

Year 2 SPLOST III Audit and Review for the 2008-09 School Year



Submitted to:
Gwinnett County Public Schools
FINAL REPORT

Submitted by:



February 5, 2010

YEAR 2 SPLOST III AUDIT AND REVIEW

FINAL REPORT

Submitted to:

**Mr. Rick Cost
Chief Financial Officer
Gwinnett County Public Schools
437 Old Peachtree Road NW
Suwanee, GA 30024-2978**

Submitted by:



**2123 Centre Pointe Boulevard
Tallahassee, Florida 32308-4930**

February 5, 2010

TABLE OF CONTENTS

| | PAGE |
|--|-------------|
| EXECUTIVE SUMMARY | i |
| 1.0 INTRODUCTION..... | 1-1 |
| 1.1 Methodology | 1-1 |
| 1.2 Overview of Final Report | 1-4 |
| 2.0 SPLOST III PROJECT OVERVIEW IN GWINNETT COUNTY PUBLIC SCHOOLS..... | 2-1 |
| 3.0 FACILITIES-RELATED SPLOST III FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS..... | 3-1 |
| 3.1 Project Planning, Design, and Construction | 3-1 |
| 3.2 Procurement Process | 3-7 |
| 3.3 Project Oversight and Budgetary Controls | 3-9 |
| 4.0 NON-FACILITIES-RELATED SPLOST III FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS..... | 4-1 |
| 4.1 Financial Overview of SPLOST II and SPLOST III Programs | 4-1 |
| 4.2 Planning and Budget Activities | 4-6 |
| 4.3 Financial Management | 4-13 |
| 4.4 Transportation..... | 4-18 |
| 4.5 Technology | 4-21 |
| 5.0 COMPLIANCE STATEMENT | 5-1 |

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

In May 2009, MGT of America, Inc. (MGT) was awarded a contract extension to conduct an Annual Special Purpose Local Option Sales Tax III (SPLOST III) Audit and Review for the 2008-09 school year for Gwinnett County Public Schools (GCPS). As stated in the Request for Proposals (RFP), the purpose of the study is to conduct an external audit and review of SPLOST III fund expenditures by GCPS to ensure compliance with the requirements of Georgia law and prepare a final report of the findings, commendations, recommendations, and projected costs and/or savings for recommendations.

The RFP stated that the scope of work should include:

- To become familiar with the District's planned scope of the capital building program including, but not limited to, knowledge of the type of work planned for new construction, renovation, major/minor addition, upgrade, etc., furniture and supply purchases, and technology services and equipment including networking, installation, and procurement.
- Reviewing and evaluating schedules for projects.
- Reviewing accounting records/reports for projects in progress and/or completed and compare work completed to date with funds expended to date.
- Reviewing contracting process for all work, labor and materials contracts as required by HB-1079 conformance and best practices in accordance with industry standards.
- Presenting or assisting in the public presentation of the annual performance audit and review.

Commendations

Detailed commendations for exemplary practices are found in the full report in **Chapters 3.0** and **4.0**. The commendations regarding SPLOST III funds for which GCPS is recognized are:

- Gwinnett County Public Schools is commended for establishing a culture of effective management and partnership with vendors (Commendation 3-A).
- Gwinnett County Public Schools is commended for its effective management of a facilities development and construction program that meets SPLOST III objectives (Commendation 3-B).
- Gwinnett County Public Schools is commended for successfully identifying additional funding sources for facilities (Commendation 3-C).
- Gwinnett County Public Schools is commended for continued commitment to the elimination of mobile classrooms (Commendation 3-D).

- Gwinnett County Public Schools is commended for using performance indicators and updating them on an annual basis (Commendation 3-E).
- Gwinnett County Public Schools is commended for exploring and successfully using new cost-effective construction methodologies (Commendation 3-F).
- The Division of Facilities and Operations is commended for its persistent efforts to improve the materials, systems, methodologies, and designs for facilities in Gwinnett County Public Schools within a framework of life-cycle costing (Commendation 3-G).
- Gwinnett County Public Schools continues to effective methods and controls in processing change orders (Commendation 3-H).
- Gwinnett County Public Schools has followed a consistent process of project cost control related to SPLOST III projects during 2008-09 that resulted in lower construction costs than those found in neighboring school systems (Commendation 3-I).
- Gwinnett County Public Schools is commended for continuing to use effective procedures that keep bid amounts within construction budgets (Commendation 3-J).
- Gwinnett County Public Schools is commended for maintaining project schedules (Commendation 3-K).
- Gwinnett County Public Schools is commended for establishing and maintaining an effective planning process for the identification and implementation of the capital needs of the district (Commendation 4-A).
- Gwinnett County Public Schools is commended for continuing to provide monthly status reports to key central office staff and school principals for SPLOST III as they did for SPLOST II information (Commendation 4-B).
- Gwinnett County Public Schools is commended for establishing a well-documented process to track program changes to the SPLOST III program (Commendation 4-C).
- Gwinnett County Public Schools continues to use an effective process to track retention associated with each vendor report pertaining to SPLOST III funds (Commendation 4-D).
- Gwinnett County Public Schools is commended for implementing the innovative refurbishment program to upgrade and sustain an older bus fleet (Commendation 4-E).
- GCPS is commended for implementation of the PeopleSoft asset management module, providing a significant improvement in the ability of the district to manage its fixed assets (Commendation 4-F).

Findings and Recommendations

Although this Executive Summary briefly highlights areas of recommended improvement in GCPS regarding SPLOST III funds, detailed recommendations for improving operations are found throughout the main body of the full report. These recommendations are not meant to state that GCPS is not in compliance with Georgia laws governing SPLOST III funding. Findings and recommendations for improvement regarding SPLOST III revenue include the following:

- Restructure the format for the SPLOST and other capital resources in the FY2011 Public Budget Document to be consistent with best practice as outlined by GFOA in the *Recommended Practice: Presentation of the Capital Budget in the Operating Budget Document* (Recommendation 4-1).
- Establish a program to track the operating costs for the refurbished school buses in comparison with both new buses and older buses to determine the viability of continuing the refurbishment program (Recommendation 4-2).
- Develop a policy and related procedure to account for assets when taken off-site by district staff (Recommendation 4-3).
- GCPS should review existing procedures for tagging assets after they have been received (Recommendation 4-4).

Compliance Statement

Based on MGT's findings during the Annual Special Purpose Local Option Sales Tax III Audit and Review, MGT has found Gwinnett County Public Schools to be in full compliance using SPLOST III funds in all areas audited and reviewed during the 2008-09 school year. Sections audited and reviewed include:

- SPLOST III referendum process and documentation;
- 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; and
- 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. Recommendations provide for additional efficiencies and are not meant to state that GCPS is not in compliance with Georgia laws governing SPLOST III funding.

1.0 INTRODUCTION

1.0 INTRODUCTION

In May 2009, MGT of America, Inc. (MGT) was awarded a contract by the Gwinnett County Board of Education conduct an Annual Special Purpose Local Option Sales Tax III (SPLOST III) Audit and Review for the 2008-09 school year. This report represents the audit and review of the 2008-09 use of SPLOST III funds.

The purpose of this annual audit and review is to analyze how the school system is spending funds provided by SPLOST III and to verify compliance with the three related sections of Georgia's Constitution and Official Code of Georgia (O.C.G.A.) which state:

- O.C.G.A. 48-8-141 – authorizes sales taxes for educational purposes in the same manner as county sales and use taxes.
- O.C.G.A. 48-8-121 – 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 educational purposes which is in effect in July 1, 2003.

To fulfill the requirements of the contract with the Gwinnett County Board of Education, MGT developed an Annual SPLOST III Audit and Review designed to:

- Develop a summary set of information about the status of funds collected.
- Use findings to recommend strategies for improvements in the use of these funds in Gwinnett County Public Schools (GCPS).
- Prepare recommendations for improvement.
- Develop implementation strategies and a timeline for implementing each recommendation.

1.1 Methodology

The methodology MGT used to prepare for and conduct the Annual SPLOST III Audit and Review of GCPS is described in this section. MGT's audit methodology:

- Identifies compliance or noncompliance with Georgia Statutes regulating SPLOST funds.
- Specifically takes into account the unique student body and environment within which the school district operates.
- Obtains input from school district administrators and staff.

- Follows a common set of guidelines tailored specifically to the district being reviewed.
- Includes analyses of the efficiency of work practices.
- Identifies the level and effectiveness of externally imposed work tasks and procedures.
- Identifies both exemplary programs and practices as well as needed improvements.
- Documents all findings.
- Presents straightforward and practical recommendations for improvement.

Each of the strategies we used is described below and followed by the timeline presented in **Exhibit 1-1**.

To provide a foundation for data analyses and recommendations, we simultaneously conducted many activities. Among these activities were the identification and collection of existing reports and data sources that provided us with available recent information related to the various administrative functions and financial operations associated with SPLOST III funds we would review in GCPS.

Examples of materials MGT requested include, but are not limited, to the following:

- Independent financial audits
- Annual budget and expenditure reports
- Budget guidelines and procedures
- Organizational charts
- School board policies and administrative procedures
- Program and compliance reports
- Technology plan
- Annual performance reports
- Job descriptions

**EXHIBIT 1-1
TIMELINE FOR THE ANNUAL SPLOST III AUDIT AND REVIEW OF
GWINNETT COUNTY PUBLIC SCHOOLS**

| TIME FRAME | ACTIVITY |
|--------------------------|--|
| May 2009 | <ul style="list-style-type: none"> ■ Contract amendment finalized. |
| July 2009 | <ul style="list-style-type: none"> ■ Tailored data request list based on GCPS data availability. |
| Week of October 20, 2009 | <ul style="list-style-type: none"> ■ Conducted onsite audit and review of GCPS use of SPLOST III funds during the 2008-09 school year. ■ Collected data. ■ Interviewed central office administrators and staff. ■ Conducted site visits to various schools and facilities. |
| October – November 2009 | <ul style="list-style-type: none"> ■ Analyzed data and information previously collected. ■ Requested additional data and/or clarification with GCPS administrators and staff. |
| November – December 2009 | <ul style="list-style-type: none"> ■ Prepared Draft Report. |
| December 9, 2009 | <ul style="list-style-type: none"> ■ Submitted Draft Report. |
| January 25, 2010 | <ul style="list-style-type: none"> ■ Reviewed Draft Report and made changes to the Draft Report. |
| TBD | <ul style="list-style-type: none"> ■ Submitted Final Report. |

1.2 Overview of Final Report

MGT's final report is organized into five chapters and an appendix, including:

- Introduction
- SPLOST III Project Overview in Gwinnett County Public Schools
- Facilities Related SPLOST III Findings and Recommendations
- Non-Facilities Related SPLOST III Findings and Recommendations
- Compliance Statement

Chapter 2.0 contains an overview of projects funded with SPLOST III during the 2008-09 school year in GCPS.

In **Chapters 3.0** and **4.0**, we analyze relevant facilities-related and non-facilities projects for GCPS using SPLOST III funds during the 2008-09 school year. Findings, commendations, and recommendations are presented and the following data are included:

- A description of the current status of each project in GCPS.
- A summary of our study findings:
 - Findings from report and data sources which were compiled prior to our onsite review.
 - A summary of our onsite observational and interview findings.
- A commendation or recommendation for each finding.
- Implementation strategies and timelines for each recommendation.

We conclude this report with a compliance statement in **Chapter 5.0**.

MGT consultants conducted the formal onsite audit and review of GCPS in October 2009. Prior to the onsite review, each consultant was provided with information about the school system's SPLOST projects. During the onsite work, consultants conducted detailed reviews of the operations of GCPS in their assigned functional areas as they pertained to SPLOST III funding during the 2008-09 school year.

**2.0 SPLOST III PROJECT
OVERVIEW IN GWINNETT
COUNTY PUBLIC SCHOOLS**

2.0 SPLOST III PROJECT OVERVIEW IN GWINNETT COUNTY PUBLIC SCHOOLS

This chapter provides an overview of projects related to the Special Local Option Sales Tax III (SPLOST III) funding for the 2008-09 school year in Gwinnett County Public Schools (GCPS).

Gwinnett County has experienced significant growth in the past decade and as the area has grown, so has the school system. According to the school system, Gwinnett is expecting a continued student enrollment growth at a somewhat slower pace, to over 164,000 students in 2014-15. In September 2004, school enrollment set a record at 135,730 students and, according to GCPS, existing classrooms are overcrowded due to continued growth in enrollment. Construction plans have been developed using current and projected enrollment growth to relieve overcrowding by the year 2012, and to reduce or eliminate temporary structures such as portables and trailers. GCPS is currently within a five-year, \$1.1 billion capital construction program that will result in approximately 1,800 classrooms in 27 schools, nine school additions, technology improvements, transportation assets, and new sites for future schools. Of this \$1.1 billion, Buford City schools is expected to receive 1.7 percent or \$18,700,000.

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, 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.

GCPS integrated SPLOST III project planning with the continual district vision, mission and strategic goals. Projects have been planned to provide the district with world-class schools where students acquire knowledge and skills to be successful as they continue their education which is evident in the aggressiveness of building new and improving existing schools throughout the district.

