PERFORMANCE AND OPERATIONAL REVIEW EDUCATION LOCAL OPTION SALES TAX (ELOST)

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

JUNE 30, 2021

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CLIFTON, LIPFORD, HARDISON & PARKER, LLC

Member of American Institute of Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Oconee County Board of Education 34 School Street Watkinsville, Georgia 30677

We have performed procedures, enumerated in the accompanying Performance and Operational Review on pages 4-7, related to Oconee County Board of Education's compliance with Georgia Section 20-2-491 during year ended June 30, 2021. The Board's management is responsible for its compliance with those specific requirements.

Oconee County Board of Education's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the specific requirements. This report may not be suitable for any other purpose. The procedures performed may not address all 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 are appropriate for their purposes.

Our procedures and associated results are presented in the accompanying Performance and Operational Review on pages 4-7.

We were engaged by Oconee County Board of Education's management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 compliance with specific requirements. 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 Oconee County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our agreed-upon procedures engagement.

Clifter, Siphol, Hadison & Par LLE

Macon, Georgia December 31, 2021

EXECUTIVE SUMMARY JUNE 30, 2021

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 and 2021.

Total expenditures relative to Oconee County Schools 2017 ELOST Projects for the fiscal year ended June 30, 2021 were as follows:

	EXPEND	EXPENDITURES	
(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			
	\$	260,711	
(ii) General obligation debt payments		668,375	
Total 2017 ELOST Expenditures	\$	929,086	

EXECUTIVE SUMMARY JUNE 30, 2021 (CONTINUED)

Total expenditures and funding for the Oconee County Schools 2017 ELOST Projects for the fiscal year ended June 30, 2021 were as follows:

Funded By:	
Georgia State Financing and Investment Commission	\$ 4,120
2017 ELOST proceeds	 924,966
Total Expenditures from above	\$ 929,086

Total expenditures relative to Oconee County Schools 2021 ELOST Projects for the fiscal year ended June 30, 2021 were as follows:

	EXPENDITURES		
(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 services buildings, properties, and facilities of the School District, including, without limitation, athletic facilities, transportation and maintenance facilities, and administrative educational facilities; heating and air systems; network and technology infrastructure; real and personal property for future school or administrative and services facility sites and school buses; expenses incidental thereto	\$	302,304	
(ii) Bond Issuance Costs		529,141	
Total 2021 ELOST Expenditures	\$	831,445	

Total expenditures and funding for the Oconee County Schools 2021 ELOST Projects for the fiscal year ended June 30, 2021 were as follows:

Funded By:	
2021 ELOST proceeds	\$ 831,445
Total Expenditures from above	\$ 831,445

PERFORMANCE AND OPERATIONAL REVIEW JUNE 30, 2021

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, 2021. 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 School's 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 programs.
 - 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.

PERFORMANCE AND OPERATIONAL REVIEW JUNE 30, 2021 (CONTINUED)

PROCEDURES, RESULTS, 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 obtained a copy of the 2017 ELOST and 2021 ELOST Resolutions as approved by the Board of Education of the School District and the voters of Oconee County.
- 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 facilities outline by school.
- Our sample included 100% of 2017 ELOST and 2021 ELOST disbursements in fiscal year 2021.

Results:

Our procedures indicate the disbursements were related to activities approved in the ELOST resolutions and the approved Five-Year Local Facilities Plan and were approved by the Board.

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.

Results:

Our procedures indicate the OCS ELOST program disbursements were authorized and coded to an ELOST account in the general ledger. Per discussion with the Chief Operations Officer of Operations, OCS uses the *Design-Bid-Build model* in accordance with program objectives.

PERFORMANCE AND OPERATIONAL REVIEW JUNE 30, 2021 (CONTINUED)

PROCEDURES, RESULTS, 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 and the ELOST bank statements for receipt of all ELOST proceeds and compared the results to the Georgia Department of Revenue monthly distribution report for the period under review.

Results: Our procedures indicate the OCS ELOST program recorded all ELOST proceeds to ELOST accounts and all ELOST proceeds were deposited into ELOST bank accounts.

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

• We reviewed a sample of technology and transportation expenditures.

<u>Results</u>: Our procedures indicate the technology and transportation expenditures were activities approved in the ELOST resolutions.

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.
- We obtained the ELOST investment and bank accounts for the fiscal year ending June 30, 2021.

Results:

Our procedures indicate the School District does not have an investment policy. The School District invests monies through money market accounts with a local bank and Georgia Fund 1. The money market accounts through local banking have a comparable yield to Georgia Fund 1 and any funds above FDIC Insurance coverage are secured through participation in the Georgia Secure Deposit Program or through Insured Cash Sweep. Georgia Fund 1 is managed by the Office of the State Treasurer of Georgia. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield, and diversification with primary emphasis of safety of capital and liquidity.

PERFORMANCE AND OPERATIONAL REVIEW JUNE 30, 2021 (CONTINUED)

CLOSING

We reviewed 100% of all ELOST expenditures for fiscal year 2021 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 2021, the *Design-Bid-Build model* was used for projects.

Our procedures for the year ended June 30, 2021, identified no instances of noncompliance with applicable laws and regulations that apply to capital outlay expenditures funded by the ELOST and we identified no instances that Oconee County Schools is not operating the ELOST program in an economical and efficient matter while 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.