



**COBB COUNTY SCHOOL DISTRICT**

**SPLOST II Performance Audit  
12/31/04**



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COBB COUNTY SCHOOL DISTRICT  
SPLOST II PERFORMANCE AUDIT  
DECEMBER 31, 2004

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## EXECUTIVE SUMMARY

### **PURPOSE**

In 2003, the State of Georgia Legislature passed legislation which requires local Boards of Education receiving sales tax proceeds of \$5 million or more annually to have an annual performance audit or review. In May, 2005, the Cobb County School District engaged Moore & Cubbedge, LLP to perform the annual performance audits of the SPLOST II program.

The primary objectives of the performance audit, which are more fully described on Page 5 of this report, are as follows:

- To determine if the SPLOST II funds were expended efficiently and economically so as to secure the School District the maximum possible benefit from the tax dollars collected
- To provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described above
- To provide for the issuance of public recommendations at least annually for improvements in meeting the goals described above

### **BACKGROUND**

The voters of Cobb County approved the first special local option sales tax (SPLOST) for educational purposes in 1998. In September, 2003, prior to the expiration of the first sales tax program, the voters of Cobb County approved a second SPLOST program for education purposes. Funds received from the SPLOST II program were budgeted to be expended on new schools, additions and renovations, maintenance, curriculum and technology, safety and support and a property tax rollback. \$696.6 million was budgeted for the various projects in the SPLOST II program, which also included approximately \$60 million of state funding. For the calendar year ended December 31, 2004, the School District expended \$84.8 million and committed another \$130.7 million toward the completion of the total program. These expended and committed funds represent approximately 31% of the total budgeted expenditures of the five year program. Approximately 94% of the expended and committed funds as of December 31, 2004 related to new school construction, additions and renovations, and program management expenses.

### **RESULTS IN BRIEF**

Based on the results of our audit, we conclude that the Cobb County School District expended SPLOST II funds efficiently and economically for the twelve month period ended December 31, 2004.

## EXECUTIVE SUMMARY (continued)

### PRINCIPAL FINDINGS

Our audit disclosed the following findings which are more fully discussed on pages 9 – 18 of this report. Cobb County School District **Management Responses** to these findings can also be found on pages 9 – 18 of this report.

1. Documentation was not located in two files related to computer related purchases that would provide support that the unit prices paid for these items were compared to the amounts awarded in the proposals.
  
2. Change orders between \$10,000 and \$25,000 related to construction contracts were not approved by the Superintendent as required by School District policies prior to the adoption of the Policy Governance Model. These change orders were approved by management personnel who reported to the Superintendent. Additionally, change orders below \$25,000 related to construction contracts were not reported to the Board as required by the School District's documented policies and procedures that were in effect prior to the adoption of the Policy Governance Model.
  
3. The School Board approved the program manager's contract for the SPLOST II program six months before the SPLOST II referendum was passed by the voters. The funding for this proposed contract was to come from interest earnings from the SPLOST I program. However, interest earnings from the SPLOST I program were required by law to fund uncompleted SPLOST I projects due to the shortfall in SPLOST I tax revenues. Ultimately, the SPLOST II referendum passed and the SPLOST II tax revenues funded the program manager's contract.
  
4. After comparing construction expenditures of the Cobb County School District with other metro Atlanta School Districts, we conclude that the construction projects' expenditures are comparable, if not lower than other school systems in the metro Atlanta area.
  
5. Based on our procedures we conclude that administrative controls are in place to insure the proper management of the sales tax proceeds received by the School District.
  
6. Relating to the School District's technology related expenditures, we conclude that the process for soliciting and evaluating proposals and bids for technology products is adequate and promotes active competition among vendors. The process insures that technology expenditures are reasonable in the volatile market environment for these products.



## **EXECUTIVE SUMMARY (continued)**

7. Relating to the cash management of the SPLOST II proceeds received by the School District, we conclude that the cash management of these funds has been conducted in a sound fiscal manner. However, the investment strategy utilized by the School District in investing the SPLOST II proceeds is extremely conservative. We encourage management to consider other alternative investment strategies which would also preserve the principal investment of the SPLOST proceeds while also limiting the market risk of interest rate fluctuations, both up and down, during the year.

Sales tax funds are deposited into bank accounts which hold other funds accumulated by the School District. It is our understanding that sales tax proceeds should not be commingled with any other funds of the School District. We recommend a separate account be established to hold the sales tax proceeds.

## BACKGROUND INFORMATION

The Constitution of Georgia, Article VIII, Section VI, Paragraph IV, authorizes boards of education of each county school district by resolution to impose, levy, and collect a sales and use tax for educational purposes upon approval by a majority of qualified voters who vote in a referendum thereon. The proceeds from the tax can be used for the following purposes:

- Capital outlay projects for educational purposes
- Retirement of previously incurred general obligation debt issued for capital projects of the school system
- A combination of the foregoing

In 1998, the voters of Cobb County approved the first Special Purpose Local Optional Sales Tax for educational purposes (SPLOST I). Sales tax levies under SPLOST I commenced January 1, 1999 and ended five years later on December 31, 2003, with the final collections of the taxes in year 2004. The Cobb County School District engaged the firm of Anderson, Hunt & Company, LLC to perform agreed upon procedures on the SPLOST I program for the years ended December 31, 1999 through December 31, 2004.

In May 2003, the Cobb County Board of Education adopted a resolution calling for an election to determine if the sales tax should be reemployed upon the expiration of SPLOST I on December 31, 2003. (See **Appendix A**)

On September 16, 2003, the majority of the voters approved the reimposition of the sales tax (SPLOST II) to be effective on January 1, 2004.

During 2003, the Georgia General Assembly passed legislation requiring local boards of education receiving annual sales tax proceeds of five million dollars or more to have continuing performance audits or performance reviews of the expenditure of sales tax funds (O.C.G.A. § 20-2-491).

The Cobb County School District issued Request for Proposal No. 63-04 "SPLOST II Performance Audit or Performance Review" on November 30, 2004 and received proposals in January 2005. The contract for Performance Audit Services on the SPLOST II program was awarded to Moore & Cubbedge, LLP in May 2005.

## AUDIT OBJECTIVES

The purpose and objectives of the Performance Audit as outlined in the School District's Request for Proposal are as follows:

- To ensure to the maximum extent possible that SPLOST II funds are expended efficiently and economically so as to secure to the School District the maximum possible benefit from the tax dollars collected. The objectives of the Audit include ensuring that:
  - SPLOST II proceeds are being disbursed in compliance with the SPLOST II Resolution approved by the Cobb County Board of Education on May 7, 2003.
  - SPLOST II proceeds are being disbursed in a fiscally responsible manner.
  - Adequate administrative controls have been established to ensure the proper management of the sales tax proceeds received by the School District.
  - The School District's construction project expenditures are comparable to other school system building construction program expenditures in the metro Atlanta area.
  - The School District's technological expenditures are reasonable considering the volatile market environment for these products.
  - Investment of the SPLOST II proceeds received by the School District has been conducted in a sound fiscal manner.
- To provide for the issuance of periodic public reports at least annually with respect to the extent to which expenditures are meeting the goal described above.
- To provide for the issuance of periodic public recommendations at least annually for improvements in meeting the goal described above.