GCPS adopted strategic goals in 2002, and continues to focus on them. These goals, as well as the mission statement, are shown in **Exhibit 2-1**. As shown, the district goals are to provide world-class, safe, and secure schools to retain a workforce for optimizing student achievement.

**EXHIBIT 2-1
GWINNETT COUNTY PUBLIC SCHOOLS
VISION, MISSION AND GOALS**

Vision Statement

Gwinnett County Public Schools will be a system of world-class schools where students acquire the knowledge and skills to be successful as they continue their education at the postsecondary level and/or enter the workforce.

Mission Statement

The mission of the Gwinnett County Public Schools is to pursue excellence in academic knowledge, skills, and behavior for each student, resulting in measured improvement against local, national, and world-class standards.

Strategic Goals to Support the Mission

Adopted April 11, 2002

1. Gwinnett County Public Schools will ensure a world-class education for all students by focusing on teaching and learning the Academic Knowledge and Skills (AKS) curriculum.
2. Gwinnett County Public Schools will ensure a safe, secure, and orderly environment for all.
3. Gwinnett County Public Schools will optimize student achievement through responsible stewardship of its financial resources and the proactive pursuit of all resources necessary to meet current and future demands.
4. Gwinnett County Public Schools will recruit, employ, develop, and retain a workforce that achieves the mission and goals of the organization.
5. Gwinnett County Public Schools will meet the continuing and changing demand for essential information through technological systems and processes that support effective performance and desired results.
6. Gwinnett County Public Schools will provide and manage the system's facilities and operations in an exemplary manner as determined by programmatic needs and best management practices.
7. Gwinnett County Public Schools will apply continuous quality improvement strategies and principles as the way the organization does business.

Source: Gwinnett County Public Schools, 2005.

Projects reported on the district's plan for SPLOST III funds are shown in **Exhibit 2-2**.

**EXHIBIT 2-2
GWINNETT COUNTY PUBLIC SCHOOLS
PLANNED PROJECTS FOR SPLOST III FUNDS 2007 - 2010**

| PROJECT | |
|--|--|
| 2007 | Dacula Area ES |
| | Mill Creek Cluster ES #2 (Patrick-Proj. 504) |
| | Grayson/Dacula Cluster ES #2 (Lovin-Proj. 501) |
| | Systemwide Maintenance |
| | Ed. Spec. Upgrades |
| | Land Purchases |
| 2008 | Knight ES |
| | Grayson Cluster ES #1 (Trip ES) |
| | Mill Creek Cluster ES #1 (Puckett's Mill ES) |
| | Lanier ES (White Oak ES) |
| | Lanier Cluster MS (Lanier MS Replacement) |
| | South Cluster ES #1 (Rosebud ES) |
| | Crews MS |
| | IMD Infrastructure |
| | IMD System Development |
| | Systemwide Maintenance |
| | Ed. Spec. Upgrades |
| | Fine Arts BEL Update |
| | Land Purchases |
| | 2009 |
| Grayson/Dacula Cluster HS (Archer HS) | |
| Mill Creek/Collins Hill/Dacula HS (Mt. View HS) | |
| Mill Creek/Collins Hill/Dacula MS #1 (Twin Rivers) | |
| Grayson Cluster MS #1 (Bay Creek MS) | |
| Grayson Cluster MS #2 (Couch MS) | |
| Mill Creek/Collins Hill/Dacula ES #2 (Woodward) | |
| Mill Creek/Collins Hill/Dacula ES #1 (Dyer) | |
| Grayson Cluster ES #2 (Starling ES) | |
| Benefield ES (Repl) | |
| 2010 | Lanier Cluster HS (Lanier HS) |

Source: GCPS Business and Finance Report, 2008.

The following two chapters of this report provide findings, commendations, and recommendations for GCPS regarding facilities-related (**Chapter 3.0**) and non-facilities projects (**Chapter 4.0**) using SPLOST III funds in the 2008-09 school year.

**3.0 FACILITIES-RELATED
SPLOST III FINDINGS,
COMMENDATIONS, AND
RECOMMENDATIONS**

3.0 FACILITIES-RELATED SPLOST III FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS

This chapter provides a summary of facilities-related SPLOST III findings for the 2008-09 school year (fiscal year 2009) in Gwinnett County Public Schools (GCPS). The four major sections of this chapter are:

- 3.1 Project Planning, Design, and Construction
- 3.2 Procurement Process
- 3.3 Project Oversight and Budgetary Controls

Well-planned educational facilities should be designed to support and enhance the educational experience of the students. The design process and the final design of the schools should be driven by the requirements of the educational program as defined in the district's strategic plan, the diverse needs of the students, and the goal of supporting a multitude of learning and teaching styles.

The design process requires input from all stakeholders, including administrators, teachers, security specialists, parents, students, and the maintenance and operations staff. The facility design should ensure efficient and effective maintenance and operation of the facility. The planning, design and construction process must result in safe and secure environments that efficiently use the school system's resources. A well implemented facility construction program should have the following goals:

- Design goals that meet educational program needs
- On-time facility delivery.
- Facility delivery within budget.
- Facility delivery at specified levels of quality and quantity.
- High level of cost-benefit value for the construction, operations, and maintenance of the facility.

3.1 Project Planning, Design, and Construction

The purpose of educational facilities planning, design, and construction is to provide well designed schools that meet the needs of the educational programs and provide sufficient capacity for the district's enrollment. To meet these goals, accurate enrollment projections are required and must be frequently updated. In addition, planners must be very knowledgeable about the educational programs and teaching/learning styles.

FINDING

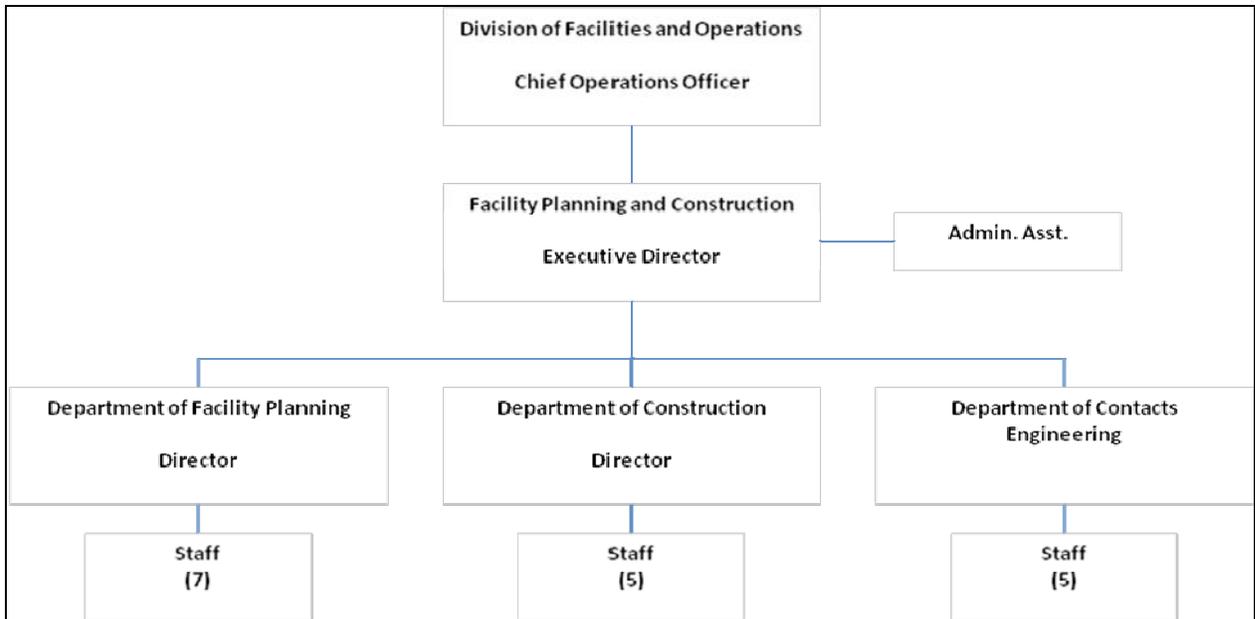
The GCPS facility planning and construction operation is based on a simple organizational structure and a culture of teamwork. This structure and these values

permeate all aspects of the planning and construction function, making it effective and efficient.

Exhibit 3-1 presents the straight forward organizational chart for GCPS's facility planning and construction functions. This organization contributes to effective communication and a clear sense of responsibility. The three major departments include;

- Facility Planning which oversees the planning and design of all construction projects completed using private architects and contractors.
- Construction which oversees the construction of all projects constructed using private contractors.
- Contracts Engineering which oversees all projects using in-house personnel.

**EXHIBIT 3-1
GWINNETT COUNTY PUBLIC SCHOOLS
FACILITY PLANNING AND CONSTRUCTION ORGANIZATION CHART
2008-09**



Source: Gwinnett County Public Schools, Facility Planning and Construction, 2009.

Facilities Planning and Construction works hard to develop a partnership with its architectural consultants and general contractors. At the beginning of each project, the staff conduct a workshop to establish the attitude of “working together”. The staff establish goals for each project with the consultants. In support of this partnership attitude, the department prominently displays its credo in its offices:

The employees of F&O govern their actions and words by asking the following;

*Is it the truth? Not hearsay or rumor.
Will it build GOODWILL and a BETTER PARTNERSHIP?
Is it FAIR and BENEFICIAL to all?*

COMMENDATION 3-A:

Gwinnett County Public Schools is commended for establishing a culture of effective management and partnership with vendors.

FINDING

GCPS continues an aggressive and effective building program in SPLOST III, Phase I of a three phase program called “The Plan”. Phase II will fund projects utilizing General Obligation Bonds which were approved on February 5, 2008, and Phase III expects to utilize funds from SPLOST IV which will go to voters in November 2011.

The goals of SPLOST III will increase the district’s capacity by 26,393 seats and are shown in **Exhibit 3-2**. As the exhibit shows, the district is planning on building seven new elementary schools, one replacement elementary school, and one addition, for a total of 507 new elementary classrooms; five new middle schools and one addition for a total of 262 new middle school classrooms; and three new high schools for a total of 300 new high school classrooms.

**EXHIBIT 3-2
GWINNETT COUNTY PUBLIC SCHOOLS
SPLOST III GOALS
2008-09**

| FACILITY TYPE | NEW | REPLACEMENTS | ADDITIONS | CLASSROOMS |
|--------------------|-----------|--------------|-----------|--------------|
| Elementary Schools | 7 | 1 | 1 | 507 |
| Middle Schools | 5 | 0 | 1 | 262 |
| High Schools | 3 | 0 | 0 | 300 |
| Totals | 15 | 1 | 2 | 1,069 |

Source: Gwinnett County Public Schools 2007-12 Building Program, and June 2009 Monthly Report to Board of Education.

Exhibit 3-3 summarizes these projects, while **Exhibit 3-4** provides detailed information regarding the type of project, number of classrooms, the capacity of the school, the contract amount, and the status. As shown:

- Capacity was added for 8,600 students in 2008-09.
- 397 new classrooms were added.

**EXHIBIT 3-3
 GWINNETT COUNTY PUBLIC SCHOOLS
 SUMMARY OF SPLOST III EDUCATIONAL FACILITIES OCCUPIED,
 UNDER CONSTRUCTION, IN DESIGN, OR IN PLANNING
 2008-09**

| STATUS | ADDED STUDENT CAPACITY | CLASSROOMS ADDED | TOTAL CONSTRUCTION COST (\$MILLION) | NOTES |
|-----------------------|-------------------------------|-------------------------|--|--------------|
| Occupied | 8,600 | 397 | \$100.68 | |
| Under Construction | 17,793 | 744 | \$300.00 | |
| In Design or Planning | 0 | 0 | 0 | |
| 2007-08 TOTALS | 26,393 | 1,141 | Approx. \$400.68 | Projection |

Source: Gwinnett County Public Schools 2007-12 Building Program, and June 2009 Monthly Report to Board of Education.

