



Report No. 2020-2

SUBMITTED BY:

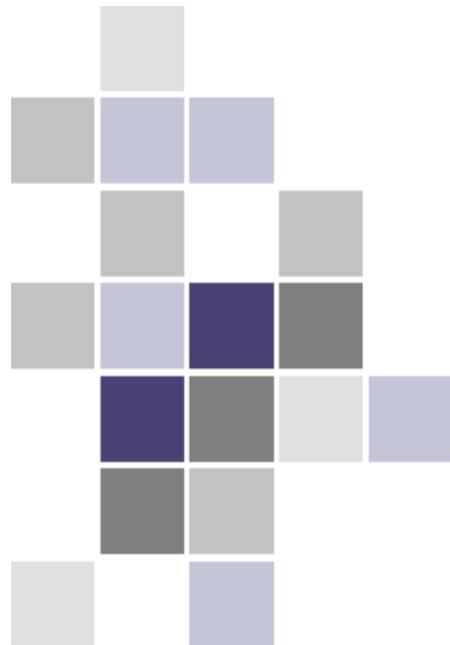
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## SPLOST V AUDIT FY2019

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GWINNETT COUNTY  
PUBLIC SCHOOLS



**TABLE OF CONTENTS**

COVER LETTER ..... 1

EXECUTIVE SUMMARY ..... 2

CURRENT SITUATION..... 5

    SPLOST V REVENUES ..... 5

    SPLOST V EXPENSES ..... 7

    TECHNOLOGY ..... 11

    CONSTRUCTION AND RENOVATION ..... 13

    EQUIPMENT ..... 21

    TRANSPORTATION..... 22

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## COVER LETTER

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January 8, 2020

Mr. J. Alvin Wilbanks  
Superintendent  
Gwinnett County Public Schools  
437 Old Peachtree Road NW  
Suwanee, GA 30024-2978



Dear Mr. Wilbanks,

MGT of America Consulting, LLC (MGT) is pleased to submit our report of the special purpose local option sales tax (SPLOST) audit. Gwinnett County Public Schools (District) contracted with MGT to conduct an audit of the District's operations as it related to the SPLOST V funds. The audit objectives included a review of the goals of the SPLOST V program and the extent to which the program is meeting expectations for the effective, efficient and economic use of the tax dollars collected. The audit scope included reviewing the SPLOST V operations for the period July 1, 2018 through June 30, 2019 (FY2019).

The purpose of this report is to provide the District with independent, objective analysis, and information concerning the activities reviewed. Although MGT exercised due professional care in the performance of this audit, this should not be construed to mean that unreported noncompliance or irregularities do not exist. The deterrence of fraud and/or employee abuse is the responsibility of management. Audit procedures alone, even when carried out with professional care, do not guarantee that fraud or abuse will be detected.

MGT appreciates the cooperation and professional courtesies extended to the team.

Sincerely,

*Ricardo Cepin*

Ricardo Cepin, CPA, CFE  
Senior Consultant  
MGT of America Consulting, LLC

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## EXECUTIVE SUMMARY

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### BACKGROUND INFORMATION

Gwinnett County Public Schools (GCPS or District) is the largest school District in the State of Georgia. The District grew by approximately 500 students from the previous year and has an active enrollment of almost 180,000 students in 139 schools and special entity facilities. The District is also the largest employer in Gwinnett County with over 23,000 employees. The District is governed by a Board of Education (Board) consisting of five members elected from five county posts. The Board appoints a Superintendent to oversee the day-to-day administration of the District.

Since 1997, the District has benefitted from a special purpose local option sales tax (SPLOST) for education. On November 3, 2015, the citizens of Gwinnett County approved an extension of the one percent SPLOST. This is the fifth renewal of this sales tax program (SPLOVST V). The referendum approved a maximum collection of \$950,000,000 over five years, from the date on which SPLOST IV expired (July 2017) through the earlier of 20 calendar quarters from the imposition date or the month in which collections reach \$950,000,000. A proportionate share of up to \$22,300,000 is to be distributed to the City of Buford Schools, an independent city school system within Gwinnet County. The remaining funds (up to \$927,600,000) are to be used to fund the District's 2018 Building and Technology Program.

Funds from SPLOST V may be used to pay the current expenses of the District related to the costs of:

- ◆ Developing sites for and constructing and equipping new schools, support facilities and athletic facilities.
- ◆ Making additions to, acquiring or renovating and equipping existing schools, support facilities and athletic facilities.
- ◆ Purchasing and refurbishing school buses and other support vehicles.
- ◆ Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
- ◆ Modernizing technology and making system-wide technology improvements in Gwinnett School District.

As part of the voters' approval process to fund SPLOST V, the voters also authorized the Board to issue general obligation debt in a principal amount not to exceed \$330,000,000 to be repaid with SPLOST V sales tax revenue.

The Official Code of Georgia (O.C.G.A. 20-2-491) requires public school systems to obtain continuing performance audits or performance reviews for expenditures of sales tax for capital outlay if the tax generates or is reasonably anticipated to generate \$5 million or more annually. To fulfill the audit requirement, in October 2018, the Board contracted with MGT of America Consulting, LLC (MGT) to conduct an annual audit and review of the SPLOST V funding program. This report serves as the final communication of the results of the audit. A description of the audit objective, scope, methodology, and conclusions can be found below. The **Current Situation** section of this report (pages 5 - 23) provides a detailed description of the work performed.

## AUDIT SCOPE

The audit scope included reviewing the SPLOST V operations for the period July 1, 2018 through June 30, 2019 (FY2019).

## AUDIT OBJECTIVE

MGT's audit objectives included a review of the goals of the SPLOST V program and the extent to which the program is meeting expectations for the effective, efficient and economic use of the tax dollars collected.

## METHODOLOGY

To fulfill the requirements of the audit contract, MGT developed an audit process focused on the evaluation of SPLOST V revenues and expenses by categories. The audit process included:

- ◆ Meetings with District personnel and review of financial information related to SPLOST V to determine whether the investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.
- ◆ Meetings with District personnel and review of fiscal information related to the SPLOST V funds for FY2019 to determine whether tax proceeds are disbursed in a fiscally responsible manner. Technology, equipment and transportation purchases were evaluated by a random selection process by reviewing supporting documentation stored within the District's records.
- ◆ Meetings with District personnel and review of the District's planned scope of the capital building program to gain an understanding of the type of work planned.
- ◆ Review of accounting records/reports for projects completed and compared work completed to funds expended. In addition, MGT auditors visited facilities which have undergone renovations or new construction.
- ◆ Review bidding and construction processes for all work, labor and material contracts to determine whether processes are consistent with best practices in accordance with industry standards.

## CONCLUSIONS

Audit procedures disclosed that:

- ◆ Investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.
- ◆ Tax proceeds are disbursed in a fiscally responsible manner.
- ◆ Equipment and technology purchased with SPLOST are in the District's records and possession.
- ◆ Completed construction projects are well-built; they also coincide with the District's facilities plan and accounting records.

- ◆ The bidding and construction process is managed effectively and is in-line with best management practices and industry standards.
- ◆ The District complied with the applicable sections of Georgia’s Constitution and Official Code of Georgia (O.C.G.A.). Specifically:
  - O.C.G.A. 48-8-141 – Authorizes sales tax for educational purposes in the same manner as county sales and use taxes.
  - O.C.G.A. 48-1-121 – Authorizes the use of tax proceeds and requires that a record be maintained of each project for which the proceeds of the tax are used.
  - O.C.G.A 20-2-491 -- Specifically provides that such tax proceeds shall be subject to a performance audit or performance review through a public request for proposals process with respect to any sales tax for education purposes.