These objectives are consistent with the requirements of the provisions of the legislation passed in 2003, (O.C.G.A. § 20-2-491).

## AUDIT SCOPE

The Cobb County School District engaged Moore & Cubbedge, LLP to conduct annual Performance Audits of the District's Special Purpose Local Option Sales Tax II (SPLOST II) Program. The audits will be conducted annually over a six year period and will cover the calendar year periods from January 1, 2004 through December 31, 2009.

The audit presented herein covers the period from January 1, 2004 through December 31, 2004.

It is important to note that our audit procedures did not extend to the District's SPLOST I Program.

A summary of the budgeted versus actual expenditures through December 31, 2004 is presented below:

(In Thousands)						
Category	Original Budget	Revised Budget	Expended	Encumbered	Uncommitted	% Committed
New Schools	\$ 222,766	\$ 219,126	\$ 33,411	\$ 74,640	\$ 111,075	49%
Additions/ Renovations	172,825	211,522	36,711	44,835	129,976	39%
Maintenance	80,598	40,646	6,405	741	33,500	18%
Curriculum/ Technology	75,759	75,759	1,054	751	73,954	2%
Program Management	-	12,899	3,815	9,013	71	99%
Safety & Support	75,300	63,379	3,088	680	59,611	6%
Election Expense	-	352	352	-	-	100%
Property Tax Rollback	69,000	69,000	-	-	69,000	0%
Contingency	-	3,917	-	-	3,917	0%
<b>TOTAL</b>	<b>\$ 696,248</b>	<b>\$ 696,600</b>	<b>\$ 84,836</b>	<b>\$ 130,660</b>	<b>\$ 481,104</b>	<b>31%</b>

The above schedule also includes expenditures funded by State Capital outlay funds.

We reviewed SPLOST II expenditures incurred in 2004 related to new schools, additions/renovations, maintenance, curriculum/technology and safety and support for twenty-two schools and administration. Expenditures reviewed represented approximately forty-two percent of the total SPLOST II expenditures incurred in 2004.

Our audit fieldwork was conducted between May 25, 2005 and September 9, 2005.

## AUDIT METHODOLOGY

We conducted the Performance Audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

These standards require the following:

- Adequate planning of the audit
- Proper supervision of staff assigned to the audit
- Adequate design of audit procedures to provide reasonable assurance about compliance with laws, regulations and other compliance requirements
- An understanding of management controls relevant to the audit
- Obtaining sufficient, competent, and relevant evidence to afford a reasonable basis for the auditor's findings and conclusions
- A written audit report which contains the audit objectives, scope and methodology, findings and conclusions, recommendations, significant instances of noncompliance and illegal acts, significant weaknesses in management controls, views of responsible officials, noteworthy accomplishments, and issues needing further study, if any.
- Guidelines for the report presentation and distribution.

We used the following methodology to gather and analyze the information and evidence for the performance audit:

- Obtained and reviewed State of Georgia statutes relating to the Special Local Option Sales Tax and audit thereof.
- Obtained and reviewed resolution of the Cobb County Board of Education which provided for the SPLOST II referendum.
- Interview management and staff of the School District who are involved with the SPLOST II Program.
- Interview representative of third party program manager for the SPLOST II Program.
- Interview chairman of the Facilities and Technology Review Committee and review minutes of committee meetings in 2004.
- Obtained and reviewed documented policies, procedures and administrative rules relating to contracts for services, change orders, purchasing, and general financial procedures.  
(Note: During the period of audit, some procedures were changed as a result of the adoption of the Policy Governance Model.)

### AUDIT METHODOLOGY (Continued)

- Obtained and reviewed the School District's "SPLOST II Notebook" which was used to promote the passage of the SPLOST II referendum.
- Obtained and reviewed the Consolidated Management Report for the month ending December 31, 2004 for the SPLOST II program. (See **Appendix B**)
- Obtained and reviewed detail general ledger reports for accounts relating to the SPLOST II program.
- Obtained and reviewed reports generated by the third party program manager.
- Obtained and reviewed Quarterly Financial Reports prepared by the Financial Services Division.
- Conducted site visits to two schools and inspected SPLOST II program additions, renovation and/or maintenance projects.
- Attended bid opening at the third party program manager office and verified bid opening procedures.

## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS

OBJECTIVE: To determine that SPLOST II proceeds are being disbursed in compliance with the SPLOST II Resolution approved by the Cobb County Board of Education on May 7, 2003.

### Procedures:

Compared projects disclosed in the Resolution to those presented in the "SPLOST II Notebook" used to promote the Program and also to the projects included in the Consolidated Management Report which tracks budgeted and actual expenditures on projects.

Emphasis was placed on the following areas:

- Verification that the total SPLOST II Project Cost in the Resolution agrees to the proposed expenditures in the "SPLOST II Notebook" and also to the total budgeted project expenditures in the Consolidated Management Report.
- Verification that projects included in the "SPLOST II Notebook" and the Consolidated Management Report are included in the Resolution.

### Results:

The total project cost disclosed in the resolution agreed to the proposed expenditures in the SPLOST II notebook and the budgeted expenditures in the Consolidated Management Report.

### Conclusion:

Based on our procedures, we conclude that the SPLOST II proceeds were disbursed in compliance with the SPLOST II Resolution approved by the Cobb County Board of Education.

## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

OBJECTIVE: To determine that SPLOST II proceeds are being disbursed in a fiscally responsible manner.

### Procedures:

In our opinion, the policies and procedures of the School District do provide for fiscally responsible disbursement of SPLOST II proceeds. Therefore, our procedures in this area were designed to test the compliance with the approved policies and procedures. From a selected sample of expenditures, we performed the following procedures in this area:

- Review of Request for Proposal/Bid procedures for construction and nonconstruction expenditures incurred in 2004.
- Review School Board Agenda item and approval by Board, if required.
- Review executed contract or purchase order and agree to the submitted proposal or bid.
- Review program manager fee and architect fee and agree to approved contract and fee schedule.
- Review change order approvals and communication to the Board.

### Results:

- Request for Proposal/Bid procedures were in compliance with approved policies and procedures. Of the six construction projects reviewed, the winning contractor had submitted the lowest bid as reflected on the "Tabulation of Bids" form prepared by the program manager. Our review of the submitted bids on these contracts confirmed the amounts reflected on the "Tabulation of Bids" form.

Of the five nonconstruction related Request for Proposals, which included copiers, access control systems, school buses, computers, surveillance cameras and portable classroom repairs, all projects were awarded to the vendor scoring the highest in the Evaluation Criteria process. The one bid project, for school buses, was awarded to the lowest bidder.