**EXHIBIT 3-4
 GWINNETT COUNTY PUBLIC SCHOOLS
 EDUCATIONAL FACILITIES OCCUPIED OR IN CONSTRUCTION
 WITH SPLOST III FUNDS
 2008-09**

| SCHOOL | TYPE | NEW CLASS-ROOMS | OLD CAPACITY | NEW CAPACITY | CONTRACT AMOUNT (\$MILLIONS) | STATUS | SCHOOL YEAR OPEN |
|---------------------------|-------------|------------------------|---------------------|---------------------|-------------------------------------|---------------|-------------------------|
| Knight Elementary | Addn. | 17 | 520 | 873 | \$7.50 | Occupied | 2008-09 |
| Trip Elementary | New | 64 | 0 | 1,331 | \$16.27 | Occupied | 2008-09 |
| Puckett's Mill Elementary | New | 64 | 0 | 1,331 | \$15.41 | Occupied | 2008-09 |
| Lanier Elementary | New | 53 | 0 | 1,102 | \$11.01 | Occupied | 2008-09 |
| Lanier Middle | New | 72 | 0 | 1,800 | \$21.34 | Occupied | 2008-09 |
| Rosebud Elementary | New | 64 | 0 | 1,331 | \$14.38 | Occupied | 2008-09 |
| Crews Middle | Addn. | 10 | 1,150 | 1,400 | \$1.40 | Occupied | 2008-09 |
| North Gwinnett Middle | New | 80 | 0 | 2,000 | \$24.19 | Construction | 2009-10 |
| Archer High | New | 120 | 0 | 3,000 | \$56.53 | Construction | 2009-10 |
| Mountain View High | New | 100 | 0 | 2,500 | \$47.56 | Construction | 2009-10 |
| Twin Rivers Middle | New | 72 | 0 | 1,800 | \$23.19 | Construction | 2009-10 |
| Bay Creek Middle | New | 50 | 0 | 1,250 | \$15.28 | Construction | 2009-10 |
| Couch Middle | New | 50 | 0 | 1,250 | \$19.99 | Construction | 2009-10 |
| Woodward Mill Elementary | New | 64 | 0 | 1,331 | \$13.00 | Construction | 2009-10 |
| Dyer Elementary | New | 64 | 0 | 1,331 | \$12.38 | Construction | 2009-10 |
| Starling Elementary | New | 64 | 0 | 1,331 | \$12.60 | Construction | 2009-10 |
| Benefield Elementary | New | 53 | 0 | 1,102 | \$13.38 | Occupied | 2008-09 |
| Lanier High | New | 80 | 0 | 2,000 | \$50.77 | Construction | 2009-10 |

Source: Gwinnett County Public Schools 2007-12 Building Program, and June 2009 Monthly Report to Board of Education.

COMMENDATION 3-B:

Gwinnett County Public Schools is commended for its effective management of a facilities development and construction program that meets SPLOST III objectives.

FINDING

GCPS continues to identify and use funding sources in addition to SPLOST. GCPS identified the need for additional funding early in fiscal year 2003-04 based on projected facility needs and projected SPLOST funding. The projected need continues to exceed projected SPLOST funding.

The current five-year enrollment projections show that enrollments will continue to grow through school year 2014-15. **Exhibit 3-5** presents the GCPS enrollment projections for school years 2010-11 through 2014-15. As shown, enrollments are projected to increase by approximately 7,700 students in 2014-15 over existing enrollments.

**EXHIBIT 3-5
GWINNETT COUNTY PUBLIC SCHOOLS
5-YEAR ENROLLMENT PROJECTIONS
2010-11 THROUGH 2014-15 SCHOOL YEARS**

| SCHOOL YEAR | ENROLLMENT PROJECTION |
|-------------|-----------------------|
| 2008-09 | 155,618* |
| 2009-10 | 157,219* |
| 2010-11 | 158,963 |
| 2011-12 | 161,133 |
| 2012-13 | 162,753 |
| 2013-14 | 163,939 |
| 2014-15 | 164,944 |

Source: 2009- MGT summary prepared from data furnished by Gwinnett County Public Schools, Division of Facilities and Operations, 2009.

*Actual enrollment

Based on the enrollment projections, GCPS developed a three phase plan to meet the facility needs of the district. **Exhibit 3-6** outlines the plan phases and funding sources for the 2007-2012 Building Program, or “The Plan”. As the exhibit shows, the district has identified funding sources in addition to SPLOST funds for the program, including General Obligation Bonds and Quality School Construction Bonds.

**EXHIBIT 3-6
GWINNETT COUNTY PUBLIC SCHOOLS
2007-12 BUILDING PROGRAM
“THE PLAN”**

| PLAN PHASE | FUNDING SOURCE | SCHEDULE |
|-------------------|-----------------------------------|--|
| Phase I | SPLOST III | Approved November 7, 2006 |
| Phase II | General Obligation Bonds | Approved February 5, 2008 |
| Phase II | Quality School Construction Bonds | 2009 Calendar Year 2010 Calendar Year |
| Phase III | SPLOST IV | To Voters in November, 2011 |

Source: 2009- MGT summary prepared from data furnished by Gwinnett County Public Schools, Division of Facilities and Operations, 2008.

COMMENDATION 3-C:

Gwinnett County Public Schools is commended for successfully identifying additional funding sources for facilities.

FINDING

GCPS has continued to eliminate the number of single and doublewide trailers that it uses for classrooms during the SPLOST III audit year 2008-09.

Exhibit 3-7 shows the number of single and doublewide trailers requested on campuses for the 2008-09 and 2009-10 school years. As shown:

- GCPS was able to reduce the overall number of single trailers by 258.
- GCPS was able to reduce the number of doublewide trailers by 14.

**EXHIBIT 3-7
GWINNETT COUNTY PUBLIC SCHOOLS
COMPARISON OF TRAILERS REQUESTED
2008-09 AND 2009-10**

| FACILITY TYPE | NUMBER OF SINGLEWIDES REQUESTED | | | NUMBER OF DOUBLEWIDES REQUESTED | | |
|----------------------|--|----------------|----------------------------|--|----------------|----------------------------|
| | 2008-09 | 2009-10 | NET ADDED (REMOVED) | 2008-09 | 2009-10 | NET ADDED (REMOVED) |
| Elementary | 492 | 393 | (99) | 107 | 93 | (14) |
| Middle | 286 | 164 | (122) | 7 | 7 | 0 |
| High | 318 | 281 | (37) | 2 | 2 | 0 |
| Special Facilities | 1 | 1 | 0 | 0 | 0 | 0 |
| GRAND TOTAL | 1,097 | 839 | (258) | 116 | 102 | (14) |

Source: Gwinnett County Public Schools 2008-09 and 2009-10 Trailer Allotments.

COMMENDATION 3-D:

Gwinnett County Public Schools is commended for continued commitment to the elimination of mobile classrooms.

FINDING

GCPS tracks and publishes twelve performance indicators for its Facility Planning, Construction, and Contracts Engineering departments. The performance indicators include typical industry type measures, such as costs per square foot, and measures specific to the district's program goals, such as number of classrooms added.

The results of some of the performance indicators are included in an annual report and all of the indicators are framed and posted on the walls of the departments' offices. These performance indicators are;

- Cost comparison of normal vs. prototype designs.
- Construction cost comparison for elementary, middle, and high schools with Atlanta Metro area, and Cobb County (six indicators).
- Hours of staff development.
- On-time performance of Design-Bid-Build process.
- Classrooms delivered compared to classroom obligated.
- Average time for design through bidding.
- Rate of construction change orders.

COMMENDATION 3-E:

Gwinnett County Public Schools is commended for using performance indicators and updating them on an annual basis.

3.2 Procurement Process

An effective construction program requires the procurement of professional architectural, engineering, and construction services. In addition, the procurement of the construction material must be done with an awareness of the current markets and innovations in products to capitalize on the best opportunities. GCPS continues to use procedures for acquiring services that ensure a high level of performance for the professionals involved in its construction program. GCPS continues to look at innovative construction materials and processes to maximize the performance of its finished facilities.

FINDING

GCPS has continued to improve the quality of materials used in the construction of schools, and to explore new methodologies that can save resources and maintain quality. An example of this effort is the Twin Rivers Middle School, which was under construction in 2008-09.

The middle school was constructed using precast concrete panels that contained continuous insulation and low conductive reinforcement that reduced thermal bridging. The result, as shown by thermal imaging, was a building envelope that has an insulation value of R-14 which exceeds the applicable American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) standard for insulation.

The precast technology was also beneficial to this small site by not requiring a large area for staging materials. The building schedule was shortened and the cost of the 238,000 square foot project was \$97.40 per square foot.

COMMENDATION 3-F:

Gwinnett County Public Schools is commended for exploring and successfully using new cost-effective construction methodologies.

FINDING

GCPS has continued to improve the energy-efficiency of schools, and to explore new methodologies which can save resources and maintain quality. **Exhibit 3-8** lists some of the initiatives the district has undertaken to become more energy efficient.

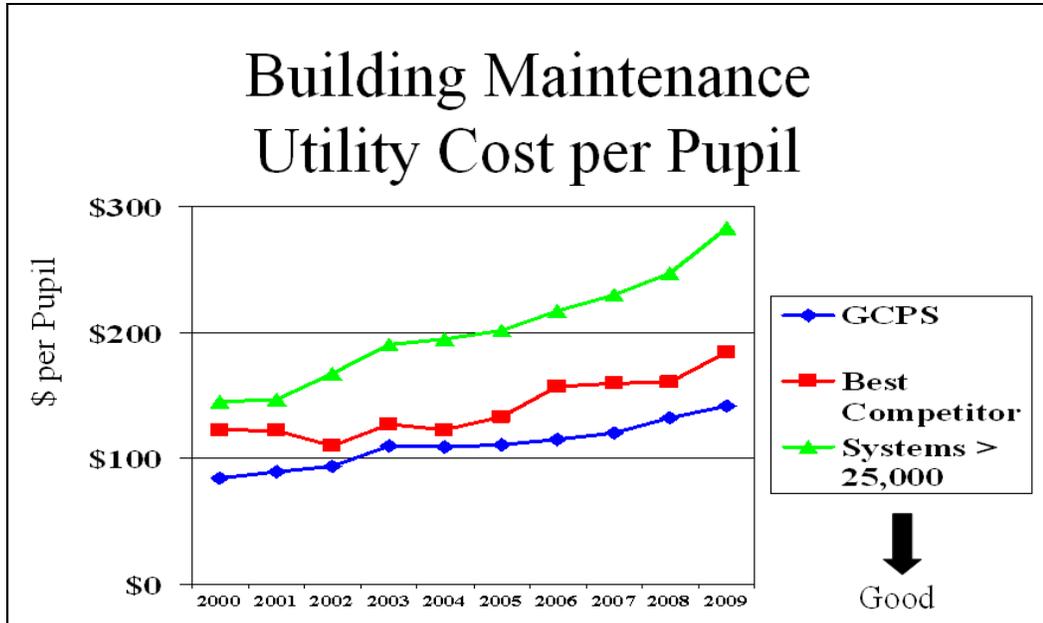
**EXHIBIT 3-8
GWINNETT COUNTY PUBLIC SCHOOLS
ENERGY/RESOURCE CONSERVATION INITIATIVES
2008-09**

| INITIATIVE | PROGRESS |
|---------------------------|--|
| Energy Efficient Lighting | Lighting retrofits changing T-12 lamps for T-8 lamps and electronic ballast have been accomplished in 29 of 54 schools (54% complete). |
| Water Conservation | Conversion of non-water urinals has been completed in 35 of 103 schools (34% complete). All 15 new schools completed in the last two years have received zero-flush equipment. |
| Occupancy Sensors | Occupancy sensors have been installed to control lights and HVAC equipment when rooms are vacant. Sensors have been installed in 27 of 54 schools (50% complete). |
| Energy Use Management | The "Utility Manager" software program has been implemented to track energy cost and consumption. The program will allow the district to submit data to the U.S. Department of Energy's "Energy Star Program" for evaluation and rating. Of the thirty-five schools run through the analysis, thirty qualify for the Energy Star Recognition plaque. |

Source: Gwinnett County Public Schools, Division of Facilities and Operations, 2009.

Exhibit 3-9 shows the results of the initiatives listed above and of building new energy efficient buildings. The graph compares GCPS utility cost per student with those of Cobb County and national data for school districts greater than 25,000 students. The Maintenance Department documents a savings of over \$19 million annually due to effective energy management.

**EXHIBIT 3-9
COMPARISON OF UTILITY COST PER STUDENT
2000-09**



Source: Gwinnett County Public Schools, Division of Facilities and Operations, Maintenance Department, 2009.

COMMENDATION 3-G:

The Division of Facilities and Operations is commended for its persistent efforts to improve the materials, systems, methodologies, and designs for facilities in Gwinnett County Public Schools within a framework of life-cycle costing.

3.3 Project Oversight and Budgetary Controls

The effectiveness of project oversight and budgetary control mechanisms can be measured readily by the following outcomes:

- Projects are delivered on time.
- Projects are delivered within the budget.
- Projects conform to the standards set forth in the construction documents.
- Life-cycle costing is used to obtain the lowest possible initial costs, combined with the lowest possible operating and maintenance costs.
- Change order rates are kept within best practice standards.
- When unforeseeable situations occur, they are handled dauntlessly, with confidence and trust, in the established procedures and processes.

FINDING

The GCPS Division of Facilities and Operations exhibited characteristics related to effective project oversight and budgetary control mechanisms during 2008-09.

Exhibit 3-10 summarizes the record of change orders during 2008-09 with SPLOST III funds. During this period, 138 change orders were initiated, for a net cost to GCPS of approximately \$92,057. The majority of the change orders were due to unforeseen conditions on one project. For 2008-09, the total net dollar amount of change orders represented approximately 0.09 percent of the \$100.68 million in new and renovation/addition construction occupied that year, well within the industry standard of three to four percent for new construction and six to nine percent for renovation work.