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## CURRENT SITUATION

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### SPLOST V REVENUES

To accurately account for all revenues and expenses related to SPLOST V, the District designated Fund 227 as the fund to which all SPLOST V related transactions are recorded. Audit procedures disclosed that there are four possible sources of revenue (categories): SPLOST Tax Receipts, Interest Income, State Capital Outlay and Bond Revenue. Audit procedures also disclosed that approximately 95.5% of total revenues recorded in Fund 227 during FY2019 derived from SPLOST Tax Receipts. **Exhibit 1** below provides an overview of the total revenues by category recorded to Fund 227 during FY2019.

#### EXHIBIT 1 FY2019 SPLOST V REVENUES

REVENUE SOURCE	AMOUNT FOR FY2019	% OF TOTAL REVENUES
SPLOST Receipts	\$163,087,547.50	95.5%
Interest Income	\$3,151,771.36	1.8%
State Capital Outlay	\$4,620,350.00	2.7%
Bond Revenue <sup>1</sup>	\$0.00	0.0%
<b>Total</b>	<b>\$170,859,668.86</b>	<b>100.0%</b>

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

As shown in Exhibit 1 above, revenues received from SPLOST Tax Receipts accounted for approximately \$163.0 million (95.5%) of the total revenues recorded into Fund 227 during FY2019. As part of the auditing process, MGT auditors researched Georgia's Tax Center website to determine whether SPLOST Tax Receipts for FY2019 per the District's records agreed with the amounts per the State's website. Audit procedures disclosed that SPLOST V Tax Receipts for FY2019 per the District's record agreed with the amounts listed on the State's website.

As illustrated in Exhibit 1 above, approximately \$3.1 million (1.8%) of the total revenues recorded into Fund 227 during FY2019 derived from interest received from the investment of SPLOST V related funds. As part of the audit, MGT auditors inquired with District personnel and reviewed the account detail report of the investment account to gain an understanding of the sources of income (categories) that accounted for the investment income for FY2019. Audit procedures disclosed that the \$3.1 million of investment income included income that derived from the investment of SPLOST Tax Receipts and SPLOST General Obligation Bonds issued prior to FY2019.

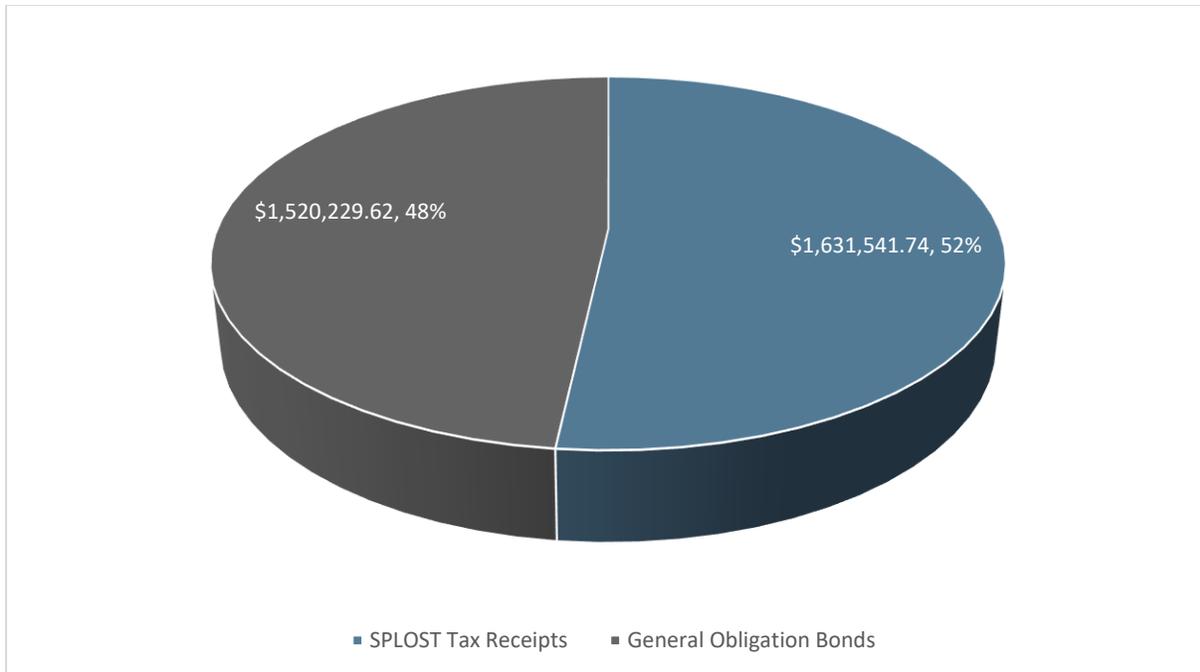
Upon gaining an understanding of the categories that make up the investment income, MGT auditors inquired with District personnel and reviewed supporting documentation to gain an understanding of the types of investment pursued by the District. Audit procedures disclosed that the excess of SPLOST Tax

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<sup>1</sup> No SPLOST related general obligation bonds were issued during FY2019.

Receipts were invested into Georgia Fund 1<sup>2</sup>. MGT auditors reviewed the Statement of Account from the State of Georgia Office of Treasury and Fiscal Services for the SPLOST Sales Tax account for FY2019 to gain an understanding of the interest that was earned during the year. The review disclosed that during FY2019, the District earned and reinvested \$1,631,541.74. **Exhibit 2** below provides an overview of SPLOST V related investment income by category (i.e., SPLOST Tax Receipts or General Obligation Bond) received during FY2019.

**EXHIBIT 2**  
**FY2019 SPLOST V INTEREST INCOME**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

**CONCLUSION:**

Based on the results of the audit procedures, MGT concludes that the investment of sales tax proceeds received by the District has been conducted in a sound fiscal manner.

<sup>2</sup> Georgia Fund 1 is offered by the State of Georgia to counties, municipalities, public colleges and universities, boards of education, special districts, state agencies, and other authorized entities as a conservative, efficient, and liquid investment alternative. The primary investment objectives of Georgia Fund 1 are safety of capital, liquidity, yield, and diversification with primary emphasis on safety of capital and liquidity.

## SPLOST V EXPENSES

In addition to tracking SPLOST V related expenses in Fund 227, the District has established approval limits to ensure that expenditures over certain amounts are authorized by someone with the proper authorization level, including but not limited to:

- ◆ Contracts for Facilities and Operations capital projects from budgeted funds with a value up to \$500,000 shall be made by the Chief Operations Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$100,001 - \$500,000 shall be made by the Director of Purchasing upon approval of the Chief Financial Officer once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$500,000 - \$1,000,000 shall be made by the Director of Purchasing upon approval of the Superintendent once procedural requirements are met.
- ◆ Purchases from budgeted funds for any item or group of items with a value of \$1,000,000 or greater shall be made by the Director of Purchasing upon approval of the Board of Education once procedural requirements are met.
- ◆ Emergency purchases above \$1,000,000 or which have not been provided for in the budget may be made if critical to the continued operation of the District upon approval by the Superintendent. Such action shall be reported to the Board of Education at its next regularly scheduled meeting.

As previously indicated, funds from SPLOST V may be used to pay the current expenses of the District related to the costs of:

- ◆ Developing sites for and constructing and equipping new schools, support facilities and athletic facilities.
- ◆ Making additions to, acquiring or renovating and equipping existing schools, support facilities and athletic facilities.
- ◆ Purchasing and refurbishing school buses and other support vehicles.
- ◆ Making existing lease/purchase payments with respect to the acquisition of new and existing schools and support facilities.
- ◆ Modernizing technology and making system-wide technology improvements in Gwinnett County Public Schools.

MGT reviewed the SPLOST V accounts payable detail for FY2019 to gain an understanding of the amount expended and the categories of the expenditures. The review disclosed that during FY2019 the District expended a total of \$277,687,441.62<sup>3</sup>. **Exhibit 3** below provides an overview of the total expenses by categories recorded to Fund 227 during FY2019.