- Contracts and purchase orders were evidenced by Board approval when required by policy.
- Amounts reflected on executed contracts for construction agreed to the proposal submitted by the winning contractor. Purchase order amounts agreed to winning proposal/bid for four of the six nonconstruction items we tested. Two purchase order amounts could not be traced to the amounts awarded in the contracts for the following reasons:



## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

- A contract awarded for server hardware for the Access Control Project itemized unit prices for the various components and add ons of the system. The amount reflected on the purchase order did agree to a quote provided by the vendor. However, there was no supporting documentation in the file which provided evidence that the purchase order price had been compared to the prices in the awarded proposal. After requesting this documentation, an email dated August 12, 2005, was received from the Technology Division which stated that the Technology Division had worked with Titan, the third party IT Manager in reviewing the specifications prior to issuance of the purchase order. The information did not provide support that the unit prices of the system's components had been verified against the awarded amounts in the proposal.
- A contract awarded for computers included a pricing structure based on a formula which included a State of Georgia discount. Based on our review of the pricing formula, it appears that the price could fluctuate based on market conditions. There was no supporting documentation in the file which provided evidence that the purchase order price had been compared to the formula based price provided in the awarded proposal. After requesting this documentation, an email dated August 9, 2004 was provided to us which provided support that the Purchasing Department had reviewed the quotes and was okay with it.

**Management Response:** In both of the situations described above, non-standard configurations of computer equipment were being purchased. Both bids referenced included "standard configurations" and the ability to configure "non-standard configurations" at a price at or below state contract pricing. Documentation should have been included in the files to prove that the prices paid were at or below the prices on the State of Georgia bid list. The documentation is now included in the files and verifies that the prices paid were indeed appropriate.

Procurement Services now requires that when Bids or RFPs do not have "set pricing", such as the computer configurations described above, the Purchasing Agent responsible for the contract must verify that pricing for the new configuration adheres to the terms of the award. A copy of the comparison will be kept on file.

Additionally, Technology Services now must approve all computer orders. This assures that Technology is approving the technical configurations.

## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

- Invoices for professional fees relating to program manager and architect services were reviewed and found to be in compliance with the approved contract and fee schedule.
- Prior to the adoption of the Policy Governance Model, which was adopted by the Board and effective September 1, 2004, change orders for a construction contract involving \$25,000 or more required Board approval. Change orders involving amounts between \$10,000 and \$25,000 required approval by the Superintendent and reported to the Board. Change orders involving amounts less than \$10,000 require approval by the Assistant Superintendent of Support Services and reported to the Board (See **Appendix C** for policy). In our review of change orders of \$25,000 or greater, we did find that the Board had properly approved these items. However, we noted no evidence that change orders below \$25,000 were reported to the Board. We also noted that change orders between \$10,000 and \$25,000 were not approved by the Superintendent as required by policy. These were approved by management personnel who reported the Superintendent.

**Management Response:** Current procedures for approval of construction change orders are specified in Administrative Rule "FEGCA" and they are properly followed by Administration. Prior to the revision of this administrative rule, the procedures for change order approval were based on precedence as described in the following timeline:

- The practice of having a designee instead of the superintendent sign change orders began in 1997. The deputy superintendent at that time was assigned the responsibility of dealing with all construction issues and signing all construction change orders.
- The deputy superintendent later became interim superintendent and he continued to sign the change orders.
- This practice continued when the interim superintendent became chief operations officer.
- The current chief operations officer continued to follow the existing practice that had been in place since 1997. Administrative Rule "FEGCA" was revised 9/22/05 to support current practice.
- Change orders over \$25,000 were reported to the Board in the quarterly report. According to the former chief operations officer, the Board was aware that change orders under \$25,000 were not reported.

## **AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)**

- The position, Assistant Superintendent of Support Services, referred to in the original policy "FGG" has not existed for several years. When Cobb County School District privatized the construction program management on October 1, 1996, the position ceased to exist.

### **Conclusion:**

Based on our procedures we conclude that SPLOST II proceeds are being disbursed in a fiscally responsible manner. However, procedures should be implemented to ensure that all approved policies and procedures are complied with.

**Management Response:** As described in the previous two responses, the District has taken steps to ensure compliance.

Additionally, we noted that the Board approved the Program Manager's contract for the SPLOST II program in March 2003, six months before the referendum was passed by the voters. Funding for this contract was to come from the "interest earned in the SPLOST program." We question the availability of funding for this contract as presented to the Board. It is our understanding that interest earned on the SPLOST I program would be required to fund SPLOST I projects unless all identified projects had been completed and funded with SPLOST I tax revenues. Actual SPLOST I tax revenues fell about fifteen percent short of the original projected amounts. Thus, the interest earnings from SPLOST I would be required to fund some of the incomplete SPLOST I projects.

**Management Response:** The District requested a legal opinion from its attorneys regarding the use of SPLOST interest income. Brock Clay confirmed that SPLOST I interest income can only be used to pay for SPLOST I projects. On March 12, 2003, the Board did approve funding the SPLOST II Program Manager fees with interest earnings from SPLOST I. However, the expenses were transferred to SPLOST II when the SPLOST II referendum was passed. Therefore, the District did not violate the limitation of using SPLOST I interest income for anything other than SPLOST I projects.

## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

OBJECTIVE: To determine if adequate administrative controls have been established to ensure the proper management of the sales tax proceeds received by the School District.

### Procedures:

- Obtained approved policies and procedures relating to Contracts for Services, Contracts for Construction, Purchasing, Change Orders, Budget Adjustments and other General Financial Procedures and reviewed for adequacy.
- Interviewed key management and staff personnel to determine their familiarity with policies and procedures.

### Results:

The documented policies and procedures provide clear and concise instructions for activities related to the SPLOST II program. These policies and procedures incorporate administrative controls over School District financial transactions and require management oversight at various levels.

### Conclusion:

Based on our procedures, we conclude that administrative controls have been established to ensure the proper management of the sales tax proceeds received by the School District.

OBJECTIVE: To determine that the School District's construction project expenditures are comparable to other school system building construction program expenditures in the Metro Atlanta area.

### Procedures:

We reviewed and compiled SPLOST II cost data for new school projects based on internal management reports, and we calculated the average square foot cost of construction expenditures by school type and in the aggregate. We obtained cost data for comparable projects from neighboring Metro Atlanta area school districts, as well as comparable regional data for new school construction activity in Alabama, Florida, Georgia, and Mississippi.

We relied on employees at the School District to compile the comparative cost data for the Metro Atlanta area, with the exceptions of Cobb County and Dekalb County. For Cobb County, we followed the procedures outlined above, looking only at new school construction using SPLOST II funds. We based our information for Cobb County on funds already expended or encumbered as of December 31, 2004. For Dekalb County, we obtained and reviewed the Annual SPLOST II Performance Audit for the 2003-2004 School Year. From this report we obtained average unit cost data for new school construction activity. It should be noted, however, that this cost data is based not on expended and encumbered

**AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)**

funds, but on the contract award price. For all other Metro Atlanta data presented, we reviewed the client's compiled data and inquired about the source. The source for the data compiled by the District is a third-party service provider that announces upcoming and recent bids for local construction jobs. This data is also based upon contract awards, not actual expenditures, and is not intended to be comprehensive or complete.

Regional data came directly from the 10<sup>th</sup> Annual 2005 School Construction Report, available from *School Planning and Management*.

In addition to the issues described above, there were difficulties in determining which construction costs were included in the various data sources that we relied on. For purposes of the Cobb County School District SPLOST II expenditures, we included construction costs, architect and engineer fees, and miscellaneous construction and site-preparation related expenditures. We also included an estimated management fee for the Program Manager. We did not include land acquisition, furniture and equipment, or technology. It is unclear as to whether some or all of these excluded costs were included in the comparative data presented here. Also, the comparative data compiled by the client includes not only new schools construction, but also additions and renovations.