Approximately 50 percent of the change orders were due to unforeseen conditions (soil conditions), most of which occurred on one project. Another five percent were due to unused allowances, and these were negative amounts or negative adjustments to the contract amount. If these two groups of change orders are eliminated from the analysis, the total amount of change orders equals approximately \$408,776 or 0.4 percent of the total construction, still well within industry standards.

**EXHIBIT 3-10
GWINNETT COUNTY PUBLIC SCHOOLS
SUMMARY OF SPLOST III CHANGE ORDERS
2008-09**

| CATEGORY | 2008-09 |
|---|-----------|
| Total Number of Change Orders | 138 |
| Average Number of Change Orders per Project | 17.25 |
| Net Total | -\$92,057 |
| Average \$/Change Order | \$5,366 |
| Owner Initiated | 20 (11%) |
| Architect/Engineer Initiated | 48 (27%) |
| Contractor-Only Initiated | 0 (0%) |
| Owner-, Architect/Engineer-Initiated | 9 (5%) |
| Fire Marshall Initiated | 3 (2%) |
| Unforeseen | 88 (50%) |
| Unused Allowances | 9 (5%) |

Source: MGT summary prepared from data furnished by Gwinnett County Public Schools, Division of Facilities and Operations, 2009.

COMMENDATION 3-H:

Gwinnett County Public Schools continues to effective methods and controls in processing change orders.

FINDING

For the second year of SPLOST III, GCPS has continued a consistent process of project cost control. This process has resulted in lower construction costs than found in neighboring metropolitan school systems.

Exhibit 3-11 compares the construction costs per square foot for the Atlanta Metro Area, and GCPS for the SPLOST III projects occupied in the 2008-09 school year. (Note: no schools were bid in 2008-09 in Cobb County, the district determined to be GCPS’s closest comparison.) As the exhibit indicates, GCPS is continuing to build schools at a significant lower cost per square foot than other districts in the region. Construction costs for GCPS average 25 to 30 percent less than the comparison districts/areas.

**EXHIBIT 3-11
PER SQUARE FOOT CONSTRUCTION COST AVERAGES FOR NEW
CONSTRUCTION IN THE ATLANTA METRO AREA AND IN GWINNETT COUNTY
FOR SPLOST III
2008-09**

| FACILITY TYPE | PER SQUARE FOOT AVERAGE IN ATLANTA METRO AREA | PER SQUARE FOOT AVERAGE IN GWINNETT COUNTY | DIFFERENCE BETWEEN ATLANTA METRO AND GWINNETT | PERCENT DIFFERENCE |
|----------------------|--|---|--|---------------------------|
| Elementary | \$130.47 | \$93.83 | \$36.64 | 28% |
| Middle | \$141.87 | \$88.84 | \$53.03 | 37% |
| High | \$0 ¹ | \$0 ² | NA | NA |

Source: Prepared by MGT from data supplied by the Gwinnett County Public Schools, 2009.

¹No high schools bid in 2008-09.

²No high schools occupied in 2008-09.

COMMENDATION 3-I:

Gwinnett County Public Schools has followed a consistent process of project cost control related to SPLOST III projects during 2008-09 that resulted in lower construction costs than those found in neighboring school systems.

FINDING

GCPS continues to use processes that keep bid amounts within the architectural construction budgets. As noted during SPLOST II, these processes include:

- Prototype designs.
- Standard materials, finishes, and construction methods.
- Architects with significant prior GCPS experience who can produce clear and easy-to-understand construction documents.
- Contractors with significant prior GCPS experience who do not add large contingencies to their bids.

- A cadre of experience subcontractors with equally considerable GCPS experience.

Exhibit 3-12 compares the bid amounts versus the actual architectural construction budgets for the projects placed under contract in the 2008-09 school. While these projects used GO Bond funding and not SPLOST III funds (there were no SPLOST III funded projects bid in this time period), they are still a relevant indicator of the program’s performance. All projects were under the Architectural/Engineering (A/E) Budget amounts.

**EXHIBIT 3-12
GWINNETT COUNTY PUBLIC SCHOOLS
BID AMOUNTS VERSUS A/E CONSTRUCTION BUDGETS
2008-09**

| PROJECT NAME | BID AMOUNT | A/E CONSTRUCTION BUDGET | DIFFERENCE BETWEEN BUDGET AND BID AMOUNT | PERCENT DIFFERENCE |
|-------------------------------|-------------------|--------------------------------|---|---------------------------|
| North Cluster ES | \$14,782,375 | \$16,000,000 | \$1,217,625 | 7.6% |
| Shiloh Cluster ES | \$13,443,378 | \$14,500,000 | \$1,056,622 | 7.3% |
| Central Gwinnett Cluster ES | \$10,490,000 | \$11,500,000 | \$1,010,000 | 8.8% |
| Peachtree Ridge Cluster ES #1 | \$11,260,000 | \$12,460,000 | \$1,200,000 | 9.6% |
| South Gwinnett Cluster MS | \$18,263,600 | \$19,000,000 | \$736,400 | 3.8% |

Source: Gwinnett County Public Schools documents, 2009.

COMMENDATION 3-J:

Gwinnett County Public Schools is commended for continuing to use effective procedures that keep bid amounts within construction budgets.

FINDING

GCPS has had a good record of completing projects on schedule and before the school opening date IN 2008-09. Completing projects on schedule is another indicator of a well-managed building program.

Exhibit 3-13 compares the actual 2008-09 project completion dates (as determined by the date of the Fire Marshall Certificate of Occupancy) with the scheduled completion dates and the school opening dates. As the exhibit shows, all schools were ready for occupancy on the school opening date.

**EXHIBIT 3-13
GWINNETT COUNTY PUBLIC SCHOOLS
PROJECT COMPLETION DATES VERSUS SCHOOL OPENING DATES
2008-09**

| PROJECT NAME | SCHEDULED COMPLETION DATE | ACTUAL COMPLETION DATE | SCHOOL OPENING DATE: |
|---------------------|----------------------------------|-------------------------------|-----------------------------|
| Knight ES | July 15, 2008 | July 20, 2008 | August 11, 2008 |
| Trip ES | June 1, 2008 | May 1, 2008 | August 11, 2008 |
| Puckett's Hill ES | March 3, 2008 | June 10, 2008 | August 11, 2008 |
| White Oak ES | May 31, 2008 | June 20, 2008 | August 11, 2008 |
| Lanier MS | May 1, 2008 | May 14, 2008 | August 11, 2008 |
| Rosebud ES | June 1, 2008 | May 6, 2008 | August 11, 2008 |
| Crews MS | March 31, 2008 | November 20, 2007 | August 11, 2008 |
| Benefield ES | June 2, 2008 | May 18, 2008 | August 11, 2008 |

Source: Gwinnett County Public Schools document, 2008.

COMMENDATION 3-K:

Gwinnett County Public Schools is commended for maintaining project schedules.

**4.0 NON-FACILITIES-RELATED
SPLOST III FINDINGS,
COMMENDATIONS, AND
RECOMMENDATIONS**

4.0 NON-FACILITIES–RELATED SPLOST II AND SPLOST III FINDINGS, COMMENDATIONS, AND RECOMMENDATIONS

This chapter describes the findings related to non-facilities projects using SPLOST III funds during the 2008-09 school year in Gwinnett County Public Schools (GCPS). Information pertaining to the SPLOST II resources during the 2008-09 school year is also provided. The five major sections of this chapter are as follows:

- 4.1 Financial Overview of SPLOST II and SPLOST III Programs
- 4.2 Planning and Budget Activities
- 4.3 Financial Management
- 4.4 Transportation
- 4.5 Technology

Although the SPLOST II sales tax revenues ended after June 30, 2007, resources remain from the program and expenditures associated with the SPLOST II program occurred during the 2008-09 school year.

SPLOST III funds were authorized in a November 2006 referendum approved by the voters of Gwinnett County. The referendum approved a maximum collection of \$1.1 billion in sales tax revenues from July 1, 2007 through June 30, 2012 for SPLOST III. In addition to approving the sales tax, the voters also authorized the Board of Education to sell short-term bonds in the amount of \$425 million to be repaid with SPLOST III sales tax revenue. The sale of the bonds was designed to provide cash flow to address the immediate classroom needs of GCPS.

SPLOST III funds became available to GCPS beginning in March 2007 with the sale of \$425,000,000 in short term general obligation bonds. The first sales tax revenues were collected in July 2007. These resources can be used for capital construction, purchase of furniture and equipment for the newly constructed and remodeled buildings, acquisition of technology-related equipment, and purchase or refurbishment of vehicles for school district use. Capital resources for the Child Nutrition Program are paid from the School Nutrition Enterprise Fund, however, the Child Nutrition Program capital costs associated with new schools are included in the overall capital project budget.

4.1 Financial Overview of SPLOST II and SPLOST III Programs

Exhibit 4-1 provides a summary of the overall financial activities of both the SPLOST II and SPLOST III programs. The budget amount represents the anticipated activity for the total SPLOST II program and the five-year SPLOST III program. The activity reflected in this exhibit represents the transactions that occurred during multi-year periods for SPLOST II (July 1, 2002 through June 30, 2009) and SPLOST III (July 1, 2007 through June 30, 2009). As noted in **Exhibit 4-1**, the combined ending fund balance at June 30, 2009 for the SPLOST II and SPLOST III programs is \$182,865,858.

**EXHIBIT 4-1
SUMMARY OF FINANCIAL ACTIVITY
SPLOST II AND SPLOST III PROGRAMS
JULY 1, 2003 THROUGH JUNE 30, 2009**

| | CURRENT BUDGET (1) | ACTIVITY |
|--|-------------------------------|--------------------------------|
| SPLOST II | | 7/1/03 THROUGH 6/30/09 |
| Beginning Fund Balance | \$ - | \$ - |
| Revenues | 1,076,760,614 | 1,076,749,200 |
| Expenditures and Encumbrances | 1,076,760,614 | 1,062,111,412 |
| Ending fund Balance June 30, 2009 | \$ - | \$ 14,637,788 |
| SPLOST III | | 7/2//07 THROUGH 6/30/09 |
| Beginning Fund Balance | \$ - | \$ - |
| Revenues (2) | 1,453,842,929 | 878,558,891 |
| Expenditures and Encumbrances | 1,453,842,929 | 710,330,821 |
| Ending fund Balance June 30, 2009 | \$ - | \$ 168,228,070 |
| Total SPLOST II and III Ending Fund Balance June 30, 2009 | \$ - | \$ 182,865,858 |

Source: Gwinnett County Public Schools Summaries for SPLOST II AND III as of June 30, 2009.

(1) Total budget for SPLOST II and SPLOST III programs.

(2) SPLOST III includes \$425 million in short-term general obligation bonds.

Exhibit 4-2 presents the current budget and actual data for SPLOST II and SPLOST III revenues. The budget column identifies the budget revenue estimates for both five year programs. The column identifying the revenues includes the total revenues collected for SPLOST II since July 1, 2002, and SPOST III revenues collected during the first two years of the program ending June 30, 2009. The sales tax, interest earnings, and the State capital revenue for SPLOST III reflect revenues received since inception of the program on July 1, 2007 while the bond revenues were received in March 2007, four months prior to the beginning of the 2008 fiscal year.

**EXHIBIT 4-2
 GWINNETT COUNTY PUBLIC SCHOOLS
 SUMMARY OF SPLOST II AND SPLOST III REVENUES
 JULY 1, 2003 THROUGH JUNE 30, 2009**

| REVENUE SOURCES | CURRENT BUDGET (1) | REVENUES FOR TOTAL PROGRAM | REVENUES TO BE COLLECTED IN FUTURE YEARS |
|---|---------------------------|-----------------------------------|---|
| SPLOST II | | | |
| Sales Tax | \$ 657,698,603 | \$ 657,698,603 | \$ - |
| Buford Repayment | 11,913,638 | 11,913,638 | - |
| Interest Income (2) | 17,027,657 | 17,030,977 | - |
| Transfer from COP Fund | 132,623,702 | 132,623,702 | - |
| Transfer from School Nutrition Fund | 6,123,896 | 6,123,896 | - |
| Transfer from Other Capital Fund | - | 6,086 | - |
| Sale of Assets | 43,349,704 | 43,349,704 | - |
| State Capital Outlay Allocation | 207,912,003 | 207,891,183 | - |
| Other Local Revenue | 111,411 | 111,411 | - |
| Total SPLOST II | \$ 1,076,760,614 | \$ 1,076,749,200 | \$ - |
| SPLOST III | | | |
| Sales Tax | \$ 813,015,613 | \$ 254,491,663 | \$ 558,523,950 |
| Interest Income (3) | 33,807,717 | 21,261,544 | 12,546,173 |
| Other Local Revenues | - | 3,688 | - |
| State Capital Revenue | 159,542,910 | 155,325,307 | 4,217,603 |
| Bond Revenue | 447,476,689 | 447,476,689 | - |
| Total SPLOST III | \$ 1,453,842,929 | \$ 878,558,891 | \$ 575,287,726 |
| TOTAL SPLOST II AND III REVENUES | \$ 2,530,603,543 | \$ 1,955,308,091 | \$ 575,287,726 |

Source: Gwinnett County Public Schools SPLOST II and SPLOST III Summaries as of June 30, 2009.

