Laurens County Schools

Performance Audit on SPLOST Revenues

For the Year Ended June 30, 2025

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Introduction

To the Members of the Board of Education
Laurens County Schools
Dublin, Georgia

Georgia Code Section 20-2-491 requires public school districts 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.

The Special Purpose Local Option Sales Tax ("SPLOST") is a referendum voted and approved by Laurens County voters in which 1% is added to the local sales tax for the purpose of funding building and renovation, including technology, projects for the Laurens County Schools (the "School District") that would otherwise require financing through increasing residents' property taxes. SPLOST funds are also available for retiring general obligation bonded debt incurred with respect only to capital outlay projects.

The School District works under the direction of the Laurens County Board of Education (the "School Board") and its superintendent, and the projects selected for SPLOST funding are chosen by the School Board. The SPLOST IV funds are used specifically for: (i) The retirement of previously incurred general obligation debt in the maximum of $25,600,000; (ii) To pay the costs of acquiring, constructing and equipping a new West Laurens Middle School, a new East Laurens High School, and athletic facilities; and (iii) Acquiring, renovating and improving existing schools within the system; constructing and renovating administrative and maintenance facilities; purchasing and equipping school buses and other vehicles; purchasing and equipping school buses and other vehicles; purchasing instructional equipment and materials, including textbooks and e-books; upgrading system-wide technology and security equipment; renovating, constructing, and improving athletic facilities; and acquiring real and personal property necessary or to be used for the foregoing purposes and all other general purposes related to such capital outlay projects.

Audit Scope, Objectives and Methodology

Audit Scope

Mauldin & Jenkins was engaged to conduct a performance audit of the SPLOST program. The audit focused on the School District's compliance with state and local laws, mandates, and the receipt and expenditure of sales tax proceeds for allowable SPLOST educational purposes.

The audit covers the period from July 1, 2024 to June 30, 2025. From a listing of all disbursements made during the specified time frame, we selected 60 disbursements to test, totaling $3,157,927 (or 34%) of total expenditures of the Capital Projects and Debt Service Funds for the period. Expenditures of bond proceeds were included in the population as SPLOST proceeds will be used to pay back a portion of the outstanding bonds, which were issued to provide up-front financing for SPLOST projects.

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 resolutions adopted by the School Board,
- To determine that the reporting effectiveness between management of the School District and the School Board communicates the status of SPLOST 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 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 implementation of SPLOST 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 School 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 time lines. We discussed policies and procedures, methodologies, and other relevant aspects of the School District's SPLOST program 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 performed 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 program, 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. 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 representatives. After obtaining and incorporating management comments in our report and upon completion of the presentation and review of the report and analysis by the School District's representatives, we provided a public report of the results of the annual performance audit.

Audit Results and Management Response

Based on the results of our audit, we conclude that the School District's SPLOST program is operating in compliance with all 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 resolution adopted by the School Board.

Procedures: Mauldin & Jenkins obtained a copy of the SPLOST Resolutions as approved by the School Board and the voters of Laurens County. Using a random number generator, we then selected a sample of 60 disbursements during fiscal year 2025. A sample size of 60 was determined to be sufficient in order to test the transaction processing and compliance with the approved SPLOST resolution. For each sample item, we vouched the expenditure to supporting documentation such as vendor invoices.

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

Objective #2: To determine that the reporting effectiveness between management of the School District and the School Board communicates the status of SPLOST projects to ensure that legislative, regulatory and organizational goals, and objectives are achieved.

Procedures: Mauldin & Jenkins discussed the policies and procedures for communication with the School Board Finance Director. The Finance Director and the Superintendent discuss the status of SPLOST projects at each School Board meeting. The Superintendent's role includes oversight, monitoring, and reporting to the School Board. The Bookkeeper maintains a binder of receipts based on the Department of Revenue website posting of monthly distributions and amounts spent by category (technology, textbooks, etc.). The Finance Director/Superintendent makes monthly updates to the binder and prepares more detailed reporting to the School Board. Additionally, School Board members contact the Finance Director and the Superintendent periodically throughout the month to inquire as to the status of the various projects. Mauldin & Jenkins reviewed copies of the Agendas for the School Board meetings during fiscal year 2025, and noted that most all included a section for "SPLOST Update". Additionally, Mauldin & Jenkins noted that details of the Superintendent's SPLOST Update are documented in the minutes.

