was used for projects.

Based on our procedures for the year ended June 30, 2020, we have identified no instances of noncompliance with applicable laws and regulations that apply to capital outlay expenditures funded by the ELOST, and have concluded that the Oconee County Schools is operating the ELOST program in an economical and efficient matter and safeguarding and maximizing ELOST funds in accordance with Georgia State Code.

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



Macon, Georgia
December 16, 2020