(1) Total budget for SPLOST II and SPLOST III programs.

(2) There will be a relatively small amount of interest income in future years for SPLOST II until the fund is closed out.

Exhibit 4-3 provides a summary of the expenditures associated with the SPLOST II and SPLOST III programs as of June 30, 2009. As shown:

- All but \$14,649,200 of the SPLOST II program has been expended. It is anticipated that the resources remaining for construction activities will be used to fund a number of facility upgrades, scheduled to occur at the end of the 2009-10 school year.
- The amount remaining in SPLOST II for bus refurbishing involves the funding for the ongoing bus refurbishment program initiated in 2008-09. The total program will refurbish 388 buses ranging from 21 to 15 years of age. A total of 58 buses were refurbished during the 2008-09 fiscal year. It is anticipated this program will be completed during the 2009-10 fiscal year.
- Given the status of the construction projects and the timing of the bus refurbishments, the total resources available for SPLOST II will not be fully expended until the end of the 2010-11 fiscal year.

- The SPLOST III program has expended \$710,330,821 of the \$1,453,842,929 budget or 49 percent in the first two years. Significant components identified for SPLOST III in **Exhibit 4-3**, include the following:
 - The majority of the construction program has been completed with expenditure of 90 percent of the total budget. This was possible because of the issuance of \$425 million in short-term general obligation bonds in March 2007 which allowed for GCPS to complete these projects early in the program.
 - Although 77 percent of the technology budget has been expended during the first two years of the SPLOST III program, 80 percent of the technology budget associated with the construction of new schools has been expended.
 - The largest unexpended budget category is that of Transfers to Other Funds. These transfers involve payment for the principal and interest on the short-term general obligation bonds issued in 2007 and debt service for certificates of participation issued in 2004 to finance the acquisition, construction and additions to existing schools and support facilities. The current year debt service amount to meet these obligations is transferred to the Debt Service Fund annually. These amounts were budgeted to be paid over the five year life of the SPLOST III program.
 - The buyback of the ISC facility represents lease payments. The district has the option to buy the facility and the plan is to purchase the building at the conclusion of the SPLOST III program if funding is available.

**EXHIBIT 4-3
GWINNETT COUNTY PUBLIC SCHOOLS
SUMMARY OF SPLOST II AND SPLOST III EXPENDITURES
JULY 1, 2003 THROUGH JUNE 30, 2009**

| | CURRENT BUDGET (1) | EXPENDITURES | ENCUMBRANCES | TOTAL COMMITMENTS | OVER (UNDER) BUDGET |
|--|-------------------------|-------------------------|----------------------|-------------------------|-------------------------|
| SPLOST II | | | | | |
| Capital Improvements | | | | | |
| Construction | \$ 644,195,932 | \$ 634,451,024 | \$ - | \$ 634,451,024 | \$ (9,744,908) |
| Facility Upgrades | 1,187,174 | 1,187,174 | - | 1,187,174 | - |
| Stadium Loans | 7,487,370 | 7,203,323 | - | 7,203,323 | - |
| Site Work | 6,315,072 | 6,071,435 | - | 6,071,435 | (243,637) |
| Land Purchases | 56,557,430 | 56,557,430 | - | 56,557,430 | - |
| Total Capital Improvements | 715,742,978 | 705,470,386 | - | 705,470,386 | (10,272,592) |
| Technology | 171,214,929 | 171,214,917 | - | 171,214,917 | (12) |
| Bus Replacement | 6,569,403 | 6,569,403 | - | 6,569,403 | - |
| Bus Refurbishing | 5,425,232 | 1,247,624 | - | 1,247,624 | (4,177,608) |
| Equipment - Facilities | 54,617,491 | 54,482,254 | - | 54,482,254 | (135,237) |
| Instructional Equipment | 1,682,717 | 1,682,717 | - | 1,682,717 | - |
| Buy Back of ISC Facility | 8,719,862 | 8,719,862 | - | 8,719,862 | - |
| Supply Services - Property | 51,236 | 51,236 | - | 51,236 | - |
| CFO-Central Support | 2,564,674 | 2,564,674 | - | 2,564,674 | - |
| Finance & Accounting | 13,893,938 | 13,889,493 | - | 13,889,493 | (4,445) |
| School Nutrition | 6,123,896 | 6,123,896 | - | 6,123,896 | - |
| Transfers to Other Funds | 89,009,613 | 89,018,388 | - | 89,018,388 | 8,775 |
| Debt Service | 1,076,564 | 1,076,564 | - | 1,076,564 | - |
| Project Reserve | 68,081 | - | - | - | (68,081) |
| TOTAL SPLOST II | \$ 1,076,760,614 | \$ 1,062,111,414 | \$ - | \$ 1,062,111,414 | \$ (14,649,200) |
| SPLOST III | | | | | |
| Capital Improvements | | | | | |
| Construction | \$ 424,700,365 | \$ 372,516,642 | \$ 21,259,328 | \$ 393,775,970 | \$ (30,924,395) |
| Facility Upgrades | 37,386,054 | 26,382,941 | - | 26,382,941 | (11,003,113) |
| Site Work | 12,483,000 | 2,889,330 | - | 2,889,330 | (9,593,670) |
| Land Purchases | 51,524,883 | 51,523,273 | - | 51,523,273 | (1,610) |
| Total Capital Improvements | 526,094,302 | 453,312,186 | 21,259,328 | 474,571,514 | (51,522,788) |
| Technology | 138,540,554 | 98,000,998 | 7,439,850 | 105,440,848 | (33,099,706) |
| Bus Replacement | 14,191,945 | 12,597,373 | - | 12,597,373 | (1,594,572) |
| Equipment - Facilities | 34,456,715 | 25,398,450 | 1,457,216 | 26,855,666 | (7,601,049) |
| Buy Back of ISC Facility | 50,500,000 | 7,398,335 | - | 7,398,335 | (43,101,665) |
| Supply Services - Property | 1,200,000 | 1,042,977 | - | 1,042,977 | (157,023) |
| Finance & Accounting | 952,250 | 30,084 | - | 30,084 | (922,166) |
| Transfers to Other Funds | 658,725,326 | 79,946,274 | - | 79,946,274 | (578,779,052) |
| Debt Service | 2,447,750 | 2,447,750 | - | 2,447,750 | - |
| Project Reserve | 26,734,087 | - | - | - | (26,734,087) |
| TOTAL SPLOST III | \$ 1,453,842,929 | \$ 680,174,427 | \$ 30,156,394 | \$ 710,330,821 | \$ (743,512,108) |
| TOTAL SPLOST II AND SPLOST III EXPENDITURES | \$ 2,530,603,543 | \$ 1,742,285,841 | \$ 30,156,394 | \$ 1,772,442,235 | \$ (758,161,308) |

Source: Gwinnett County Public Schools Capital Projects Multi-Year Expenditures, 2002 and 2007 SPLOST programs at June 30, 2009 and the SPLOST II and SPLOST III Summary as of June 30, 2009.

(1) Total Budget for the SPLOST II and SPLOST III programs.

4.2 Planning and Budget Activities

Accurate budgeting and financial planning is an important component for the management of public resources. It is especially important to provide effective financial management for resources identified for specific purposes such as the SPLOST programs managed by GCPS.

FINDING

GCPS has an excellent process for identifying various needs associated with technology and capital improvements that are consistent with the technology and facilities components of the *Strategic Vision for Results*. There are seven goals identified to support the mission of the district; two of these goals involve capital planning:

- Goal 5: *Gwinnett County Public Schools will meet the continuing and changing demand for essential information through technological systems and processes that support effective performance and desired results.*
- Goal 6: *Gwinnett County Public Schools will provide and manage the systems, facilities and operations in an extemporaneous manner as determined by programmatic needs and best management practices.*

The vision for Information Management and Technology is identified as follows:

As indispensable parts of the instructional and administrative infrastructure of any system of world-class schools, information management and technology in GCPS will:

- a. *Advance teaching and learning, with an emphasis on learning and problem-solving.*
- b. *Provide learning opportunities, through which students and staff receive, gather, analyze, and/or present information.*
- c. *Provide all users the information skills, and tools they need to perform their jobs effectively and make data-driven decisions.*
- d. *Help teachers facilitate and evaluate student learning through a variety of methods with anytime, anywhere access.*
- e. *Facilitate communication between the system and its internal and external customers.*
- f. *Enable the system to achieve operational and analytical excellence through the use of progressive technology solutions.*

The Vision for Facilities is as follows:

As a system of world class schools, GCPS' facilities will include:

- a. *Classrooms within a standard school building for all students.*
- b. *Continual improvement of schools so they conform to system wide specifications and standards.*

- c. Schools that are designed, organized, and managed to ensure flexibility so that small learning communities may be created in large schools.*
- d. Appropriate spaces for alternative, nontraditional, or specialized programs that are necessary to meet our students' varying instructional needs at all school levels.*
- e. Learning arenas beyond the classroom that contribute to increased student achievement, including system-level performing arts centers, and adult/teacher learning facility and a community stadium for each school cluster.*
- f. Schools and central support facilities that are equipped for the systems standard technology applications.*
- g. A central office facility to house all administrative and instructional personnel.*
- h. Attractive, well maintained buildings and grounds.*

The district has effectively established procedures to meet the goals and vision articulated in the Gwinnett Public Schools Vision for Results. The procedures involve a process of planning and budgeting for the use of capital resources that include SPLOST II and SPLOST III as well as proceeds from general obligation bonds issued in May 2008.

The capital needs are identified on two levels; capital construction and other capital improvements.

■ **Capital Construction**

The capital construction (new schools and additions) needs process begins with the development of enrollment projections to determine the long-term student housing needs for the district. This requires close coordination with the various local governmental units and the projections are revised annually.

Once various projects are identified, they become part of the overall capital program. GCPS has a comprehensive process for identifying needs, establishing facility standards and coordinating these standards with the educational specifications to assure the facilities are constructed in a manner that will support the educational program of the district.

It is this process that has provided the basis for the capital improvement plans implemented by GCPS for the SPLOST II and SPLOST III programs.

■ **Other Capital Improvements**

The Other Capital Improvements program involves identification of the need for ongoing improvements to existing facilities such as roof replacement, heating, ventilating, and air conditioning systems (HVAC), site improvements, flooring, painting, plumbing, and electrical. These improvements are identified via an annual process of site evaluation performed by the GCPS maintenance staff. This process results in the plan for annual other capital improvement projects which is a part of the SPLOST programs. A total of \$5.5 million is budgeted annually for this program in SPLOST III.

■ Technology

A comprehensive Technology Plan is developed by the Information Management Division. This plan includes technology standards for equipment and software for each classroom and other central activities such as computer labs and administrative support.

The Governmental Finance Officers Association (GFOA) indicates in its *Recommended Practice for Multi-Year Capital Planning* document that a prudent multi-year capital plan identifies and prioritizes expected needs based on a strategic plan that establishes project scope and cost, details estimated amounts of funding from various sources, and projects future operating and maintenance costs. Capital plans are recommended to cover three to five year periods. GCPS uses processes that are consistent with this best practice.

COMMENDATION 4-A:

Gwinnett County Public Schools is commended for establishing and maintaining an effective planning process for the identification and implementation of the capital needs of the district.

FINDING

The FY2009 Public Budget document for GCPS does not provide enough information regarding the overall activities associated with the SPLOST III program and is not consistent with the manner in which all other funds for GCPS are presented. The SPLOST III budget information provides project total (multi-year) expenditure information and excludes the identification of the beginning fund balance, revenues, and resources expected to be expended in the current year.

In its *Recommended Practice for Presentation of the Capital Budget in the Budget Operating Document*, GFOA states:

After the capital budget or multi-year capital plan is adopted, a government should decide how to best present major capital program highlights in the operating budget document. An exceptional capital presentation enhances the transparency and accountability to citizens. It gives a broader context for citizens to understand major components of the capital budget and its relationship to the operating budget.

The practice goes on to recommend that the capital budget be in a distinct section of the budget document and show a direct link to the multi-year capital improvement plan. This would include the total dollar amount of capital expenditures for the budget year and the multi-year plan. It also recommends that funding sources be defined.

The financial information provided for the SPLOST II and SPLOST III projects presented in the FY2009 Public Budget Document are not consistent with the information presented for other governmental funds. The SPLOST II and SPLOST III budgets included on pages 74 and 75 of the FY2009 adopted budget provide only total project (multi-year) expenditure information and excludes the identification of the available resources (beginning fund balance), the current year revenues, and the resources expected to be expended in the current year.

The financial information in the 2008-09 fiscal year budget document for the Capital Projects Funds is replicated in **Exhibit 4-4** and **Exhibit 4-5**.