**EXHIBIT 3**  
**FY2019 SPLOST V EXPENSES BY CATEGORY**

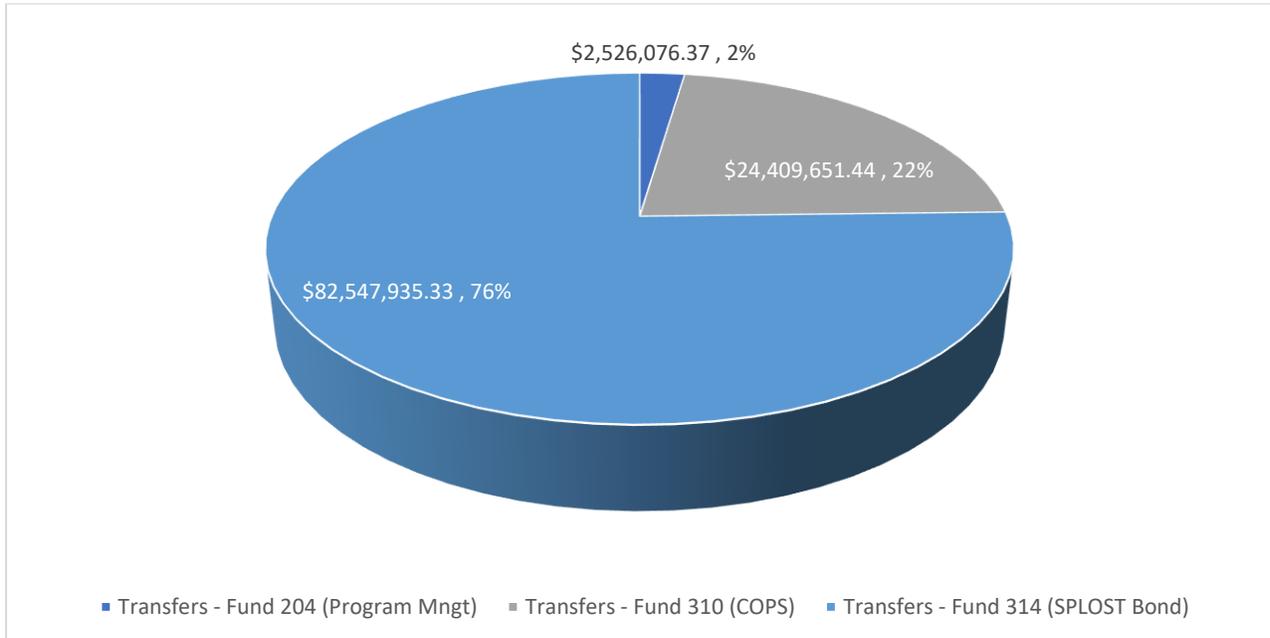
ACTIVITY	ACTUAL EXPENSES FOR FY19	% OF TOTAL EXPENSES
Budgets	\$120,416.23	0.04%
Fleet Maintenance	\$727,229.00	0.26%
Bus Replacement	\$4,634,080.00	1.67%
Data Governance	\$7,570,748.01	2.73%
Information Security	\$2,590,202.84	0.93%
Technology	\$73,243,981.96	26.38%
Land Purchases	\$693,763.50	0.25%
Construction	\$70,319,925.42	25.32%
Storage & Moving	\$230,116.98	0.08%
Equipment	\$8,073,284.54	2.91%
Transfers - Fund 204 (Program Mgmt)	\$2,526,076.37	0.91%
Transfers - Fund 310 (COPS)	\$24,409,651.44	8.79%
Transfers - Fund 314 (SPLOST Bond)	\$82,547,935.33	29.73%
<b>Total</b>	<b>\$277,687,411.62</b>	<b>100.00%</b>

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

As illustrated in Exhibit 3 above, approximately 39.43% of the total expenditures for FY2019 were transfers to other funds, including Fund 314 (SPLOST Bond) for the principal and interest payments of the SPLOST General Obligation Bonds. **Exhibit 4** on the following page provides an overview of the amounts transfer and their percentage of the total transfers.

<sup>3</sup> Includes amounts transfer to other funds totaling \$109,483,663.14.

**EXHIBIT 4  
FY2019 SPLOST V TRANSFERS**

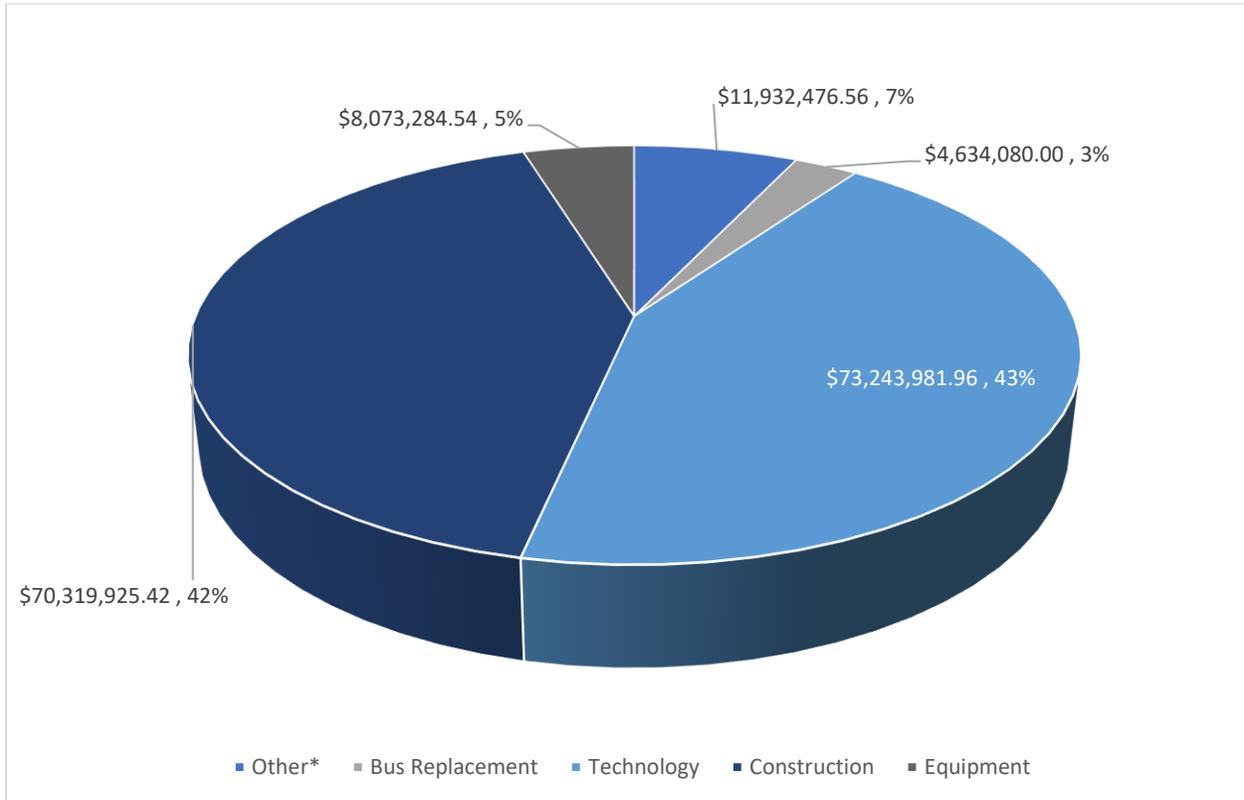


Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

Transfers to SPLOST bond principal and interest made up approximately 76% of the total transfers. This equated to \$82,547,935.33. Certificates of Participation (COPS) principal and interest transfers equal 22% of the total transfers and program management was only 2%.