**Results:**

Based on the data available, the construction expenditures average cost per square foot was:

**Metro Atlanta Area Comparative Data**

	<u>Average Cost per Square foot</u>
Cherokee	\$ 93.64
Dekalb	119.06
<b>Cobb</b>	<b>97.76</b>
Gwinnett	103.35
Marietta City	110.78
Fulton	<u>170.89</u>
Average	\$ <u>115.89</u>

**AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)**

**Alabama, Florida, Georgia, and Mississippi Regional Data**

**Average Cost per Square Foot**

	<u>4-State Region</u>	<u>Cobb County</u>
Elementary	\$ 107.96	\$ 103.49
Middle/JHS	117.91	89.06
High School	118.15	108.47

Conclusion:

Based on the available information, we conclude that construction project expenditures are comparable, if not lower, than other school system building construction program expenditures in the metro Atlanta area.

OBJECTIVE: To determine that the School District's technological expenditures are reasonable considering the volatile market environment for these products.

Procedures:

During 2004, the School District expended technology funds from the SPLOST II program under two separate categories; Curriculum/Technology and Safety/Support Improvements. Expenditures under these categories in 2004 represented only five percent of the total SPLOST II funds expended. We selected a sample of expenditures from these two categories and reviewed the Request for Proposal process for the following expenditures which we considered to be technology oriented:

- Copiers
- Access Controls
- Computers
- Surveillance cameras

Results:

Contracts were awarded to those vendors receiving the highest score in the "Evaluation of Criteria" process. One of the criteria evaluated is the "Cost" of the product which accounts for fifty percent of the total possible score. For price volatile computer equipment, vendor quoted prices are typically based on an index which will fluctuate as market conditions change. Four other criteria account for the remaining fifty percent.



## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

### Conclusion:

We conclude that the process for soliciting and evaluating proposals for technology oriented products is adequate and promotes active competition among vendors to ensure that technological expenditures are reasonable in the volatile market environment for these products.

OBJECTIVE: To determine that the investment of SPLOST II proceeds received by the School District has been conducted in a sound fiscal manner.

### Procedures:

We interviewed personnel responsible for the cash management/investment of the SPLOST II proceeds. We also reviewed the rate of return on the invested SPLOST II proceeds for reasonableness compared to the other investment options.

### Results:

Bids were taken from various financial institutions for the investment of the SPLOST II proceeds for the period ended December 31, 2004. The investment agreement was awarded to the only financial institution which offered a fixed rate option, which at the time, was greater than the variable rate offered by the Georgia Fund I Option which is utilized by the School District for other idle funds. This fixed rate option was also greater than the current variable rates offered by the financial institutions that submitted bids.

The financial institution which was awarded the agreement assigned collateral against the uninsured deposits of the School District in accordance with state law.

### Conclusion:

Based on our procedures, we conclude that the investment of SPLOST II proceeds received by the School District was conducted in a sound fiscal manner.

However, because no formal investment agreement was executed, it is unclear as to whether sales tax proceeds could have been invested in variable rate depository accounts during September, October, November and December, a period when variable rates were higher than the fixed rate option utilized by the School District.

**Management Response:** The District obtained four bids for investing **both** the short-term note proceeds and the monthly SPLOST sales tax receipts, **for the entire year**. The award was issued to the winning bidder, Wachovia Bank. The District made a reasonable decision to "lock in" a favorable fixed interest rate for the entire year, at a time of declining interest rates. This decision was affirmed by our financial advisor, and the Board was informed on January 14, 2004, that we would earn 1.47% in interest income while paying only an effective interest rate of .9878% on the short-term note. By

## AUDIT PROCEDURES, RESULTS AND CONCLUSIONS (Continued)

investing the proceeds for the entire year at that fixed rate, the District earned approximately \$104,000 more than would have been earned with a variable rate such as that provided by Georgia Fund One.

While no formal written investment document was created, both the District and the Bank believe that a binding investment agreement existed, based on the email bid response, the award, the collateralization agreement, and the opening of the money market account. Further, three banks contacted by the District indicated they would consider the above to constitute a binding investment agreement and that they do not normally execute a formal written investment agreement for these types of investments. Also, we contacted the largest school district in Georgia and found that they also do not use formal written investment agreements for similar investment funds. Therefore, there was never an opportunity to invest funds at a higher variable interest rate without breaching our investment agreement with Wachovia.

We noted that sales tax funds are deposited into bank accounts which hold other funds accumulated by the School District. It is our understanding that sales tax funds should not be co-mingled with other funds of the School District. Our understanding is derived from an official opinion from the Attorney General of the State of Georgia. We recommend that the School District's legal counsel review this opinion and provide further advice on this issue to the School District.

**Management Response:** The District requested a legal opinion from its attorneys regarding co-mingling of SPLOST funds. Brock Clay confirmed that SPLOST funds must be held at all times in a separate bank account. Accordingly, the District is requesting the Board of Education to authorize opening another account at Georgia Fund One in order to enable us to deposit SPLOST funds into a separate investment account. SPLOST funds would thereby be segregated at all times from all other funds.

**OBJECTIVE:** To provide for the issuance of periodic reports at least annually with respect to the extent to which expenditures are meeting the goals described in this report.

Result:

This objective has been met with the issuance of this report to the Cobb County School Board.

**OBJECTIVE:** To provide for the issuance of periodic public recommendations at least annually for improvements in meeting the goals described in this report.

Result:

This objective has been met with the issuance of this report which includes recommendations for improvements.



## NOTEWORTHY ACCOMPLISHMENTS

As of December 31, 2004, the end of the first year of the SPLOST II program, the School District had committed approximately 44% of the expenditures budget for new schools and additions/renovations. In our opinion, this large commitment of funds within the first twelve months of the program is a result of an effective strategic planning process for the program. This process included the following:

1. A prioritization of the completion of the projects
2. A budget for each project
3. The use of the prototype building concept for school buildings when possible
4. The utilization of a program manager to oversee the project construction
5. The implementation of a system which provides review and oversight by School District personnel over the program manager
6. Administrative controls within the School District which provide for checks and balances of the receipts and disbursements of the sales tax proceeds
7. The design and utilization of Request for Proposals/Bid procedures which require fixed price bids on construction projects
8. The utilization of an accounting reporting system that provides complete and timely reports on the revenues and expenditures of the SPLOST II program
9. The involvement of the Facility and Technology Review Committee which provides external oversight and review of the project
10. The employment of qualified and committed personnel to manage the SPLOST II program

## **OTHER COMMENTS AND RECOMMENDATIONS**

### Internal Testing:

There is no internal independent party at the School District designated to test compliance with policies and procedures of SPLOST II program.

We recommend that the School Board consider involving the internal audit department of the District in the testing of compliance with the policies and procedures of the SPLOST II program.