**EXHIBIT 4-4
GWINNETT COUNTY PUBLIC SCHOOLS
REPLICA BUDGET PAGE 74
CAPITAL PROJECT FUND
FY2009 PUBLIC BUDGET DOCUMENT**

| | |
|--|---------|
| Capital Projects Funds | Page 74 |
| <u>SPECIAL LOCAL OPTION SALES TAX (SPLOST) - GENERAL INFORMATION</u> | |
| <p>In FY 1998, the Georgia Legislature passed a law allowing school districts to establish a one-cent sales tax that could be used for capital projects or debt retirement. The passage of this sales tax assists the school district in building new schools for a student enrollment that continues to grow dramatically each year, to renovate and add classrooms to existing schools, and to provide system-wide technology improvements for teaching and learning.</p> | |
| <u>SPLOST III (July 1, 2007 - June 30, 2012)</u> | |
| <p>On November 7, 2006, the citizens of Gwinnett County approved an extension of the special purpose local option sales tax (SPLOST). This is the third renewal of this sales tax program. The referendum approved a maximum collection of \$1.1 billion over the period July 1, 2007 through June 30, 2012. Revenue from this sales tax renewal will be used to construct almost 1,300 needed classrooms in 19 new schools and 2 school additions, technology advancements to support instruction system wide, and land for future schools.</p> | |
| <p>In addition to approving the sales tax extension, the voters also authorized the Board to sell short-term bonds to be repaid with sales tax revenue. This will provide the necessary cash flow to allow the classroom needs to be met earlier.</p> | |

Source: Gwinnet County Board of Education Adopted Budget, FY2009 Public Budget Document July 1, 2008 - June 30, 2009

Exhibit 4-4 discusses the SPLOST III program, but does not address the SPLOST II program, nor does it reference the budget for resources to be expended from the Bond Fund using bond proceeds in the amount of \$500 million received in May 2008. A total of \$216,570,520 was expended from the Bond Fund during the 2008-09 fiscal year, yet this fund is not discussed and no budget amounts are identified.

**EXHIBIT 4-5
 GWINNETT COUNTY PUBLIC SCHOOLS
 REPLICATED BUDGET PAGE 75
 CAPITAL PROJECT FUND
 FY2009 PUBLIC BUDGET DOCUMENT**

Below is a list of projects to be completed in FY2009 along with the budgeted expenditures

| <u>Type</u> | <u>Name</u> | <u>Budget</u> | |
|-------------|----------------------------|----------------------|----------------------------|
| New | North Gwinnett MS | \$35,211,517 | |
| New | Archer HS | \$69,103,649 | |
| New | Mountain View HS | \$64,326,649 | |
| New | Twin Rivers MS | \$27,578,781 | |
| New | Bay Creek MS | \$26,950,543 | |
| New | Couch MS | \$26,960,543 | |
| New | Woodward Hills ES | \$8,758,645 | Also funded from SPLOST II |
| New | Dyer ES Replacement | \$20,348,531 | |
| New | Starling ES | \$20,378,080 | |
| New | Benefield ES (replacement) | \$19,686,408 | |
| | TOTAL | <u>\$319,303,346</u> | |

Note: The budget for the new schools and school additions includes funds for construction, computer equipment and furniture.

Capital Projects Funds: Budgeted Projects

Page 75

Source: Gwinnet County Board of Education Adopted Budget, FY2009 Public Budget Document July 1, 2008 - June 30, 2009

Although not formally noted, the information included in **Exhibit 4-4** and **Exhibit 4-5** imply that all of the resources in the Capital Fund reflect the use of SPLOST III resources with the exception of the SPLOST II resources identified to be used for Woodward Hills ES.

All of the budget amounts identified in **Exhibit 4-5**, with the exception of Woodward Hills ES, reflect the total project costs which are anticipated to occur in multiple fiscal years, not just in fiscal 2009. The Woodward Hills ES budget reflects only a portion of the total project budget. Thus, there is an inconsistency in the manner in which the project budgets are presented as all but one of the projects are reported on a total project basis. The amount of the SPLOST II resources for Woodward Hills ES is not identified and there is no separate budget information for the SPLOST II program. A review of the actual expenditure activity for Woodward Hills ES through June 30, 2009 indicates a total project budget of \$17,928,508 which has been included within the SPLOST III program. A total of \$51,524 identified as "Other Construction" is the budget amount included in the SPLOST II program.

The budget document includes only the two pages with a total for the Capital Projects Funds and does not identify the resources for the various sub-funds. The Capital Fund comprises sub-funds for the two SPLOST programs and the bond program created after the issuance of \$500,000,000 of the \$750,000,000 authorized in general obligation bonds in fiscal 2008 per an election on February 5, 2008.

Over \$200 million was expended in the Bond Fund in fiscal 2009, yet none of the projects associated with these expenditures appear in the FY 2009 Budget document. An overall budget of \$222 million was identified in the financial records for the bond fund for construction involving 14 facilities. Ten of these facilities are identified in the 2009-10 adopted budget.

An additional issue involves the process used by GCPS to budget for capital improvement projects; it is not consistent with traditional budgeting practices as the projects included in the Public Budget Document appear well after the project has been initiated and significant resources have been expended. A note to the summary entitled *Funds Comprising the Total Budget* on page one of the FY2009 Public Budget Document indicates the amounts for the Capital Projects Funds reflect the estimated expenses for the projects in the year they are to be completed. Thus, the Capital Fund budget page in the FY2009 Public Budget Document fails to reflect the expenditure budget for all of the projects that will occur in the budget year, and in effect, capital projects commence with no formal budget authorization in the budget document.

The Board of Education formally adopts the budget for all funds to include the Capital Projects Funds. The total expenditure budget for FY2008 per the Capital Projects Fund on page 75 and the All Funds summary on page 34 was \$277,792,534. The information in the Comprehensive Annual Financial Report for the period ending June 30, 2008 indicates expenditures totaling \$409,717,093.

Exhibit 4-6 provides a summary of the capital improvement projects included in the FY2009 and FY2010 budget documents. Of the capital improvement projects included in the FY2009 Public Budget, 68 percent of the total expenditures through June 30, 2009 were expended in FY2008. Of the \$314 million adopted in the FY2010 Public Budget Document for specific capital projects, 40 percent of the construction budget for these projects was expended in FY2009.

**EXHIBIT 4-6
 GWINNETT COUNTY PUBLIC SCHOOLS
 SUMMARY OF CAPITAL IMPROVEMENT PROJECTS
 FY2008, FY2009, AND FY2010 BUDGET AND EXPENDITURES BY FISCAL YEAR
 AS OF JUNE 30, 2009**

| SCHOOL | PROJECT TYPE | FUND | PER PLAN | CONSTRUCTION BUDGET FY2009 | BUDGET DOCUMENT | | ACTUAL EXPENDITURES | |
|--|--------------|------------|-------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | | | | FY2009 | FY2010 | FY2008 | FY2009 |
| Projects in FY2009 Budget Document | | | | | | | | |
| North Gwinnett MS | New | SPLOST III | 2009 | \$ 26,454,500 | \$ 36,211,517 | \$ - | \$ 19,183,115 | \$ 5,719,231 |
| Archer HS | New | SPLOST III | 2009 | 58,225,900 | 69,103,649 | - | 37,791,990 | 14,271,082 |
| Mountain View HS | New | SPLOST III | 2009 | 54,460,680 | 64,326,649 | - | 34,800,015 | 11,782,003 |
| Twin Rivers MS | New | SPLOST III | 2009 | 27,590,150 | 27,578,781 | - | 16,276,999 | 8,130,231 |
| Bay Creek MS | New | SPLOST III | 2009 | 16,786,514 | 26,960,543 | - | 9,608,171 | 6,145,530 |
| Couch MS | New | SPLOST III | 2009 | 21,331,205 | 26,960,543 | - | 15,765,176 | 5,130,493 |
| Woodward Hills ES (1) | New | SPLOST III | 2009 | 17,928,508 | 8,758,645 | - | 5,762,331 | 10,822,318 |
| Dyer ES Replacement | New | SPLOST III | 2009 | 16,613,359 | 20,348,531 | - | 5,977,024 | 9,145,124 |
| Starling ES | New | SPLOST III | 2009 | 17,998,089 | 20,378,080 | - | 5,751,512 | 7,646,072 |
| Benfield ES Replacement | New | SPLOST III | 2009 | 15,928,864 | 19,686,408 | - | 13,986,972 | 281,344 |
| Total FY2009 Budget Document Projects | | | | 273,317,769 | 320,313,346 | - | 164,903,305 | 79,073,428 |
| Projects in FY2010 Budget Document | | | | | | | | |
| Lanier HS | New | SPLOST III | Not in Plan | 48,504,400 | - | 62,460,169 | 3,197,275 | 26,498,304 |
| Jenkins ES (Central Cluster ES) | New | Bond | 2010 | 17,895,684 | - | 21,341,132 | - | 8,447,352 |
| Burnette ES (Peachtree Ridge CLus ES) | New | Bond | 2010 | 13,993,210 | - | 16,652,626 | - | 6,440,755 |
| Ferguson ES (Berkmar Clus ES) | New | Bond | 2010 | 18,882,501 | - | 21,341,132 | - | 14,671,392 |
| Roberts ES (North Cluster ES) | New | Bond | 2010 | 17,591,027 | - | 21,341,132 | - | 5,044,708 |
| Midway MS (So. Gwinnett Cluster MS) | New | Bond | 2010 | 21,368,412 | - | 26,473,173 | - | 13,711,073 |
| Radloff MS | Addition | Bond | 2010 | 8,624,228 | - | 18,273,157 | - | 2,774,779 |
| Shiloh HS | Addition | Bond | 2010 | 7,000,770 | - | 23,314,566 | - | 4,672,173 |
| Snell ES (Shiloh Cluster ES) | New | Bond | 2010 | 15,997,039 | - | 20,795,927 | - | 8,173,481 |
| Math Science HS | New | bond | 2010 | 41,482,255 | - | 82,548,133 | - | 31,995,728 |
| Total FY2010 Budget Document Projects | | | | 211,339,526 | - | 314,541,147 | 3,197,275 | 122,429,745 |
| Projects not in any Budget Documents | | | | | | | | |
| Chesney ES | Addition | Bond | 2011 | 4,720,876 | - | - | - | 4,044,796 |
| Central Cluster MS | New | Bond | 2011 | 21,149,500 | - | - | - | 185,553 |
| Norcross ES | Addition | Bond | 2013-2014 | 21,244,470 | - | - | - | 604,557 |
| Shiloh MS | Addition | Bond | 2010 | 10,308,000 | - | - | - | 1,194,401 |
| South Gwinnett HS | Addition | Bond | 2011 | 16,012,500 | - | - | - | 217,428 |
| Sugar Hill ES | Addition | Bond | 2011 | 5,760,000 | - | - | - | 85,194 |
| Total Projects not in any Budget Document | | | | 79,195,346 | - | - | - | 6,331,929 |
| TOTAL | | | | \$ 563,852,641 | \$ 320,313,346 | \$ 314,541,147 | \$ 168,100,580 | \$ 207,835,102 |

Source: Gwinnett Public Schools Office of Budgets and Financial Reporting, "The Plan" 2007-2014, and Control Budget Reports for SPLOST III and the Bond Fund.

A final issue involves the budget information contained on page 75 of the FY2008 Public Budget Document which does not reflect the total budget for the Capital Funds. A review of previously shown **Exhibit 4-3** indicates there are a number of expenditures in the SPLOST programs beyond those for capital improvements. These include expenditures for technology, bus replacement/refurbishing and equipment. There are also a number of expenditures associated with overhead, debt service and lease payments associated with the overall capital program. Of the \$241 million of SPLOST III resources expended during the 2008-09 school year, \$99.5 million was expended for purposes other than construction activities. These expenditures are allowable under SPLOST law.

The staff of GCPS has excellent planning documents that include appropriate budget information to support the implementation of the overall capital improvement program; however, this information has not been included in the formal budget documents for fiscal years 2008, 2009, and 2010.

RECOMMENDATION 4-1:

Restructure the format for the SPLOST and other capital resources in the FY2011 Public Budget Document to be consistent with best practice as outlined by GFOA in

the Recommended Practice: Presentation of the Capital Budget in the Operating Budget Document.

To meet the best practices recommended by GFOA, GCPS should:

- Identify the capital project budget information that is expected to occur in the fiscal year for which the budget is adopted, not in the year the projects are anticipated to be completed.
- Identify all of the anticipated expenditure activity for the Capital funds in the FY 2011 Public budget document.
- Include estimated revenues and beginning and ending fund balance information.

IMPLEMENTATION STRATEGIES AND TIME LINE

- | | |
|---|-------------|
| 1. The Chief Financial Officer should direct the Director of Budgets and Financial Reporting to develop a budget format for capital activities within the annual operating budget document that incorporates the GFOA Recommended Practice. | Winter 2009 |
| 2. The Director of Budgets and Financial Reporting develop the appropriate format to meet the GFOA Recommended Practice while preparing the FY2011 GCPS Public Budget Document. | Spring 2010 |

FISCAL IMPACT

This recommendation can be implemented with existing staff.

4.3 Financial Management

The major revenue source for the SPLOST programs is sales tax receipts that are collected by the State of Georgia and remitted to GCPS two months in arrears. At year end, two months of sales tax revenues (those for May and June) are recorded as taxes receivable and identified as current revenues in the CAFR prepared by GCPS. As previously shown, **Exhibit 4-2** identifies the current budget and actual revenues for the SPLOST II and SPLOST III programs.