As the District takes on new long-term construction, renovation, and technology projects during the first couple of years of SPLOST V, MGT auditors expected the technology and construction categories/activities to account for a large percentage of the expenses when excluding the transfers. **Exhibit 5** on the following page provides an overview of total SPLOST V related expenses for FY2019 when not taking into consideration transfers to other funds.

**EXHIBIT 5  
SPLOST V EXPENSES EXCLUDING TRANSFERS**



Source: Created by MGT of America Consulting, LLC, 2019 from data provided by GCPS (other\* - include the amounts recorded to budgets, moving/storage, support vehicles, land purchases, information security and data governance).

For FY2019, 43.5% of SPLOST V funds were expended on technology related activities. This was followed by 41.8% being expended on construction and renovations activities. Equipment and bus replacement complete the top four at 4.8% and 2.8%, respectively. With technology and construction accounting for over 85.4% of total expenditures not including transfers during FY2019, the expenditures of the program met MGT’s expectations.

As part of audit testing, MGT auditors selected and tested a sample of transactions for each of the top three categories (i.e., technology, construction, and equipment) and transportation for testing. The details and results of each test can be found in the applicable section below.

**CONCLUSION:**

Based on the results of the audit procedures, MGT concludes that tax proceeds are disbursed in a fiscally responsible manner.

## TECHNOLOGY

As indicated above, SPLOST V funds can be used for the purpose of modernizing technology and making system-wide technology improvements in the District. As part of the audit, MGT inquired with appropriate personnel to gain an understanding of the technology function in the District. In response to audit inquiries, District personnel indicated that during FY2019, the District recorded technology expenditures into one of three project types and that each project type is used for a specific purpose. A description of each project type is provided below:

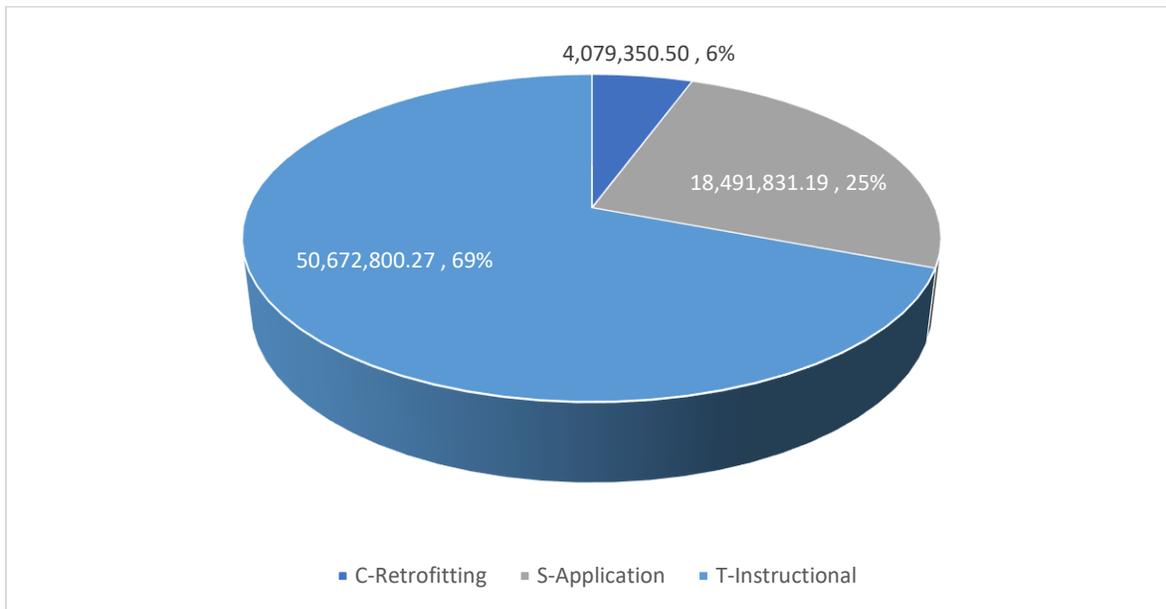
**C-Projects**-- this category of expenditures refers to projects related to new and retrofitting of schools. These include all information technology components related to wireless points of presence, technology devices, and supporting infrastructure to either bring a new school online or to retrofit an existing school, as well as the necessary infrastructure purchases, implementation, installation, upgrades or vendor fees for providing infrastructure related services throughout the District’s school buildings.

**S-Projects**-- this category of expenditure refers to all application development costs associated with the development, maintenance licensing, or upgrades associated with district-level information technology and is either vendor provided, or district-developed applications.

**T-Projects**-- this category of expenditure refers to all costs associated with instructional technology or education program projects. This includes infrastructure purchases, implementation, installation, upgrades or vendor fees for providing infrastructure related services.

**Exhibit 6** below shows the total technology related expenditures by project type during FY2019.

**EXHIBIT 6**  
**FY2019 TECHNOLOGY RELATED EXPENDITURES BY PROJECT TYPE**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

As illustrated by Exhibit 6, instructional technology related expenditures accounted for approximately 69% of total technology related expenditures during FY2019. While application and retrofitting related expenditures accounted for approximately 25% and 6% of total technology related expenditures, respectively.

District personnel also indicated that in addition to tracking technology related expenditures by project type, the District records technology related expenditures by account. **Exhibit 7** provides an overview of the expenditures by account for FY2019.

**EXHIBIT 7**  
**FY2019 TECHNOLOGY RELATED EXPENDITURES BY ACCOUNT**

ACCOUNT	ACCOUNT NAME	AMOUNT	PERCENTAGE
300007	Other Professional & Technical	\$24,591,192.30	33.6%
432001	Maintenance Technology Related	\$590,010.50	0.8%
612000	Computer Software	\$4,079,805.20	5.6%
615000	Expandable Equipment	\$6,776,028.45	9.3%
616000	Expendable Computer Equipment	\$33,946,472.85	46.3%
734000	Computer Equipment	\$3,260,472.66	4.5%
<b>Total</b>		<b>\$73,243,981.96</b>	<b>100.0%</b>

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

After gaining an understanding of the three different types of technology related expenditures, MGT personnel randomly selected a sample of six (6) technology related purchases for testing. **Exhibit 8** provides an overview of the technology purchases selected for testing.

**EXHIBIT 8**  
**LIST OF AUDITED TECHNOLOGY EQUIPMENT FOR FY 2018-19 SPLOST V FUNDED**

PROJECT ID	PROJECT DESCRIPTION	DESCRIPTION	COST
T-700	Infrastructure Testing	DSM TECHNICA	\$5,259.90
T-400	HS Technology Refresh	LANGFORD TECH	\$225.00
T-100	Growth Computers	SOLUTION IN	\$252.22
T-100	Growth Computers	EMTEC INC	\$33.25
T-100	HS Technology Refresh	UNIFIED AV	\$389.66
C-552-001	McClure Health Services HS	VISUAL SYSTEM	\$8,549.00

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

As part of audit testing, MGT personnel reviewed supporting documentation (e.g., invoices and file copies of the checks) stored within the District's records to determine if the amounts per the documentation agreed to the financial records and whether the expenditures appeared to be allowable under SPLOST. Audit tests disclosed that for all IT related sample items tested the amount per the supporting documentation agreed with the amount per the financial records and the expenditures appeared to be allowable under SPLOST.

## CONCLUSION:

Based on the results of the audit procedures, MGT concludes that IT related assets are properly recorded in the financial records and allowable under SPLOST.