# APPENDIXES

**APPENDIX A**

**RESOLUTION OF THE COBB COUNTY BOARD OF EDUCATION  
TO PROVIDE FOR THE CALLING OF AN ELECTION TO DETERMINE THE  
REIMPOSITION OR NONIMPOSITION OF A ONE PERCENT SALES AND USE TAX  
WITHIN COBB COUNTY FOR EDUCATIONAL PURPOSES:**

BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE COBB COUNTY SCHOOL DISTRICT, as follows:

**WHEREAS**, the Board of Education of Cobb County (the "Cobb County Board of Education") is charged with the duties of contracting debts and managing the affairs of the Cobb County School District, which embraces all the territory within Cobb County, Georgia (the "County"), with the exception of all territory lying within the City of Marietta School District; and

**WHEREAS**, Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia and the Official Code of Georgia Sections 48-8-140 *et. seq.* authorize the imposition within each school district of each county and each independent school district located within such county in the State of Georgia of a 1 percent (1%) sales and use tax (the "SPLOST") to be used by school districts for educational purposes conditioned upon approval by a majority of the qualified voters within the boundaries of the local taxing jurisdiction voting in an election held therein; and

**WHEREAS**, the SPLOST for educational purposes is currently being imposed in the County and will expire on the earlier of December 31, 2003 or the date that the maximum amount of proceeds to be raised from the imposition of the SPLOST shall have been collected; and

**WHEREAS**, Georgia law requires the Board of Education of each county School District and the Board of Education of each independent school district within such county to adopt concurrent resolutions with respect to the imposition, levy and collection of any one percent (1%) sales and use tax conditioned upon approval by a majority of the qualified voters residing within the limits of the local taxing jurisdiction voting in a referendum thereon.

**WHEREAS**, the Board of Education of the City of Marietta, for and on behalf of the City of Marietta School District, pursuant to a resolution duly adopted on May 7, 2003, has determined to submit the question of the reimposition or non-imposition of the special one percent (1%) sales and use tax to the qualified voters of the City of Marietta; and

**WHEREAS**, the Cobb County Board of Education has determined that the most feasible means of funding certain expenditures for educational purposes within the Cobb County School District is by reimposing, levying and collecting a special one percent (1%) sales and use tax within Cobb County as authorized by law; and

**WHEREAS**, the net proceeds of the SPLOST shall be distributed between the Cobb County School District and the City of Marietta School District on the basis of the latest FTE count prior to the referendum on imposing the tax; and

**APPENDIX A – CONTINUED**

WHEREAS, the Cobb County Board of Education has determined that it is in the best interests of the citizens of the Cobb County School District that the proceeds of the SPLOST, if authorized, be used to pay or to be applied toward the cost of the projects set forth herein, the payment of expenses incidental to accomplishing the projects, and for the retirement of the outstanding general obligation debt set forth herein; and

WHEREAS, each of the projects set forth herein is a project authorized by law to be financed through the imposition of a SPLOST; and

WHEREAS, pursuant to the provisions of the Constitution and laws of the State of Georgia, and pursuant to this resolution, it is necessary to submit to the qualified voters of the County the question of whether or not the one percent (1%) sales and use tax for educational purposes shall be reimposed.

NOW, THEREFORE, BE IT RESOLVED by the Cobb County Board of Education, and it is hereby resolved by authority of the same, as follows:

*Section 1. **Authorization of Sales and Use Tax.*** There shall be reimposed, levied and collected in Cobb County, Georgia, a one percent (1%) sales and use tax for educational purposes, subject to approval by a majority of the qualified voters residing within the limits of Cobb County voting on the referendum therein, as authorized by Article VIII, Section VI, Paragraph IV of the Constitution of the State of Georgia, and by Article 3, Part 2 of Chapter 8 of Title 48 of the Official Code of Georgia Annotated, as amended (the "Act"), such tax to be imposed on all sales and uses (the "Sales Tax") in Cobb County for a period of twenty quarters (60 months), commencing on January 1, 2004, upon the expiration of the current version, and said election to be held on September 16, 2003. Such tax shall raise the maximum amount of net proceeds of \$683,678,106, of which the percentage to be distributed to the Cobb County School District will be expended for the following educational purposes:

- (A) The following capital outlay projects ("Projects") at a total maximum cost of \$567,504,317:
  - (i) Acquiring land for new school sites for the construction of new schools and the expansion of existing schools;
  - (ii) Constructing and equipping nine (9) new schools, specifically:

- Acworth Elementary School
    - Acworth Site Middle School
    - Austell Elementary School
    - Northwest Elementary School
    - Northwest Middle School
    - Riverside Elementary School

**APPENDIX A – CONTINUED**

West Cobb #1 High School  
West Cobb #2 High School  
West Cobb Middle School

- (iii) Constructing undesignated classrooms or instructional units as future growth requires and constructing Three Hundred Forty-Seven (347) regular education (K-12) classrooms or instructional units [or one (1) elementary school in lieu of a portion of those units as Cobb County School District needs dictate], additional special education or special needs classrooms or instructional units, and making additions to and/or renovating and equipping existing schools and facilities, specifically including but not limited to the following:

Addison Elementary School	Mabry Middle School
Campbell High School	Milford Elementary School
Campbell Middle School	Murdock Elementary School
Daniell Middle School	North Cobb High School
Dickerson Middle School	Norton Park Elementary School
Dodgen Middle School	Osborne High School
Due West Elementary School	Pebblebrook High School
East Cobb Middle School	Pine Mountain Middle School
Fair Oaks Elementary School	Russell Elementary School
Floyd Middle School	Sedalia Park Elementary School
Griffin Middle School	Shallowford Falls Elementary School
Harmony Leland Elementary School	Smitha Middle School
Hightower Trail Middle School	Still Elementary School
LaBelle Elementary School	Walton High School
Lewis Elementary School	Wheeler High School
Lost Mountain Middle School	

- (iv) Upgrading buildings and facilities and making critical infrastructure improvements (for example, roofing, plumbing, wiring, painting, water piping, HVAC, repaving, safety and security, etc.) to existing facilities, specifically including but not limited to the following:

Acworth Elementary School	Keheley Elementary School
Addison Elementary School	Kell High School
Adult Education	Kemp Elementary School
Argyle Elementary School	Kennesaw Elementary School
Austell Elementary School	Kennesaw Mtn. High School
Awtrey Middle School	Kincaid Elementary School
Baker Elementary School	King Springs Elementary School
Barnes Education Center	LaBelle Elementary School
Bells Ferry Elementary School	Lassiter High School



APPENDIX A - CONTINUED

Belmont Hills Elementary School	Lewis Elementary School
Big Shanty Elementary School	Lindley Middle School
Birney Elementary School	Lost Mtn. Middle School
Blackwell Elementary School	Mableton Elementary School
Brown Elementary School	Mabry Middle School
Brumby Elementary School	McClesky Middle School
Bryant Elementary School	McEachern High School
Bullard Elementary School	Milford Elementary School
Campbell High School	Mt. Bethel Elementary School
Campbell Middle School	Mtn. View Elementary School
Chalker Elementary School	Murdock Elementary School
Cheatham Hill Elementary School	Nicholson Elementary School
Clarkdale Elementary School	Nickajack Elementary School
Clay Elementary School	North Cobb High School
Compton Elementary School	Norton Park Elementary School
Cooper Middle School	Oakwood High School
Daniell Middle School	Osborne High School
Davis Elementary School	Palmer Middle School
Dickerson Middle School	Pebblebrook High School
Dodgen Middle School	Pitner Elementary School
Dowell Elementary School	Pine Mtn. Middle School
Due West Elementary School	Pope High School
Durham Middle School	Powder Springs Elementary School
East Cobb Middle School	Powers Ferry Elementary School
East Side Elementary School	Riverside Elementary School
Eastvalley Elementary School	Rocky Mount Elementary School
Fair Oaks Elementary School	Rose Garden School
Fitzhugh Lee School	Russell Elementary School
Floyd Middle School	Sanders Elementary School
Ford Elementary School	Sedalia Park Elementary School
Frey Elementary School	Shallowford Falls Elementary School
Garrett Middle School	Simpson Middle School
Garison Mill Elementary School	Sky View Elementary School
Green Acres Elementary School	Smitha Middle School
Griffin Middle School	Sope Creek Elementary School
Harmony-Leland Elementary School	South Cobb High School
Harrison High School	Sprayberry High School
Hawthorne School	Still Elementary School
Hayes Elementary School	Tapp Middle School
Hightower Trail Middle School	Teasley Elementary School
Hollydale Elementary School	Timber Ridge Elementary School
Tritt Elementary School	Vaughan Elementary School
Varner Elementary School	Walton High School
	Wheeler High School