The district manages four bank accounts for SPLOST II funds. **Exhibit 4-7** shows the four accounts, the cash balances as of July 1, 2008, and the ending balance as of June 30, 2009.

**EXHIBIT 4-7
GWINNETT COUNTY PUBLIC SCHOOLS
SPLOST II CASH BALANCES
JUNE 30, 2009**

| ACCOUNTS | CASH BALANCE | |
|--|----------------------|----------------------|
| | JULY 1, 2008 | JUNE 30, 2009 |
| Local Government Investment Pool Sales Tax Account | \$ 22,512,599 | \$ 10,346,857 |
| Local Government Investment Pool Notes Account | 15,117 | 15,325 |
| Sales Tax Investment Account | - | 3,751,591 |
| Sales Tax - Wachovia Bank Account | 1,426,441 | 774,130 |
| Notes - Wachovia Bank Account | 33,000 | 33,173 |
| TOTAL | \$ 23,987,157 | \$ 14,921,076 |

Sources: Gwinnett County Public Schools, budget, Finance, and Accounting Department and specific bank statements for July 2008 through June 2009.

GCPS established seven bank accounts for SPLOST III funds during the 2007-08 school year. Trustee accounts have been established to account for the debt service obligations associated with the \$425 million general obligation bond issue in March 2007. The SPLOST III funds are sent by the Georgia Department of Revenue directly to the accounts at US Bank (one for GCPS and the other to account for the “up front” funds provided to Buford Schools at the beginning of the SPLOST III program) and if the resources are not required to fund debt service obligations and other liabilities, the funds are transferred to a Wachovia bank account.

Exhibit 4-8 identifies the seven accounts, the beginning cash balances as of July 1, 2008, and the ending balances as of June 30, 2009.

**EXHIBIT 4-8
GWINNETT COUNTY PUBLIC SCHOOLS
SPLOST III CASH BALANCES
AS OF JUNE 30, 2009**

| ACCOUNTS | CASH BALANCE | |
|--|-----------------------|-----------------------|
| | JULY 1, 2008 | JUNE 30, 2009 |
| Local Government Investment Pool Sales Tax Account | \$ 160,229,294 | \$ 87,587,027 |
| Local Government Investment Pool Notes Account | 76,239,560 | - |
| Notes - Wachovia Bank Account | 1,089,820 | - |
| Sales Tax - Wachovia Bank Account | 13,802,556 | 440,170 |
| Sales Tax Investment Account | - | 16,573,137 |
| US Bank GO Bond - Trustee Investment Account - Debt Service | 21,111,992 | 31,277,665 |
| Local Government Investment Pool - Trustee Account - Debt Service | - | 23,929,161 |
| TOTAL | \$ 272,473,222 | \$ 159,807,160 |

Sources: Gwinnett County Public Schools, budget, Finance, and Accounting Department and specific bank statements from July 2007 through June 2008.

In reviewing documentation for each of the SPLOST II and SPLOST III accounts, MGT found that confirmation notices from the state for SPLOST III revenue were recorded correctly in the bank accounts and on the general ledger. By reviewing monthly bank reconciliations, MGT verified that bank statements balanced against the general ledger.

GCPS issued \$425,000,000 in short-term general obligation bonds on March 29, 2007. **Exhibit 4-9** identifies the debt service schedule for these bonds as of June 30, 2009. As shown, the total debt service for these obligations will be paid with SPLOST III funds and be fully retired in February 2013.

**EXHIBIT 4-9
 GWINNETT COUNTY PUBLIC SCHOOLS
 GENERAL OBLIGATION BONDS, SERIES 2007
 DEBT SERVICE PAYMENT SCHEDULE
 AS OF JUNE 30, 2009**

| PERIOD ENDING | PRINCIPAL | INTEREST | TOTAL DEBT SERVICE | ANNUAL DEBT SERVICE |
|----------------------|-----------------------|----------------------|---------------------------|----------------------------|
| 8/1/2009 | \$ - | \$ 10,493,163 | \$ 10,493,163 | \$ - |
| 2/1/2010 | 100,000,000 | 10,493,163 | 110,493,163 | 120,986,325 |
| 8/1/2010 | - | 8,022,100 | 8,022,100 | - |
| 2/1/2011 | 110,000,000 | 8,022,100 | 118,022,100 | 126,044,200 |
| 8/1/2011 | - | 5,304,725 | 5,304,725 | - |
| 2/1/2012 | 125,000,000 | 5,304,725 | 130,304,725 | 135,609,450 |
| 8/1/2012 | - | 2,219,425 | 2,219,425 | - |
| 2/1/2013 | 90,000,000 | 2,219,425 | 92,219,425 | 94,438,850 |
| Total | \$ 425,000,000 | \$ 52,078,825 | \$ 477,078,825 | \$ 477,078,825 |

Source: Closing Transcript, Gwinnett County School District (Georgia) General Obligation Bonds, Series 20007.

The purpose of this bond issue was to improve the short-term cash flow to allow GCPS to more quickly meet the immediate demand for classroom space.

FINDING

GCPS continues to present construction status reports to every school principal and key central office staff members on a monthly basis.

By providing this information, areas of concern or relevance can be discussed with the goal of efficient and effective implementation of the use of SPLOST revenues. By providing these reports to all school principals, GCPS is ensuring that district staff are clearly informed, which fosters a positive environment. This continued reporting structure is considered a best practice.

Furthermore, GCPS has implemented a safeguard in the PeopleSoft software that requires any budgetary or expense entry to be associated with a specific SPLOST project. This requirement ensures that SPLOST III funds are attributed to specific board-approved projects.

COMMENDATION 4-B:

Gwinnett County Public Schools is commended for continuing to provide monthly status reports to key central office staff and school principals for SPLOST III as they did for SPLOST II information.

FINDING

A process has been established whereby the Superintendent, Chief Operating Officer, Chief Financial Officer, Chief Information Officer and the Director of Budgets and Financial Reporting meet quarterly to review the status of the SPLOST III program.

Part of the reporting associated with the review is a financial summary that includes a listing of the budget adjustments made by this group which is maintained on a life-to-date basis. The process used is to transfer budget reductions/increases to the Project Reserve Account. This is an effective way to keep abreast of the activities taking place in the program as well as providing documentation of the actions taken by the group.

COMMENDATION 4-C:

Gwinnett County Public Schools is commended for establishing a well-documented process to track program changes to the SPLOST III program.

FINDING

MGT analyzed the retainage payment schedules for SPLOST III funds during the 2008-09 school year for contractors associated with the following projects:

- North Gwinnett Middle School
- Bay Creek Middle School
- Archer High School
- Mountain View High School
- Starling Elementary School

The district continues to track retainage with the following information:

- Project name.
- Contractor name and contract amount.
- Architect name and contract amount.
- Amounts paid to date for both the contractor and the architect.
- Total retainage to date.
- Previous retainage.
- Current retainage.

Documentation reviewed for the aforementioned projects included copies of the application and certificate for payment complete with notarization, detailed deliverables provided, summary of deliverables provided, and the approval from the internal construction manager.

COMMENDATION 4-D:

Gwinnett County Public Schools continues to use an effective process to track retention associated with each vendor report pertaining to SPLOST III funds.

4.4 Transportation

During the first 16 months of the SPLOST III program, 145 new buses were purchased at a cost of \$9,389,329. An additional 41 buses were purchased using SPLOST III resources during the 2008-09 fiscal year at a cost of \$3,208,044. A total of 58 older buses were refurbished per the GCPS bus refurbishing program from SPLOST II resources during the 2008-09 fiscal year at a cost of \$1,247,624. **Exhibit 4-10** identifies the GCPS vehicle inventory at June 30, 2009.

**EXHIBIT 4-10
GWINNETT COUNTY PUBLIC SCHOOLS
VEHICLE INVENTORY BY AGE
AS OF JUNE 30, 2009**

| VEHICLE TYPE | 1 TO 5 YEARS | 6 - 10 YEARS | 11-15 YEARS | 16-20 YEARS | OVER 20 YEARS | TOTAL |
|-------------------------|---------------------|---------------------|--------------------|--------------------|----------------------|--------------|
| School Buses | 560 | 544 | 268 | 246 | 119 | 1,737 |
| Refurbished Buses | - | - | | 38 | 20 | 58 |
| Total Buses | 560 | 544 | 268 | 284 | 139 | 1,795 |
| Support Vehicles | 98 | 111 | 99 | 85 | 69 | 462 |
| Total Vehicles | 658 | 655 | 367 | 369 | 208 | 2,257 |
| Buses | | | | | | |
| Over 15 Years | - | - | - | 284 | 139 | 423 |
| % of Total Fleet | 31.20% | 30.31% | 14.93% | 15.82% | 7.74% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 23.57% |
| Support Vehicles | | | | | | |
| Over 15 Years | - | - | - | 85 | 69 | 154 |
| % of Total Fleet | 21.21% | 24.03% | 21.43% | 18.40% | 14.94% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 33.33% |

Source: Gwinnett Public Schools Fleet Maintenance Department

FINDING

GCPS has implemented a unique program to address the requirement to replace older buses. This program involves the refurbishment of existing buses in lieu of purchasing replacements. The district uses a 15-year estimated life for school buses and most other vehicles. **Exhibit 4-10** indicates the district has 423 buses and 154 support vehicles aged 15 years or older. The bus refurbishment includes total renovation of the interior and exterior of the buses and upgrading to meet current technical specifications for school buses. This is an innovative approach to sustaining an older bus fleet when resources are required to expand the fleet to provide transportation for a growing student population.

An amount of \$5,000,000 has been budgeted in SPLOST II to refurbish 388 buses ranging from 21 to 15 years of age. This represents an upgrade of 92 percent of the buses 15 years of age or older. A total of 58 buses were refurbished in FY2009.

It is currently anticipated the refurbished buses will have an additional useful life in the 10- to 15-year range. If this program proves to be successful, the average age of the bus fleet will be reduced. **Exhibit 4-11** provides an adjustment to **Exhibit 4-10** by identifying the 58 buses refurbished in FY2009 as being the equivalent of the current fleet that is one to five years old. This reduces the percentage of buses over 15 years of age from 23.57 percent to 20.33 percent.

**EXHIBIT 4-11
 GWINNETT COUNTY PUBLIC SCHOOLS
 VEHICLE INVENTORY BY AGE
 ADJUSTED FOR RENOVATED BUSES
 AS OF JUNE 30, 2009**

| VEHICLE TYPE | 1 TO 5 YEARS | 6 - 10 YEARS | 11-15 YEARS | 16-20 YEARS | OVER 20 YEARS | TOTAL |
|-------------------------|---------------------|---------------------|--------------------|--------------------|----------------------|--------------|
| School Buses | 560 | 544 | 268 | 284 | 139 | 1,795 |
| Refurbished Buses | 58 | - | - | (38) | (20) | - |
| Total Buses | 618 | 544 | 268 | 246 | 119 | 1,795 |
| Support Vehicles | 98 | 111 | 99 | 85 | 69 | 462 |
| Total Vehicles | 716 | 655 | 367 | 331 | 188 | 2,257 |
| Buses | | | | | | |
| Over 15 Years | - | - | - | 246 | 119 | 365 |
| % of Total Fleet | 34.43% | 30.31% | 14.93% | 13.70% | 6.63% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 20.33% |
| Support Vehicles | | | | | | |
| Over 15 Years | - | - | - | 85 | 69 | 154 |
| % of Total Fleet | 21.21% | 24.03% | 21.43% | 18.40% | 14.94% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 33.33% |

Source: Gwinnett Public Schools Fleet Maintenance Department

When the total program is completed in 2011 and 388 buses have been refurbished, the adjustment identified in **Exhibit 4-12** indicates that 125 or 6.96 percent of the bus fleet would be the equivalent of more than 15 years old.

**EXHIBIT 4-12
 GWINNETT COUNTY PUBLIC SCHOOLS
 VEHICLE INVENTORY BY AGE
 ADJUSTED FOR COMPLETION OF PROGRAM IN FY2011
 AS OF JUNE 30, 2009**

| VEHICLE TYPE | 1 TO 5 YEARS | 6 - 10 YEARS | 11-15 YEARS | 16-20 YEARS | OVER 20 YEARS | TOTAL |
|-------------------------|---------------------|---------------------|--------------------|--------------------|----------------------|--------------|
| School Buses | 338 | 619 | 325 | 157 | 356 | 1,795 |
| Refurbished Buses | 388 | - | - | (32) | (356) | - |
| Total Buses | 726 | 619 | 325 | 125 | 0 | 1,795 |
| Support Vehicles | 98 | 111 | 99 | 85 | 69 | 462 |
| Total Vehicles | 824 | 730 | 424 | 210 | 69 | 2,257 |
| Buses | | | | | | |
| Over 15 Years | - | - | - | 125 | 0 | 125 |
| % of Total Fleet | 40.45% | 34.48% | 18.11% | 6.96% | 0.00% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 6.96% |
| Support Vehicles | | | | | | |
| Over 15 Years | - | - | - | 85 | 69 | 154 |
| % of Total Fleet | 21.21% | 24.03% | 21.43% | 18.40% | 14.94% | 100.00% |
| Percent over 15 Years | - | - | - | - | - | 33.33% |

Source: Gwinnett Public Schools Fleet Maintenance Department

COMMENDATION 4-E:

Gwinnett County Public Schools is commended for implementing the innovative refurbishment program to upgrade and sustain an older bus fleet.