## CONSTRUCTION AND RENOVATION

According to section 5 of the resolution for the current SPLOST V, the specific capital outlay projects to be funded by SPLOST proceeds include:

- (a) Acquiring and developing sites for and constructing and equipping new schools, support facilities and athletic facilities specifically including, but not limited to, the following:
  - (i) Norcross High Cluster High School
  - (ii) Meadowcreek Cluster High School
  - (iii) Meadowcreek Cluster Elementary School
  - (iv) Berkmar Cluster Elementary School
  
- (b) Acquiring and developing sites for and making additions to and/or renovating, equipping and modernizing existing schools, support facilities and athletic facilities specifically including, but not limited to, the following:
  - (i) Chesney Elementary School
  - (ii) Richards Middle School
  - (iii) Berkeley Lake Elementary School
  - (iv) Parkview High School
  - (v) Brookwood High School
  - (vi) Lilburn Middle School
  - (vii) Grayson High School
  - (viii) Berkmar High School
  - (ix) Benefield Elementary School

The District developed a facilities plan (The Plan) for the five-year time period of SPLOST V funding, as shown in **Exhibit 9**. The Plan includes the projects for which the District anticipates receiving sufficient funds over the five-year period. The funding will come from a combination of special purpose local option sales tax (E-SPLOST) revenue, state capital outlay dollars, and interest earnings on E-SPLOST bond proceeds. To jumpstart the program, the E-SPLOST bond includes authorization to sell general obligation bonds to be repaid with sales tax proceeds. Should funding be insufficient, the list of projects is subject to revision.

**EXHIBIT 9**  
**SPLOST V PROJECTS**  
**“THE PLAN”**

YEAR OPENING	PROJECT	NEW OR ADDITION/RENOVATION	# CLASSROOMS/ INSTRUCTIONAL UNITS
2018	Norcross Cluster Theme HS	New	79
	Meadowcreek Cluster Theme HS	New	79
2019	Meadowcreek Cluster ES	New	93
	Richards MS	Addition/Renovation	37
2020	Berkmar Cluster ES	New	76
	Chesney ES	Addition/Renovation	20
	Berkeley Lake ES	Addition/Renovation	16
	Parkview HS	Addition/Renovation	20
	Brookwood HS	Addition/Renovation	21
2021	Lilburn MS	Addition/Renovation	26
	Grayson HS	Addition/Renovation	24
	Berkmar HS	Addition/Renovation	4, plus new theater
	Benefield ES	Addition/Renovation	15
<b>Total = 510</b>			
2017 - 2022	Technology improvements system wide to support teaching and learning: expansion of eCLASS; student performance analysis systems; improved audiovisual and broadcast media capabilities; expanded support for wireless connectivity; student data security systems; student information system support; safety and security upgrades		
	System wide facility modifications, renovations, and infrastructure improvements: carpeting, painting, roofing, HVAC upgrades; buses (new/refurbished); facility modifications for high school academies; ADA improvements; furniture/fixtures/equipment growth and replacement; Fine Arts program growth and replacement		

Source: Gwinnett County Public Schools, 2018.

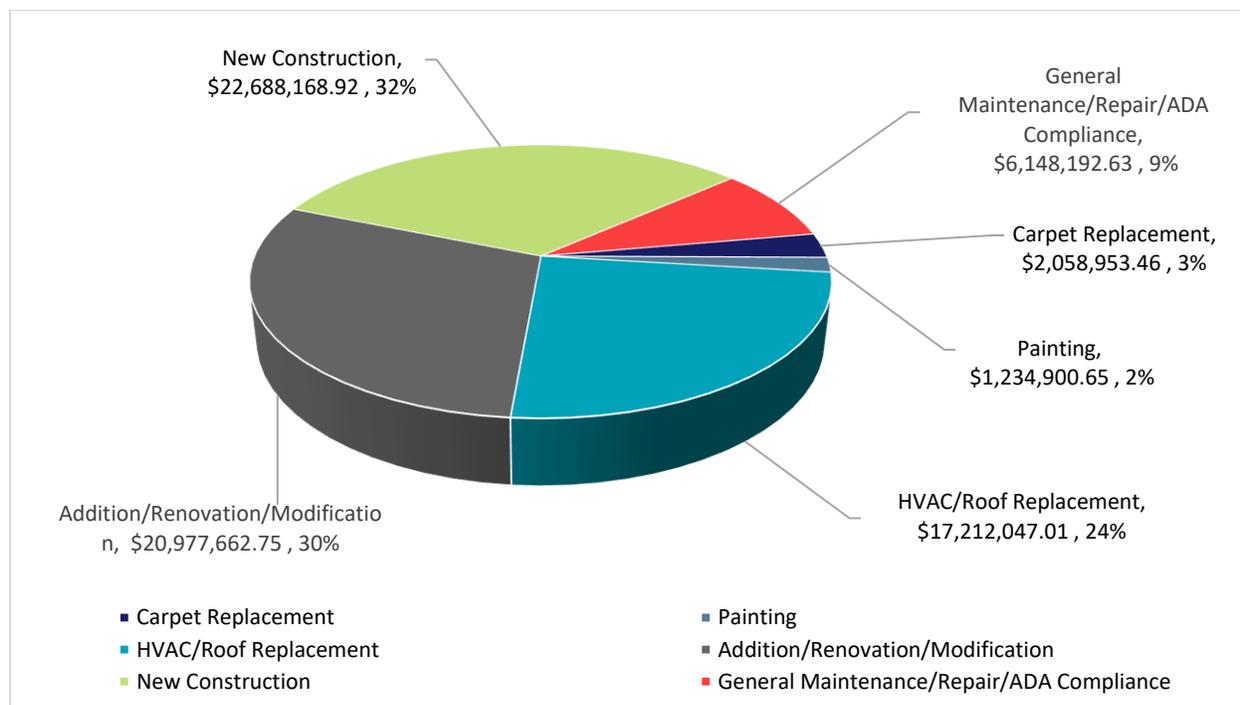
In FY2019, the new Meadowcreek High School as well as building additions to Richards Middle School and Lilburn Middle School were nearing completion, with scheduled opening dates for Fall 2019 classes. The Meadowcreek High School and Richards Middle School addition projects were completed in August 2019. The Lilburn Middle School addition was occupied in early 2019, with other renovation work continuing through August 2019. Several building addition projects are currently under construction: Chesney Elementary School, Berkeley Lake Elementary School, Parkview Elementary School, and Brookwood Elementary School. These four projects are currently on track to be open for classes in Fall 2020. Additions at Grayson High School, Berkmar High School, and Benefield Elementary School are all currently in the pre-construction phases. The new Norcross Cluster Theme High School was completed and opened in FY2018.

These activities are generally in accordance with the SPLOST resolution and The Plan, with two exceptions. The first exception is that Lilburn Middle School was moved forward in the schedule, and instead of a FY2021 completion, was completed in FY2019. This change was made to ease scheduling of projects and lessen impacts on students and staff.

The second exception involves the planned new elementary schools for Meadowcreek and Berkmar Clusters. During the land acquisition phase, it was discovered that there was a lack of suitable land available for the planned new Berkmar Cluster Elementary School. Because of this, the projects were changed to building additions at Meadowcreek Elementary School and Ferguson Elementary School. During the initial phases of these projects, the situation was further complicated when enrollment numbers for the fall were lower than expected. Due to the lower than expected enrollment numbers, the additions at Meadowcreek and Ferguson Elementary Schools are currently on permanent hold.

The total expenditure on construction projects during the fiscal year was \$70,319,925.42, which is 25.0% of total SPLOST V funding for FY2019. The largest project was the Meadowcreek Cluster Theme HS which totaled \$21,317,466.43 in expenditures. In FY2019, SPLOST funding was used in 89 separate construction projects at 61 different facilities, totaling \$70,319,925.42. Along with funding for specific projects, \$6,148,192.63 of SPLOST expenditures were used for general funding of needed maintenance and repairs of existing facilities. FY2019 SPLOST funding was used on a number of different types of projects including new construction, additions, renovations, building modifications, roof replacements, carpet replacements, painting, HVAC upgrades, general maintenance, and repairs. **Exhibit 10** shows a breakdown of how the SPLOST funding was used for different types of projects.