Results: Based on the results of the inquiries made and review of agendas and minutes of the School Board meetings, management of 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: Mauldin & Jenkins discussed the monitoring of expenditures versus budget with the Finance Director. The Finance Director maintains a spreadsheet as a management tool for cash flow. The Finance Director enters information on receipts based on the Department of Revenue's website posting of monthly distributions. The Finance Director also obtains the monthly file of SPLOST disbursements and logs the amount spent by category and provides this report to the School Board each month. The Superintendent also reviews and approves all invoices before payments are made. Mauldin & Jenkins reviewed minutes from the School Board meetings noting inclusion of SPLOST updates and invoices, noting the Superintendent's approval.

Results: Based on the results of inquiries made, review of School Board minutes, and review of disbursements as part of our disbursement test, an adequate process is 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 project.

Procedures: Mauldin & Jenkins discussed the monitoring of projects with the Finance Director. The Finance Director, the Purchasing Director and the Superintendent monitor facilities and classroom projects to ensure work is being completed in a timely manner and as specified. Based on our inquiries, we ascertained that during construction periods, management attends meetings with the architect and contractor at least monthly. We reviewed available minutes from the meetings with the contractor and architect for the projects in progress during the audit period. Additionally, Mauldin & Jenkins conducted a disbursement test to ensure that the School 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, review of the construction meeting minutes, and review of School Board minutes, the School District has an effective program in place to monitor program performance and to ensure the timely completion of each project within the projected timeline. Additionally, the School District has 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, Mauldin & Jenkins inquired as to the procedures performed in regard to financial analyses. The Finance Director maintains a spreadsheet as a management tool for cash flow. The Finance Director enters information on receipts based on the Department of Revenue's website posting of monthly distributions. The Finance Director and the Bookkeeper also obtain the monthly file of SPLOST disbursements and log amounts spent by category. The Finance Director and the Superintendent also include a section in the minutes for purchase commitments so each month the School Board is made aware of budgeted amounts for each project, SPLOST receipts, and expenditures for each project. The Superintendent reviews and approves all invoices before payments are made. Mauldin & Jenkins reviewed minutes from the School Board meetings noting inclusion of SPLOST updates, and invoices, noting the Superintendent's approval.

Results: Based on the results of inquiries made, review of School Board agendas and minutes, and review of cash flow analyses, there is 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 implementation of SPLOST projects adhere to applicable quality control standards.

Procedures: Mauldin & Jenkins discussed procedures in place to monitor the design and construction of SPLOST projects with the Finance Director. The Finance Director and Purchasing Director work closely with contractors and engineers to ensure the projects are scoped, designed, and constructed based on the plan and agreed upon outlines throughout the construction period (or project period for technology projects). For all non-construction project purchases, a requisition/purchase order is entered into the system. The Finance Director is responsible for setting up the accounts and budgets after proper approval from the School Board. The Purchasing Director enters all requisitions and generates purchase orders. Purchase orders are approved by the Finance Director, and all invoices are reviewed by the Superintendent.

Results: Based on the results of inquiries made and review of invoices, effective procedures are in place to verify that the design and implementation of the SPLOST 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: Mauldin & Jenkins discussed financial controls in place with the Finance Director. For all vendor invoices, the Superintendent reviews and approves all pay requests prior to issuing a check. In addition, all projects are presented to the School Board for pre-approval and a listing of accounts payable items are also presented to the School Board once the checks have been written. The SPLOST receipts are tracked by the

Bookkeeper and allocated based on the proposed expenditure schedule per the areas reviewed by the committee. The Purchasing Director controls the outstanding purchase orders and matches invoices for payment with SPLOST funds. At each meeting, the School Board is provided with a detail of receipts and expenditures for each project. Additionally, as part of our disbursement test, Mauldin & Jenkins reviewed disbursements for proper approval and to verify that the expenditures were related to projects approved as per the SPLOST resolution.

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

Objective #8: To determine whether management of the School District is following School Board approved policies and procedures.

Procedures: In order to test the procurement practices of the program, Mauldin & Jenkins held discussions with the Finance Director and the Purchasing Director. We also reviewed the Laurens County Board of Education Purchasing Policy. Additionally, we reviewed the procurement process for a sample of disbursements during the period.

Results: Based on discussions with senior management, review of School Board policy, and review of procurement documents, Mauldin & Jenkins ascertained that School Board policy is being followed for contracts procured for SPLOST projects.

Closing

This report is intended solely for the information and use of the Board of Education of Laurens 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.

Mauldin & Jenkins, LLC

Macon, Georgia
April 22, 2026