**APPENDIX A – CONTINUED**

- (v) Acquiring land for possible future school construction;
  - (vi) Making system-wide technology improvements, including, but not limited to: acquisition and installation of instructional technology and information systems hardware and associated software, and infrastructure at all schools and selected other facilities; and
  - (vii) Replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, tables, school buses, books, tractors, trucks, laboratory equipment, etc.
- (B) Retirement of outstanding general obligation debt of the Cobb County School District previously incurred and issued with respect to capital outlay projects in the principal and interest amount of \$69,000,000, comprised of portions of Cobb County, Georgia, School District General Obligation Bond, Series 1993 and Series 1995, coming due on 2004 through 2007. As guaranteed and required by Georgia law, the ad valorem taxes levied or scheduled to be levied to retire the Series 1995 Bond will be reduced by an amount equal to the amount of the proceeds of the special tax to be applied to retire the Series 1995 Bond as described above. Should proceeds greater than the estimated \$683,678,106 be realized from the sales tax funds, all of the excess proceeds received by the Cobb County School District will be applied towards further reducing the outstanding general obligation debt of the Cobb County School District beyond what is stated in this Paragraph.

*Section 2. **Call for Election.*** The Cobb County School District hereby calls, and requests that the Board of Elections and Registration of Cobb County call an election to be held in all the voting precincts in Cobb County on the 16<sup>th</sup> day of September, 2003, for the purposes of submitting to the qualified voters of Cobb County the question set forth in Section 3 below.

*Section 3. **Form of Ballot.*** The ballots to be used in such election should have written or printed thereon substantially the following language or such other language as may be required by law:

- ( ) YES      Shall the special 1 percent sales and use tax for educational purposes currently imposed in Cobb County be reimposed on January 1, 2004, upon the expiration of the
- ( ) NO      current version, for not longer than 20 consecutive calendar quarters, to raise not more than \$683,678,106 to be used for the following educational purposes:

For the Cobb County School District:

- (1) to pay \$69,000,000 of principal and interest on outstanding bonds of Cobb County School District as described in the Notice of Election and to reduce ad valorem property taxes by the amount that would be levied to satisfy such bonds; and



**APPENDIX A – CONTINUED**

- (2) for new schools, land, additions, renovations, equipment, and technology systems, at a total maximum cost of \$567,504,317 for the Cobb County School District as described in the Notice of Election.

For the City of Marietta:

- (1) to pay \$16,322,900 of principal and interest on outstanding bonds of the City of Marietta as described in the Notice of Election and to reduce ad valorem property taxes by the amount that would be levied to satisfy such bonds; and
- (2) acquiring land for future school construction; acquiring automobiles for Marietta City Schools' driver education program; constructing and equipping one new elementary school; making additions to, renovating, upgrading, making critical infrastructure improvements, and/or equipping two existing elementary schools; making system-wide technology improvements, including, but not limited to, acquisition and installation of instructional technology and information systems hardware and associated software and infrastructure at all schools and selected other facilities; replacing, purchasing, upgrading or supplementing capital equipment including, but not limited to, desks, chairs, copiers, tables, school buses, books, and laboratory equipment; all at a maximum cost of \$30,850,889, as described in the Notice of Election.

*Section 4. **Manner of Election.*** In accordance with O.C.G.A. § 21-2-540, the date of such election shall be, and the election is hereby set for, September 16, 2003. The polls of each election district of the County shall open at 7 a.m. and close at 7 p.m. The election shall be held in accordance with the election laws of the State of Georgia and the returns of said election shall be made to the Cobb County Board of Education and to the Board of Elections and Registration for the County, who shall, in the presence of and together with the several managers of the polls, bring up the returns, consolidate the returns and declare the results of the election in the manner required by law.

*Section 5. **Publication of Notice of Election.*** The Secretary of the Cobb County Board of Education shall be, and is hereby, authorized and instructed to publish notice of said election as required by law in the newspaper in which sheriff's advertisements of the County are published, once a week for Five (5) weeks immediately preceding the date of the election, i.e., September 16, 2003, and the notice of election shall be in substantially the form attached hereto as Exhibit "A", and, by this reference thereto, made a part hereof.

*Section 6. **Notice to Board of Elections and Registration.*** The Secretary of the Cobb County Board of Education is hereby authorized and directed to deliver a copy of this resolution to the Chairman of the Board of Elections and Registration of Cobb County with a request that the Chairman of the Cobb County Board of Elections and Registration order the call of this election.

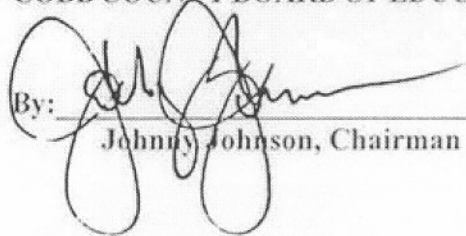
**APPENDIX A - CONTINUED**

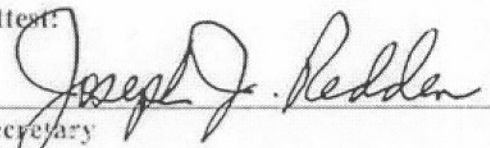
*Section 7. **Further Authority.*** The proper officers and agents of the Cobb County School District are hereby authorized to take any and all further actions as may be required in connection with the imposition of such sales and use tax, the acquisition, constructing, and equipping of the projects and the repayment of the general obligation debt as described herein.

*Section 8. **General Repeal.*** Any and all Resolutions or parts thereof in conflict herewith be, and the same are, hereby repealed.

*Section 9. **Effective Date.*** This Resolution shall take effect immediately upon its adoption.

COBB COUNTY BOARD OF EDUCATION

By:   
Johnny Johnson, Chairman

Attest:  
  
Secretary

THIS 7<sup>th</sup> DAY OF May, 2003.