**EXHIBIT 10**  
**SPLOST V CONSTRUCTION SPEND BREAKOUT BY PROJECT TYPE, FY2019**

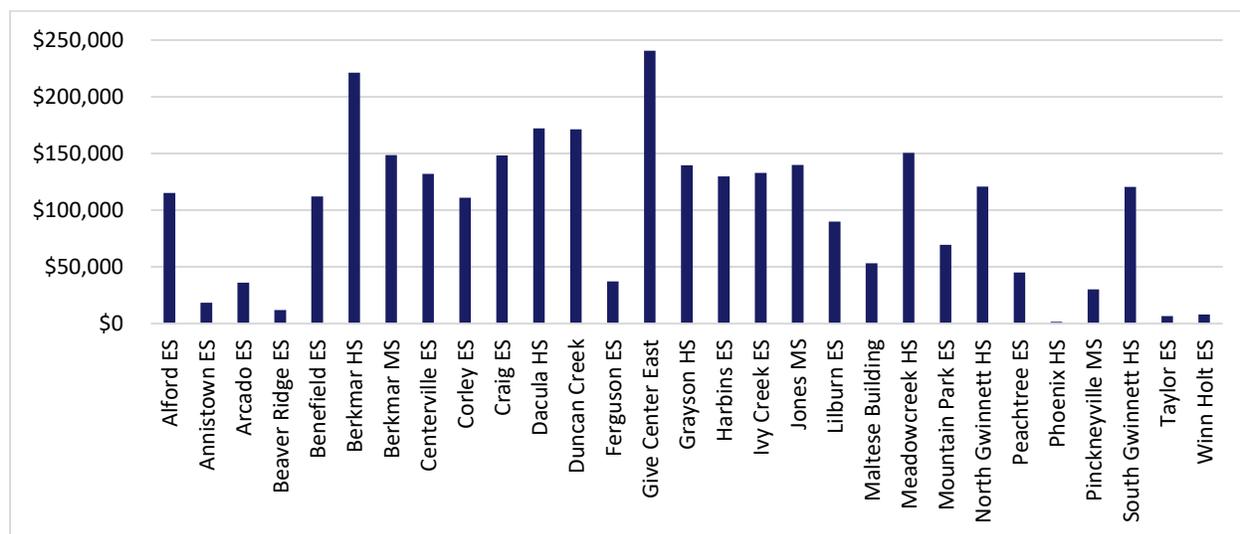


Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

The largest category of projects was new construction, while significant amounts were also spent on additions, renovations, modifications, HVAC upgrades, and roof replacements. General maintenance, repairs, and ADA compliance make up 9% of the construction spending, these projects include code compliance, preventative maintenance, emergency repairs, and grounds maintenance. According to The Plan, part of the goal for 2017-2022 includes “System wide facility modifications, renovations, and infrastructure improvements: carpeting, painting, roofing, HVAC upgrades...facility modifications for high school academies”. Based on the spending in FY2019, the District is making progress toward these goals since the spending aligns very well with the goals outlined in The Plan.

The expenditures in FY2019 were used to benefit 61 different facilities in 89 specific projects. This is in addition to general maintenance and repairs across all facilities. Since these projects are so numerous, they are broken down below in three different cost ranges. **Exhibit 11**, below, shows expenditures less than \$250,000 by facility, **Exhibit 12** on the following page shows expenditures between \$250,000 and \$1 million by facility, and Exhibit 10 shows expenditures greater than \$1 million by facility.

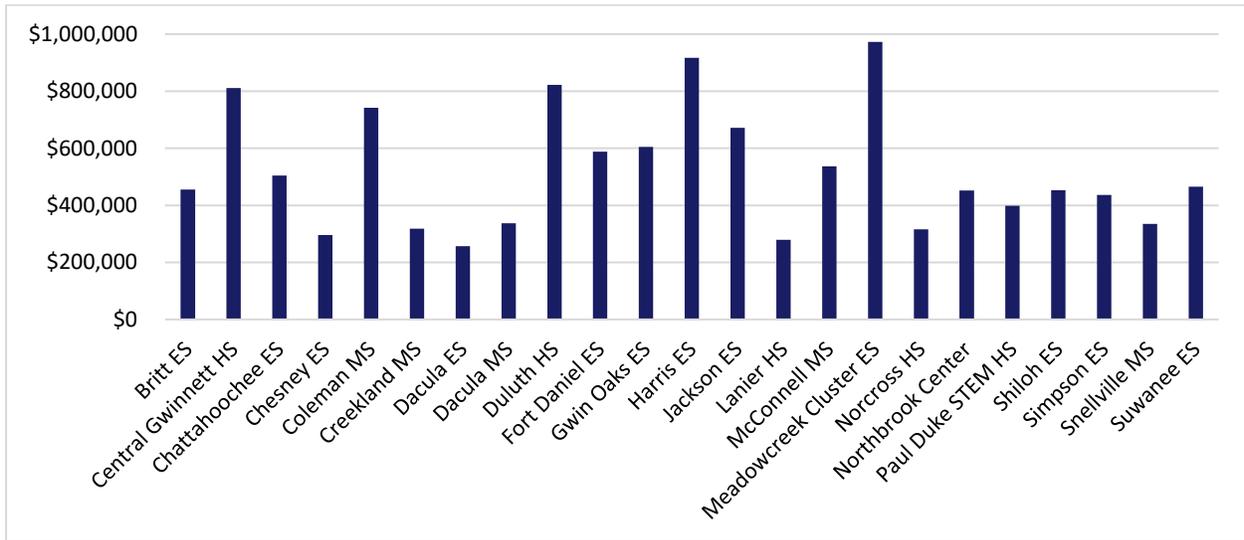
**EXHIBIT 11**  
**SPLOST V CONSTRUCTION EXPENDITURES LESS THAN \$250,000, BY FACILITY, FY2019**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

The projects in this range include primarily painting, carpet replacements, roof replacements, and new construction and addition projects that are winding down or in pre-construction phases. **Exhibit 12** demonstrates projects in the next cost tier, greater than \$250,000 but less than \$1 million.

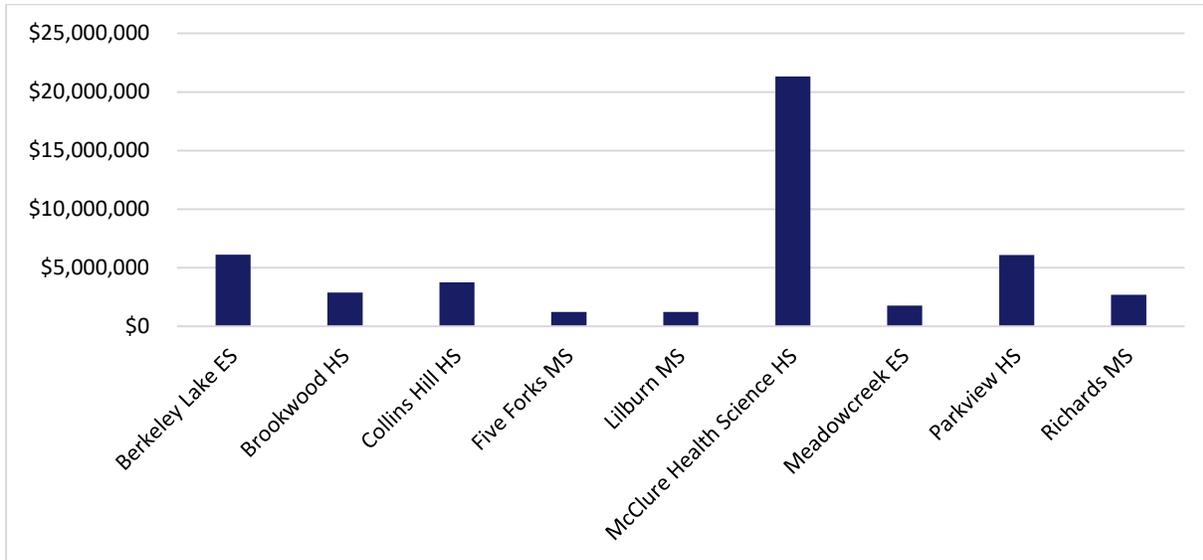
**EXHIBIT 12  
SPLOST V CONSTRUCTION EXPENDITURES GREATER THAN \$250,000  
BUT LESS THAN \$1 MILLION, BY FACILITY, FY2019**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

