

December 9, 2011

Gwinnett County Board of Education
437 Old Peachtree Road NW
Suwanee, GA 30024-2978

Dear Gwinnett County Board of Education:

This letter serves as the concluding document for the Gwinnett County Public Schools Special Purpose Local Option Sales Tax Performance Audit for FY2011.

Purpose

The purpose of the audit on capital outlay projects funded by the sales tax is to follow Official Code of Georgia Code 20-2-491, which states the following:

- (a) When a sales tax for educational purposes is imposed for capital outlay projects as provided in Part 2 of Article 3 of Chapter 8 of Title 48 and such tax generates or is reasonably anticipated to generate annualized proceeds of \$5 million per year or more, the expenditure of tax proceeds shall be subject to an ongoing performance audit or performance review as provided in this Code section; but this Code section shall not apply if such tax generates annualized proceeds below \$5 million.
- (b) Each local board of education expending tax proceeds for capital outlay projects shall provide for a continuing performance audit or performance review of the expenditure of such funds. The local board of education shall contract with an outside auditor, consultant, or other provider for such performance audit or performance review. The performance audit or performance review contract shall:
 - (1) Include a goal of ensuring to the maximum extent possible that the tax funds are expended efficiently and economically, so as to secure to the expending school district the maximum possible benefit from the tax dollars collected;
 - (2) Provide for the issuance of periodic public reports, not less often than once annually, with respect to the extent to which expenditures are meeting the goal specified in paragraph (1) of this subsection; and
 - (3) Provide for the issuance of periodic public recommendations, not less often than once annually, for improvements in meeting the goal specified in paragraph (1) of this subsection.
- (c) The auditor, consultant, or other provider to carry out the performance audit or performance review shall be selected through a public request for proposals process. The cost of the performance audit or performance review may be paid from the proceeds of the sales tax for educational purposes or any other available funds of the local school system.
- (d) The performance audit or review shall be required when the sales tax for educational purposes is imposed in whole or in part for capital outlay projects but shall not be

required when the sales tax for educational purposes is imposed for the sole purpose of retirement of previously incurred general obligation debt.

- (e) The requirements of this Code section shall apply with respect to any sales tax for educational purposes which is in effect on July 1, 2003, as well as any sales tax for educational purposes imposed or reimposed on or after that date.

Information on SPLOST III Program

Based on the fast growth in the county and the demands of increasing student enrollments, GCPS approached the Gwinnett County Board of Education to request SPLOST III funding for the District. The Board of Education agreed to move forward with asking the voters for this new option. The District completed and submitted the appropriate documentation to the local election board for approval.

In November 2006, Gwinnett County voters subsequently passed, by a 66 percent favorable response, an additional SPLOST for another five years. SPLOST III runs from July 1, 2007 through June 30, 2012. This special local option sales tax can be used to construct or modify school facilities and purchase transportation vehicles or technology-related equipment for the school district. The Gwinnett County Board of Education approves all projects considered as part of this funding program, and GCPS is responsible for overseeing each aspect of every project.

Compliance Statement

Based on MGT's findings during the SPLOST III Audit and Review for the FY11, MGT has found GCPS in full compliance using SPLOST III funds in all areas reviewed:

- SPLOST III planning, design, and construction of school-related facilities.
- SPLOST III procurement process related to the construction or renovation of school-related facilities.
- SPLOST III project budgets, revenue and expenditure projections, and project completion status.
- SPLOST III cash, investments, and General Ledger reconciliation documentation and procedures.
- SPLOST III receivables, payables, accruals, and General Ledger reconciliation documentation and procedures.

Gwinnett County Public Schools is therefore in compliance with the related sections of Georgia's Constitution and Official Code of Georgia (O.C.G.A.) 48-8-141, 48-8-121, and 21-2-491.

Kathy Brooks
Partner, MGT of America, Inc.

Cc: Superintendent J. Alvin Wilbanks