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CONSOLIDATED MANAGEMENT REPORT  
 SUMMARY BY INITIATIVE  
 FOR THE MONTH ENDING  
 12/31/2004

REVENUE

ACCOUNT	ORIGINAL BUDGET	REVISED BUDGET	RECEIVED	OVER(-)/	
				UNDER BUDGET	% RECD
SPLOST 2 REVENUE	\$636,504,317.00	\$629,804,521.00	\$97,268,169.32	\$532,536,351.68	15
SPLOST 2 COLLECTION FEE	\$0.00	\$0.00	(\$967,335.78)	\$967,335.78	0
SPLOST 2 INTEREST INCOME	\$0.00	\$352,018.00	\$644,047.69	(\$292,029.69)	183
STATE CAP OUTLAY GROWTH	\$0.00	\$1,242,503.00	\$0.00	\$1,242,503.00	0
STATE CAP OUTLAY REGULAR	\$0.00	\$4,702,046.00	\$0.00	\$4,702,046.00	0
HOUSE BILL 1187 #2 REV	\$59,743,363.00	\$60,498,610.00	\$15,859,951.21	\$44,638,658.79	26
<b>FUND TOTAL</b>	<b>\$696,247,680.00</b>	<b>\$696,599,698.00</b>	<b>\$112,804,832.44</b>	<b>\$583,794,865.56</b>	<b>16</b>

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EXPENSE

ACCOUNT	ORIGINAL BUDGET	REVISED BUDGET	EXPENDED	ENCUMBERED	UNCOMMITTED	%COMM
<b>NEW SCHOOLS/LAND</b>						
NEW HIGH SCHOOLS	\$94,539,000.00	\$92,260,783.00	\$6,695,730.32	\$27,425,300.67	\$58,139,752.01	37
NEW MIDDLE SCHOOLS	\$66,357,170.00	\$64,530,284.00	\$13,385,185.28	\$35,288,123.66	\$15,856,975.06	75
NEW ELEMENTARY SCHOOLS	\$43,869,322.00	\$44,335,401.00	\$13,158,275.99	\$11,926,782.00	\$19,250,343.01	57
LAND ACQUISITION	\$18,000,000.00	\$18,000,000.00	\$171,823.10	\$0.00	\$17,828,176.90	1
<b>NEW SCHOOLS/LAND TOTAL</b>	<b>\$222,765,492.00</b>	<b>\$219,126,468.00</b>	<b>\$33,411,014.69</b>	<b>\$74,640,206.33</b>	<b>\$111,075,246.98</b>	<b>49</b>
<b>ADDITIONS/RENOVATIONS</b>						
HIGH SCHOOL ADDITIONS	\$56,479,312.00	\$68,410,713.00	\$12,742,781.56	\$23,208,618.90	\$32,459,312.54	53
MIDDLE SCHOOL ADDITIONS	\$68,531,562.00	\$84,362,653.00	\$20,327,714.23	\$18,548,533.69	\$45,486,405.08	46
ELEMENTARY SCHOOL ADDITIONS	\$47,814,422.00	\$58,748,631.00	\$3,640,051.72	\$3,078,122.06	\$52,030,457.22	11
<b>ADDITIONS/RENOVATIONS TOTAL</b>	<b>\$172,825,296.00</b>	<b>\$211,521,997.00</b>	<b>\$36,710,547.51</b>	<b>\$44,835,274.65</b>	<b>\$129,976,174.84</b>	<b>39</b>
<b>MAINTENANCE</b>						
EMERGENCY GENERATOR - ES	\$171,500.00	\$147,920.00	\$23,227.68	\$0.00	\$124,692.32	16

CONSOLIDATED MANAGEMENT REPORT  
 SUMMARY BY INITIATIVE  
 FOR THE MONTH ENDING  
 12/31/2004

EXPENSE

<u>ACCOUNT</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>UNCOMMITTED</u>	<u>%COMM</u>
EMERGENCY GENERATOR - HS	\$110,250.00	\$53,440.00	\$0.00	\$0.00	\$53,440.00	0
MAIN SWITCHGEAR/PANEL UPGR- ES	\$9,493,750.00	\$4,070,544.00	\$511,497.16	\$0.00	\$3,559,046.84	13
MAIN SWITCHGEAR/PANEL UPGR- HS	\$4,998,000.00	\$2,501,253.00	\$32,948.51	\$230,000.00	\$2,238,304.49	11
MAIN SWITCHGEAR/PANEL UPGR- MS	\$3,675,000.00	\$1,102,265.00	\$34,369.46	\$0.00	\$1,067,895.54	3
FLOORING	\$2,688,882.00	\$1,405,135.00	\$14,489.00	\$58,365.00	\$1,332,281.00	5
SPORTS LIGHTING	\$4,042,500.00	\$2,493,855.00	\$1,166,065.80	\$91,782.54	\$1,236,006.66	50
HVAC	\$28,001,025.00	\$12,495,802.00	\$852,936.46	\$0.00	\$11,642,865.54	7
HVAC - PE	\$7,152,162.00	\$5,280,892.00	\$737,416.84	\$34,000.80	\$4,509,474.36	15
PAINTING	\$1,014,503.00	\$983,488.00	\$0.00	\$0.00	\$983,488.00	0
PAVING	\$4,010,383.00	\$2,473,894.00	\$0.00	\$32,523.18	\$2,441,370.82	1
PLUMBING - FIXTURES	\$2,129,050.00	\$989,230.00	\$0.00	\$0.00	\$989,230.00	0
PLUMBING - PIPING	\$990,916.00	\$644,245.00	\$0.00	\$0.00	\$644,245.00	0
SPRINKLER (FIRE SUPPRESSION)	\$130,508.00	\$0.00	\$0.00	\$0.00	\$0.00	0
UTILITIES - SANITARY SEWER	\$183,748.00	\$133,596.00	\$0.00	\$0.00	\$133,596.00	0
TELESCOPING BLEACHERS	\$1,029,000.00	\$997,542.00	\$0.00	\$0.00	\$997,542.00	0
TENNIS COURTS - NEW	\$149,450.00	\$0.00	\$0.00	\$0.00	\$0.00	0
TENNIS COURTS - RESURFACING	\$98,000.00	\$0.00	\$0.00	\$0.00	\$0.00	0
TRACKS - RESURFACING	\$1,225,000.00	\$1,045,044.00	\$190,166.00	\$20,160.00	\$834,718.00	20
ROOFING	\$7,965,518.00	\$2,945,036.00	\$2,112,791.72	\$217,370.25	\$614,874.03	79
ROOFING - METAL REFINISH	\$1,287,770.00	\$833,122.00	\$729,291.81	\$57,170.79	\$46,659.40	94
ANNEX BUILDING RENOVATIONS	\$51,450.00	\$49,877.00	\$0.00	\$0.00	\$49,877.00	0
<b>MAINTENANCE TOTAL</b>	<b>\$80,598,365.00</b>	<b>\$40,646,180.00</b>	<b>\$6,405,200.44</b>	<b>\$741,372.56</b>	<b>\$33,499,607.00</b>	<b>18</b>
<b>CURRICULUM/INSTR/TECHNOLOGY</b>						
REFRESH OBSOLETE WORKSTATIONS	\$32,263,200.00	\$32,263,200.00	\$0.00	\$0.00	\$32,263,200.00	0
REFRESH DISTRICT PRINTERS	\$6,976,000.00	\$6,976,000.00	\$0.00	\$0.00	\$6,976,000.00	0
REFRESH DISTRICT SERVERS	\$1,750,000.00	\$1,750,000.00	\$0.00	\$0.00	\$1,750,000.00	0
REFRESH DISTRICT NETWORK	\$5,000,000.00	\$5,000,000.00	\$0.00	\$0.00	\$5,000,000.00	0
COMPUTING DEVICE/TEACHER	\$11,250,000.00	\$11,250,000.00	\$0.00	\$0.00	\$11,250,000.00	0
DATA CENTER EQUIPMENT REFRESH	\$3,000,000.00	\$3,000,000.00	\$0.00	\$0.00	\$3,000,000.00	0