Projects in this range are largely HVAC upgrades but also include roof replacements and carpet replacements where the work was mostly done during FY2019. Some of these are also support costs for new construction or renovation projects that are beginning in FY2019 and are expected to continue for more than one year. **Exhibit 13** on the following page shows schools where the SPLOST expenditures were greatest.

**EXHIBIT 13**  
**SPLOST V CONSTRUCTION EXPENDITURES GREATER THAN \$1 MILLION,**  
**BY FACILITY, FY2019**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

Many of the projects where spending was greater than \$1 million were new construction projects or building additions or renovations, the largest of which is the McClure Health Science High School.

MGT reviewed records for completed projects to verify the contracting process and ensure consistency with industry standards and best practices. As a part of the auditing process various construction projects were visited. The audit team visited the following sites to verify that the projects were under construction or completed, and that progress conforms to schedule. The projects visited included:

1. McClure Health Science High School – New Construction
2. Lilburn Middle School – Building Addition and Renovation
3. Richards Middle School – Building Addition and Renovation
4. Berkeley Lake Elementary School – Building Addition and Renovation
5. Brookwood High School – Building Addition and Renovation
6. Alford Elementary School – Asphalt Rehabilitation

**McClure Health Science High School** —A new high school was built in the Norcross Cluster using SPLOST V funding. The new 303,690 square foot facility is designed for 1,500 students and specializes in health sciences education. The building is four stories tall and contains many modern amenities, but the facility does not have some of the traditional outdoor athletic facilities for football, baseball, softball, or tennis.

**Lilburn Middle School** — SPLOST V funding was used to build a three-story addition onto Lilburn Middle School. The addition includes mostly general classrooms as well as several computer labs. As part of the project, a new administration area was built in the addition, while the existing administration area was converted into a counseling suite. The project scope was also increased to purchase additional land in front of the school, install additional parking, and rehabilitate the existing building façade.

**Richards Middle School** — A building addition to Richards Middle School was constructed using SPLOST V funds. The three-story addition includes a music room, kitchen and general classrooms. The project also included some site improvements including pavement reclamation.

**Berkeley Lake Elementary School** —Using funding from SPLOST V, an addition and site improvements are being constructed at Berkeley Lake Elementary School. The two-story addition includes classrooms and a new media center. The existing building is also being updated, including HVAC updates. The site improvements included a new parking area as well as refurbished driveway and bus lanes. The project was mostly complete at the time of the site visit and is expected to be ready for classes in fall 2020.

**Brookwood High School** —SPLOST V funds are being used to build an addition at Brookwood High School. The two-story addition was incomplete at the time of the site visit but will include general classrooms and special education amenities. The two-story addition is replacing a one-story portion of the existing building, which was demolished. The project also includes some interior renovations to the existing building. The addition is expected to be ready for occupancy by fall 2020.

**Paving Projects on 9 Sites** —SPLOST V funding was used for asphalt reconstruction work on nine different school sites. The sites were:

1. Alford Elementary School
2. Chattahoochee Elementary School
3. Duluth High School
4. Mason Elementary School
5. Parsons Elementary School
6. Peachtree Ridge High School
7. Riverside Elementary School
8. Snellville Middle School
9. Sycamore Elementary School

These projects were bid together as one project. Most of the sites involved rehabilitation of drive lanes which endure daily traffic from both cars and buses, while some sites also included rehabilitation of parking areas.

## BIDDING AND CONSTRUCTION PROCESS

MGT also reviewed the bidding and construction process for Gwinnett County Public Schools projects, and reviewed documents from the six (6) projects that were visited to verify conformity with industry standards and best practices.

Gwinnett County Public Schools utilizes the design/bid/build construction delivery method for most of its capital improvement projects. Before any contractor is allowed to bid on a project, they are screened using a prequalification process. This typically involves ensuring that a contractor has the proper

credentials and financial capability to complete a project. The prequalification requirements are laid out on the District's website and also in the proposal requests for projects. The typical requirements are the standard AIA form 305A as well as proper insurance, bonding, and attendance at a pre-bid conference. This process is sufficient to ensure that contractors are sufficiently able to complete projects in a timely manner, and at a high level of quality.

Projects over \$100,000 are advertised on the District's website for a 30-day time period. Bids are received and opened in a public opening attended by the project architect and all participating contractors. The bids are read aloud and recorded. The apparent low bidder is awarded the project and officially receives a contract once the Board approves the project and the bonds are verified.

Some projects are completed by contractors under unit price agreement contracts. Under these contracts, a contractor agrees to a certain rate for a specific type of work. These contracts are competitively bid similar to contracts for individual projects, and typically last three years. The District often uses these types of contracts for maintenance work such as painting, roofing, electrical, carpet replacement, etc. These types of contracts can be beneficial, as the District can utilize these agreements at specific rates when there is a high workload demand, such as during the summer when there is a heavy push to complete a large amount of work in a short time period.

On difficult and complicated projects, the District has utilized the construction manager at risk delivery method. In this method the school district advertises the project publicly and receive proposals from qualified firms. These proposals are independently scored by a team of professionals and the highest scoring firms are shortlisted to present their qualifications, project team, and project approach for the project. The highest scoring firm is selected as a construction manager at risk. The successful firm is approved by the Board at a regular scheduled school board meeting and awarded the project. This method is often beneficial to the District, because the selected construction manager at risk is liable for any construction costs that exceed an agreed upon guaranteed maximum price. This was the delivery method used for construction of the new Paul Duke STEM High School as well as the McClure Health Sciences High School.

The District also works diligently to ensure that projects are completed on time. Before a contractor is selected, they are screened through the process described above to ensure that the selected contractor has the ability to produce quality work in a timely manner. Many projects are bid well ahead of time, so the contractor has plenty of time to prepare. For new construction and addition projects, the District coordinates with the project contractors and architects on a daily basis in addition to a detailed monthly meeting to ensure that any potential issues are caught early, and there are no surprises. If a contractor does end up behind schedule on a project by 10 days or more, the District requires them to revise the work plan and provide a recovery schedule in order to complete the work by the deadline.