FINDING

As reported in the SPLOST II FY2008 report, the bus refurbishment program appears to be an effective way to reduce the overall capital costs associated with the replacement of buses. It will be important to carefully track the operating costs associated with these buses and compare these costs with similar costs associated with other buses in the fleet. District staff indicates this program has not been implemented to date because of the limited period for assessment.

To fully determine if the refurbishment program is successful, it will be necessary to assure that any differences in operating costs do not exceed the capital savings achieved from the program. This is especially significant as any increase in direct operating costs will negatively impact the General Fund.

RECOMMENDATION 4-2:

Establish a program to track the operating costs for the refurbished school buses in comparison with both new buses and older buses to determine the viability of continuing the refurbishment program.

A full understanding of the operating costs will provide the basis for determining if the refurbishment program has provided a financial benefit to GCPS.

IMPLEMENTATION STRATEGIES AND TIME LINE

- | | |
|--|-------------|
| 1. The Chief Operations Officer should direct the Director of Fleet and Grounds Maintenance to evaluate the operating cost impact of the bus refurbishment program in comparison to operating costs for other buses by varying age groups. | Winter 2009 |
| 2. The Director of Fleet and Grounds Maintenance should assure that the necessary procedures are in place to evaluate the bus operating costs for the various age groups of buses in comparison to the refurbished buses. | Summer 2010 |

FISCAL IMPACT

This recommendation can be implemented with existing staff.

4.5 Technology

Technology-related purchases with SPLOST II and SPLOST III funds are allowable under Georgia law. The GCPS Division of Information Management expended \$172,897,997 of SPLOST II resources for technology. This represents the total expenditures that will be expended for technology in SPLOST II. **Exhibit 4-13** provides a summary of these expenditures.

**EXHIBIT 4-13
GWINNETT COUNTY PUBLIC SCHOOLS
SUMMARY OF TECHNOLOGY SPLOST II EXPENDITURES
JULY 1 2002 THROUGH JUNE 30, 2009**

| | CURRENT BUDGET | EXPENDITURES |
|--------------------------------------|---------------------------|-----------------------|
| Technology | | |
| Instructional Equipment | \$ 87,289,554 | \$ 87,289,541 |
| Chief Information Officer | 386,373 | 386,373 |
| Media | 2,333,341 | 2,333,341 |
| Broadcasting/Distance Learning | 18,813 | 18,813 |
| Media - New Schools | 1,200,031 | 1,200,031 |
| Media | 4,577,504 | 4,577,504 |
| School Administration | 2,753,812 | 2,753,812 |
| Other Instructional Technology | 3,619,019 | 3,619,019 |
| Business Services | 16,087,020 | 16,087,020 |
| Minor Projects | 4,369 | 4,369 |
| Customer Service and Support | 38,616 | 38,616 |
| AIS Other Support Services | 13,425,755 | 13,425,755 |
| Business & Resource Management | 246,790 | 246,790 |
| Information Solutions and Design | 39,395 | 39,395 |
| Technology Standards | 1,308 | 1,308 |
| Application Solutions | 1,066,969 | 1,066,969 |
| Network/Telecommunications | 267,286 | 267,286 |
| Applications and Data Management | 26,055 | 26,055 |
| Central Administration | 36,619,203 | 36,619,203 |
| Instructional Support Center Network | 2,896,784 | 2,896,784 |
| Total Technology | \$ 172,897,997 | \$ 172,897,984 |

Source: Gwinnett Public Schools Capital Projects Multi Year Expenditures, SPLOST II Report as of June 30, 2009

GCPS has expended \$98,000,997 and encumbered \$7,439,850 for a total commitment of \$105,440,847 during the first two years of the SPLOST III program.

These technology expenditures for SPLOST III through June 30, 2009 are identified in **Exhibit 4-14**. As shown:

- \$105,440,847 of the SPLOST III budget for technology has been expended or encumbered. This represents 76 percent of the amount budgeted for the five year program.
- Of the total budget, 76 percent has been budgeted for instructional purposes.
- The majority of the expenditures thus far (80%) have been to support instructional activities at the schools.

**EXHIBIT 4-14
 GWINNETT COUNTY PUBLIC SCHOOLS
 SPLOST III TECHNOLOGY EXPENDITURES
 JULY 1, 2007 THROUGH JUNE 30, 2009**

| | CURRENT BUDGET | EXPENDITURES | ENCUMBRANCES | TOTAL COMMITTED |
|------------------------------------|---------------------------|----------------------|---------------------|----------------------------|
| Instructional Technology | | | | |
| Crews MS | \$ 103,899 | \$ 103,899 | \$ - | \$ 103,899 |
| Berkmar HS Field house | 30,000 | 620 | - | 620 |
| Dacula HS Field house | 30,000 | 605 | - | 605 |
| Knight MS Addition | 533,975 | 533,975 | - | 533,975 |
| Lovin ES | 1,238,142 | 1,238,142 | - | 1,238,142 |
| Mulberry ES | 1,006,179 | 1,006,179 | - | 1,006,179 |
| Patrick ES | 1,236,052 | 1,236,052 | - | 1,236,052 |
| North Gwinnett MS | 3,484,422 | 1,030,161 | 477,413 | 1,507,574 |
| Trip ES | 1,252,385 | 1,252,385 | - | 1,252,385 |
| Bay Creek MS | 3,324,374 | 1,451,737 | 317,179 | 1,768,916 |
| Archer HS | 5,254,835 | 1,781,146 | 530,710 | 2,311,856 |
| White Oak ES | 1,773,146 | 1,181,017 | 340,238 | 1,521,255 |
| Mountain View HS | 5,216,835 | 2,652,362 | 258,746 | 2,911,108 |
| Twin Rivers MS | 3,441,686 | 1,745,742 | 256,645 | 2,002,387 |
| Lanier MS Replacement | 3,371,474 | 2,355,610 | 86,529 | 2,442,139 |
| Couch MS | 3,324,374 | 1,349,489 | 341,685 | 1,691,174 |
| Rosebud ES | 945,403 | 945,403 | - | 945,403 |
| Woodward Mill ES | 1,739,669 | 686,618 | 670,469 | 1,357,087 |
| Starling ES | 1,792,709 | 961,094 | 344,080 | 1,305,174 |
| Benefield ES Replacement | 1,369,279 | 1,369,279 | - | 1,369,279 |
| Dyer ES Replacement | 1,792,709 | 679,663 | 669,427 | 1,349,090 |
| Puckett's Mill ES | 1,399,497 | 1,399,497 | - | 1,399,497 |
| Lanier HS | 5,211,399 | 158,092 | 497,600 | 655,692 |
| Math/Science HS | 411,068 | 411,068 | - | 411,068 |
| Growth Computers | 3,556,882 | 1,997,114 | 26,391 | 2,023,505 |
| Replacement Computers | 125,048 | 125,048 | - | 125,048 |
| Mobile Classroom Infrastructure | 2,288,943 | 1,099,996 | - | 1,099,996 |
| ES Technology Refresh | 12,611,584 | 12,591,673 | 9,282 | 12,600,955 |
| MS Technology Refresh | 37,914,912 | 37,892,615 | - | 37,892,615 |
| Charter School Refresh | 10,115 | 10,115 | - | 10,115 |
| Total Instruction | 105,790,995 | 79,246,396 | 4,826,394 | 84,072,790 |
| Other Technology Activities | | | | |
| ISC Renovations | 100,524 | 100,524 | - | 100,524 |
| IMD System Development | 17,664,766 | 8,565,135 | 1,888,565 | 10,453,700 |
| Access Strategy | 4,308,211 | 3,651,357 | 656,854 | 4,308,211 |
| Network Mgt/Intrusion Detection | 2,360,533 | 1,398,855 | 40,000 | 1,438,855 |
| Infrastructure Testing/Std's | 5,069,167 | 4,860,383 | - | 4,860,383 |
| Central Office Refresh | 3,246,358 | 178,347 | 28,037 | 206,384 |
| Total Other | 32,749,559 | 18,754,601 | 2,613,456 | 21,368,057 |
| TOTAL | \$ 138,540,554 | \$ 98,000,997 | \$ 7,439,850 | \$ 105,440,847 |

Source: Gwinnett County Public Schools Capital Projects Multi Year Expenditures report, 2007 SPLOST Program for 6/30/2009.

FINDING

GCPS has implemented the PeopleSoft asset management module, making it possible to account for and manage all district assets in a single system. Prior reviews of the SPLOST programs identified the use of a labor-intensive asset management system that was inefficient at tracking the district's capitalized assets requiring information to be entered manually into a spreadsheet based on data received by the individual accounting offices.

A task force analyzed the asset management processes from procurement to disposal and made recommendations for improvement. The task force recommended the PeopleSoft asset management module integration as the system to implement and the system became operational on July 1, 2009.

COMMENDATION 4-F:

GCPS is commended for implementation of the PeopleSoft asset management module, providing a significant improvement in the ability of the district to manage its fixed assets.

FINDING

MGT visited the following schools and offices to review assets that were purchased with SPLOST III resources and ensure that asset identification tags were affixed and the items were actually used:

- Archer High School
- Shiloh High School
- Brookwood High School
- North Gwinnett Middle School
- Pinckneyville Middle School
- Rosebud Elementary School
- Pucketts Mill Elementary School
- Bay Creek Middle School
- Jones Middle School
- GCPS Data Center

At one high school, an Etching Press was not onsite during the visit. A teacher had taken this item home to work on an upcoming presentation. There was no documentation to identify the asset had been removed from the school. There is currently no process in place at GCPS to effectively account for assets that can be used by staff off-site.

RECOMMENDATION 4-3:

Develop a policy and related procedure to account for assets when taken off-site by district staff.

The district has invested significant resources in the acquisition of fixed assets, especially those for technology. Many of these assets are portable and may be used off-site by district

staff. To properly maintain the appropriate level of accountability, a policy and procedure is required to know the location and use of these assets if they are not at a district location.

IMPLEMENTATION STRATEGIES AND TIME LINE

- | | |
|--|-------------|
| 1. The Chief Financial Officer should direct the Director of Purchasing to recommend a revision to the Fixed/Capital Asset Management policy to address the requirement of a process for the use of assets off site by district staff and to develop procedures to support this process. | Winter 2009 |
| 2. The Director of Purchasing, working with the Assistant Director of Purchasing/Property Management should provide a draft policy and process for documentation to the Chief Financial Officer for review. | Spring 2010 |
| 3. The Chief Financial Officer should present the proposed policy revision to the Board of Education. | Spring 2010 |
| 4. The Chief Financial Officer should assure the policy and procedures are implemented. | Spring 2010 |

FISCAL IMPACT

This recommendation can be implemented with existing staff.

FINDING

Assets are not consistently tagged.

Of the nine schools visited, all SPLOST III assets (with the exception of the item addressed in the above finding) were located, but four assets at three separate locations were not tagged. The fact that four of nine schools had assets without an asset tag indicates the procedures associated with tagging assets when they are received is not being consistently implemented. This lack of adherence to existing procedures should be reviewed to determine if procedures need revision or steps taken to reinforce the need for compliance.

RECOMMENDATION 4-4:

GCPS should review existing procedures for tagging assets after they have been received.

The tagging of the assets is necessary to maintain an effective method of assuring the proper accountability and control for the fixed assets. It is also important to be able to easily locate and identify assets to assure that the district financial records are accurate.

IMPLEMENTATION STRATEGIES AND TIME LINE

- | | |
|---|------------------------------|
| 1. The Chief Financial Officer should work with the Director of Purchasing to review the existing procedures involving the tagging of fixed assets. | Winter 2009 |
| 2. The Director of Purchasing should perform an expanded sample of asset purchases and determine if procedures need to be revised or compliance with these procedures needs to be reinforced. | Winter 2009 – Spring 2010 |
| 3. The Chief Financial Officer should assure that all of the fixed assets have inventory tags with bar codes. | Spring 2010 |

FISCAL IMPACT

This recommendation can be implemented with existing resources.

5.0 COMPLIANCE STATEMENT

5.0 COMPLIANCE STATEMENT

Based on MGT's findings during the Special Purpose Local Option Sales Tax III Audit and Review for the 2008-09 school year, MGT has found Gwinnett County Public Schools in full compliance using SPLOST III funds in all areas reviewed and reviewed during the 2008-09 school year. Sections reviewed were:

- SPLOST III referendum process and documentation.
- 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. Recommendations detailed in the report provide for additional efficiencies and are not meant to state that GCPS is not in compliance with Georgia laws governing SPLOST III funding.