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APPENDIX B - CONTINUED

CONSOLIDATED MANAGEMENT REPORT  
 SUMMARY BY INITIATIVE  
 FOR THE MONTH ENDING  
 12/31/2004

EXPENSE

ACCOUNT	ORIGINAL BUDGET	REVISED BUDGET	EXPENDED	ENCUMBERED	UNCOMMITTED	%COMM
MOBILE COMPUTING ACCESS	\$1,960,000.00	\$1,960,000.00	\$0.00	\$0.00	\$1,960,000.00	0
COPIER/DUPLICATOR REFRESH	\$13,559,327.00	\$13,559,327.00	\$1,054,227.44	\$750,602.00	\$11,754,497.56	13
<b>CURRICULUM/INSTR/TECHNOLOGY TOTAL</b>	<b>\$75,758,527.00</b>	<b>\$75,758,527.00</b>	<b>\$1,054,227.44</b>	<b>\$750,602.00</b>	<b>\$73,953,697.56</b>	<b>2</b>
<b>SUPPORT &amp; SAFETY IMPROVEMENTS</b>						
RENOVATIONS FOR ACCESSIBILITY	\$3,000,000.00	\$2,908,247.00	\$30,059.66	\$44,291.00	\$2,833,896.34	3
ACCESS CONTROLS	\$8,000,000.00	\$8,000,000.00	\$16,903.28	\$367,626.54	\$7,615,470.18	5
BUSES, VEHICLES & EQUIPMENT	\$6,000,000.00	\$6,000,000.00	\$68,085.00	\$0.00	\$5,931,915.00	1
FOOD SERVICE UPGRADES	\$3,000,000.00	\$2,908,247.00	\$52,884.80	\$24,598.70	\$2,830,763.50	3
PERSONNEL NEEDS	\$4,000,000.00	\$4,000,000.00	\$313,559.07	\$0.00	\$3,686,440.93	8
SCHOOL LEVEL FURNITURE & EQUIP	\$6,000,000.00	\$6,000,000.00	\$893,746.78	\$151,762.70	\$4,954,490.52	17
SECURITY FENCING & SIGNAGE	\$500,000.00	\$437,471.00	\$0.00	\$0.00	\$437,471.00	0
SURVEILLANCE CAMERAS	\$2,000,000.00	\$2,000,000.00	\$104,236.41	\$366.50	\$1,895,397.09	5
HUMAN RESOURCES	\$4,000,000.00	\$4,000,000.00	\$0.00	\$0.00	\$4,000,000.00	0
FINANCIAL SERVICES	\$3,000,000.00	\$3,000,000.00	\$0.00	\$0.00	\$3,000,000.00	0
PORTABLE CLASSROOM REPAIRS	\$1,800,000.00	\$1,800,000.00	\$1,400,430.14	\$0.00	\$399,569.86	78
UNDESIGNATED CLASSROOMS	\$4,000,000.00	\$3,877,451.00	\$0.00	\$0.00	\$3,877,451.00	0
LOCAL SCHOOL REQUESTS	\$30,000,000.00	\$18,447,077.00	\$207,717.40	\$91,709.43	\$18,147,650.17	2
<b>SUPPORT &amp; SAFETY IMPROVEMENTS TOTAL</b>	<b>\$75,300,000.00</b>	<b>\$63,378,493.00</b>	<b>\$3,087,622.54</b>	<b>\$680,354.87</b>	<b>\$59,610,515.59</b>	<b>6</b>
<b>PROGRAM MANAGEMENT</b>						
PROGRAM MANAGEMENT FEES	\$0.00	\$12,823,157.00	\$3,803,712.50	\$9,012,534.50	\$6,910.00	100
ADVERTISEMENTS FOR BID	\$0.00	\$75,600.00	\$11,341.40	\$0.00	\$64,258.60	15
<b>PROGRAM MANAGEMENT TOTAL</b>	<b>\$0.00</b>	<b>\$12,898,757.00</b>	<b>\$3,815,053.90</b>	<b>\$9,012,534.50</b>	<b>\$71,168.60</b>	<b>99</b>
<b>ELECTION EXPENSE</b>						
ELECTION EXPENSE	\$0.00	\$352,018.00	\$352,018.00	\$0.00	\$0.00	100

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CONSOLIDATED MANAGEMENT REPORT  
 SUMMARY BY INITIATIVE  
 FOR THE MONTH ENDING  
 12/31/2004

APPENDIX B - CONTINUED

EXPENSE

<u>ACCOUNT</u>	<u>ORIGINAL BUDGET</u>	<u>REVISED BUDGET</u>	<u>EXPENDED</u>	<u>ENCUMBERED</u>	<u>UNCOMMITTED</u>	<u>%COMM</u>
<b>ELECTION EXPENSE TOTAL</b>	<b>\$0.00</b>	<b>\$352,018.00</b>	<b>\$352,018.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>100</b>
<b>PROPERTY TAX ROLLBACK</b>						
PROPERTY TAX ROLLBACK	\$69,000,000.00	\$69,000,000.00	\$0.00	\$0.00	\$69,000,000.00	0
<b>PROPERTY TAX ROLLBACK TOTAL</b>	<b>\$69,000,000.00</b>	<b>\$69,000,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$69,000,000.00</b>	<b>0</b>
<b>CONTINGENCY</b>						
GENERAL CONTINGENCY	\$0.00	\$3,917,258.00	\$0.00	\$0.00	\$3,917,258.00	0
<b>CONTINGENCY TOTAL</b>	<b>\$0.00</b>	<b>\$3,917,258.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,917,258.00</b>	<b>0</b>
<b>TOTAL ALL GROUPS</b>	<b>\$696,247,680.00</b>	<b>\$696,599,698.00</b>	<b>\$84,835,684.52</b>	<b>\$130,660,344.91</b>	<b>\$481,103,668.57</b>	<b>31</b>
<b>FUND TOTAL</b>	<b>\$696,247,680.00</b>	<b>\$696,599,698.00</b>	<b>\$84,835,684.52</b>	<b>\$130,660,344.91</b>	<b>\$481,103,668.57</b>	<b>31</b>

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<b>CHANGE ORDERS</b>	<b>FGG</b>	<b>12/13/95</b>
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Any change order in a construction contract involving \$25,000 or more shall require the prior approval of the Board. Change orders involving less than \$25,000 and greater than \$10,000 shall be submitted to the Superintendent for consideration and approval and reported to the Board. Change orders involving \$10,000 or less shall be submitted to the Assistant Superintendent of Support Services for consideration and approval and reported to the Board.

Legal Reference: OCGA §§ 20-2-57; 20-2-59

Approved: 1/14/70 Reviewed: 7/74 Revised: 11/9/83; 8/8/84; 2/13/86; 2/22/90;  
12/13/95