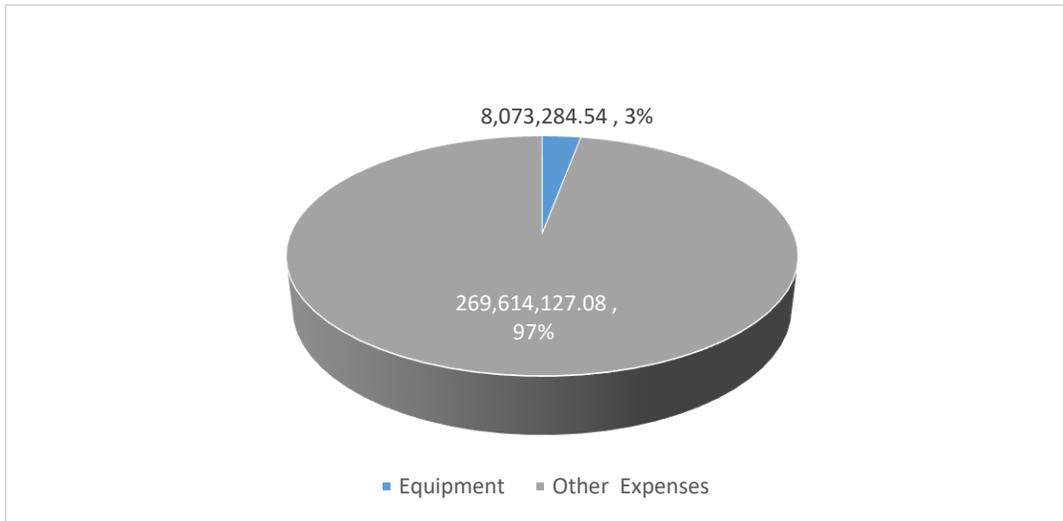
## CONCLUSION:

Based on the results of the audit procedures, MGT concludes that the bidding and construction process is managed effectively and is in-line with best management practices and industry standards. Construction spending also coincides with planned activities and as outlined in The Plan, aside from a few reasonable changes due to unforeseen conditions. Construction projects were completed well and were finished as reported in the District's accounting records.

## EQUIPMENT

The District uses a variety of equipment to support daily operations and support the provision of education to the youth of Gwinnett County. **Exhibit 14** shows equipment as a percentage of total expenditures.

**EXHIBIT 14**  
**FY2019 SPLOST V EQUIPMENT EXPENDITURES AS % OF TOTAL EXPENDITURES**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

SPLOST V funds for equipment expenditures totaled \$8,073,284.54 and made up approximately 3% of total SPLOST V spending for FY2019. As part of the audit process, MGT personnel randomly selected six (6) equipment related purchases for audit testing. **Exhibit 15** lists the equipment selected for testing.

**EXHIBIT 15**  
**SPLOST V FY2019 EQUIPMENT AUDITED**

PROJECT ID	PROJECT DESCRIPTION	DESCRIPTION	COST
C-999-009	Growth and Replacement	RUSSELL VENT	\$1,992.78
C-999-009	Growth and Replacement	RICOH USA	\$5,061.41
C-999-009	Growth and Replacement	GEORGIA SPEC	\$49,945.22
C-795-006	Richards MS Additions/Renovation	SCHOOL SPECIALTY	\$441.14
C-999-009	Growth and Replacement	ENGLAND PIANO	\$4,180.00
P-0030	Fine Arts Equipment	SCREENFLEX	\$3,144.50

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

For each sample item, MGT reviewed supporting documentation (e.g., invoices, file copy of the checks, and, if applicable, data in the asset management system) stored within the District’s records to determine if the amounts per the documentation agreed to the financial records and if the expenditures appeared to be allowable under SPLOST. Additionally, for each applicable sample item, we verified the existence of each asset by agreeing the Asset Tag ID Number per the asset management system to the Asset Tag ID Number on the asset itself.

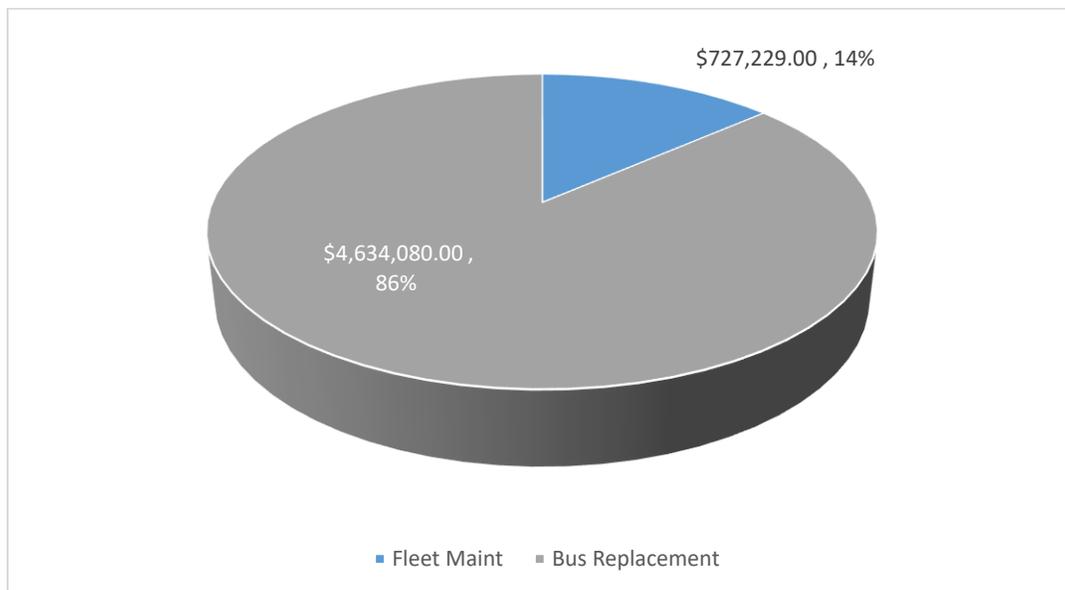
## CONCLUSION

Based on the results of the audit procedures, MGT concludes that equipment related assets are properly recorded in the financial records and allowable under SPLOST.

## TRANSPORTATION

The District owns and operates approximately 2000 buses across five regional transportation centers. A combination of new and refurbished equipment is used to transport students on a daily basis. School buses typically have a 15-year useful lifecycle before they are refurbished or taken out of service. Transportation spending for FY2019 SPLOST funds included bus replacement purchases and fleet vehicle purchases. A majority of this funding was used to replace buses that have reached the end of the useful lifecycle. **Exhibit 16** shows SPLOST funds that were spent on transportation by category in FY2019.

**EXHIBIT 16**  
**FY2019 SPLOST IV TRANSPORTATION EXPENDITURES BY CATEGORY**



Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

SPLOST V funds for transportation expenditures consisted of 55 buses and two fleet trucks. The bus replacements totaled \$4,634,080.00; this represents 86% of transportation related purchases. Fleet vehicle purchases totaled \$727,229.00 in FY2019, or 14% of overall transportation purchases. As part of the audit process, MGT personnel randomly selected five (5) vehicle-related purchases for audit testing.

**Exhibit 17** lists the vehicles audited by description, Vehicle Identification Number (VIN), and Vehicle Number per the District's records.

**EXHIBIT 17**  
**SPLOST V FY2019 VEHICLES AUDITED**

ITEM DESCRIPTION	VIN	VEHICLE NUMBER
<b>2018 Ford Passenger Wagon</b>	1FMZK1CM9JKB41785	151
<b>2019 Ford Super Duty F350</b>	1FDRF3G63KEC82248	161
<b>2019 Ford Super Duty F350</b>	1FDRF3G6XKEC82246	164
<b>2019 Ford Super Duty F350</b>	1FDRF3G66KEC82244	166
<b>Bus- New, 2020 Thomas Built Bus</b>	4UZABRFB2LCLJ5537	3461

Source: Created by MGT of America Consulting, LLC, from data provided by GCPS.

For these five (5) sample items, MGT reviewed supporting documentation (e.g., invoices, file copy of the checks, and data in the asset management system) stored within the District's records to determine if the amounts per the documentation agreed to the financial records and if the expenditures appeared to be allowable under SPLOST. Additionally, we verified the existence of each vehicle by agreeing the VIN Number per the asset management system to the VIN Number on the vehicle.

## CONCLUSION

MGT concludes that transportation related assets are properly recorded in the financial records and allowable under SPLOST.