

**COMPLIANCE EXAMINATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016**

1. Obtain copies of the Clarke County School System SPLOST resolution and read the terms for design of compliance testing.
2. Compare the terms of the Clarke County School System SPLOST resolution with Article VIII, Section VI, Paragraph IV of the Georgia Constitution and Official Code of Georgia (O.C.G.A.) 48-8-141 to insure compliance with state law.
3. Compare the terms of the Clarke County School System SPLOST resolution with detail budget and actual records for receipt and disbursement of SPLOST funds during the year.
4. Test accounting system internal controls and procedures for the following:
 - a. Contract bidding and approval process
 - b. Reconciliation of accounting records
 - c. Invoice approval process
 - d. Cash disbursement approval process
5. Confirm receipt of SPLOST funds with the state of Georgia.
6. Trace receipt of funds from the state of Georgia to Clarke County School System SPLOST investment and/or cash accounts.
7. Test the allocation of earnings from cash and investment accounts to Clarke County School System SPLOST funds.
8. Trace Clarke County School System SPLOST disbursement records for a sample of individual payments to invoices and/or contract approval and cancelled checks.
9. Verify that these disbursements are for the educational purposes described in the Clarke County School System SPLOST resolution.
10. Vouch the payment of principal and interest on Clarke County School System bond debt per the SPLOST resolution and trace to bond amortization schedules.
11. Test and confirm Clarke County School System SPLOST cash and investment balances.
12. Verify the existence of capital assets funded by Clarke County School System SPLOST proceeds.
13. Read bid proceedings and budgeted to actual cost for a sample of projects for analysis of effective and efficient use of SPLOST funds.
14. Test a sample of transfers in and out of SPLOST funds to insure funds are properly identified, segregated and spent for the educational purposes described in the Clarke County School System SPLOST resolutions.
15. Determine that required annual reporting to the public by Clarke County School System on the results of SPLOST projects was performed.

**SUMMARY OF EXAMINATION PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2016**

REPORT ON COMPLIANCE

- Our Independent Accountants' Report dated January 26, 2017 states that in our opinion Clarke County School System complied, in all material respects, with Article VIII, Section VI, Paragraph IV of the Georgia Constitution and Official Code of Georgia (O.C.G.A.) 48-8-141 regarding expenditures of sales tax for educational purposes during the year ended June 30, 2016.

RESPONSIBILITIES

- Clarke County School System is to maintain sufficient evidence to support compliance with Georgia Code for the expenditure of SPLOST funds.
- Serotta Maddocks Evans & Co., CPA's is to design an examination program to test Clarke County School System's compliance with the Georgia Code, perform such examination procedures, and issue an opinion on the System's compliance with the Code.

SUMMARY OF PROCEDURES PERFORMED

- We read the resolution to impose the sales and use tax for educational purposes for SPLOST 2012.
- We read the bond resolution agreements for the Series 2013 general obligation bonds.
- We have vouched the following debt service payments to the related amortization schedules and reconciled amounts to the general ledger and bank statements:

| | | |
|-------------|-----------|---------------|
| Series 2013 | Principal | \$ 10,000,000 |
| | Interest | 1,029,800 |

- We compared the SPLOST resolution with budget and actual records of receipt and disbursement of sales tax funds.
- We tested SPLOST project disbursements of \$34,917,951 for the year ended June 30, 2016. We verified that all tested disbursements were for projects approved by the voters of Clarke County School System in the applicable SPLOST resolution.

SUMMARY OF EXAMINATION PROCEDURES FOR THE YEAR ENDED JUNE 30, 2016

- We tested the accounting system internal controls as follows:
 - Read the bid package for landscape additions at Barnett Shoals Elementary, food service equipment purchases and architectural services for the new Oglethorpe Elementary.
 - Tested the purchase and invoice approval process on expenditures for all SPLOST projects with expenditures for the year ended June 30, 2016.
 - Read the reconciliations for SPLOST-related cash accounts and agreed amounts to the general ledger and bank statements.
- We confirmed sales tax receipts of \$22,298,145 during the year ended June 30, 2016 with the Georgia Department of Revenue and reconciled amounts to the general ledger and bank statements.
- We confirmed SPLOST-related cash and investment balances of \$28,794,453 at June 30, 2016 with several financial institutions and reconciled amounts to the general ledger.
- We analytically tested SPLOST-related interest earnings of \$9,055 for the year ended June 30, 2016 and agreed these amounts to the general ledger.
- We performed site visits and walk-throughs of Clarke Central High and Barnett Shoals Elementary. Construction blueprints and cost information were read prior to making all site visits. We also physically inspected one bus purchased with SPLOST funds.
- We compared the final cost of construction for Barnett Shoals Elementary to comparable construction projects in various counties around the state noting reasonableness.
- We tested transfers of \$11,029,800 noting they were reasonable and appropriate given the spending constraints of the SPLOST resolutions.
- We viewed the annual newspaper advertisements dated December 30, 2015 and December 30, 2016 of SPLOST project results published for public review.

CLARKE COUNTY SCHOOL SYSTEM
SPLOST PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2016

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INDEPENDENT ACCOUNTANTS' REPORT

To the Clarke County Board of Education
Athens, Georgia

We have examined Clarke County School System's (School System) attached Schedule of SPLOST Project Expenditures and their compliance with Article VIII, Section VI, Paragraph IV of the Georgia Constitution and Official Code of Georgia (O.C.G.A.) 48-8-141 regarding expenditure of sales tax for educational purposes during the year ended June 30, 2016. Management is responsible for the School System's compliance with those requirements. Our responsibility is to express an opinion on the School System's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Clarke County School System's compliance with specified requirements.

In our opinion, the Clarke County School System complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2016.

Serotta Maddocks Evans & Co.

Serotta Maddocks Evans & Co., CPAs

Augusta, Georgia
January 26, 2017

CLARKE COUNTY SCHOOL SYSTEM
 SCHEDULE OF SPLOST PROJECT EXPENDITURES
 YEAR ENDED JUNE 30, 2016

| PROJECT | SPLOST 2012 |
|--|---------------|
| Debt service, including principal and interest | \$ 11,029,800 |
| Barnett Shoals Elementary | 11,635,615 |
| Clarke Central High | 19,559,510 |
| Oglethorpe Avenue Elementary | 380,395 |
| School Nutrition | 4,779 |
| Security | 4,999 |
| Technology | 3,907,554 |
| Transportation | 977,675 |
| Whitehead Road Elementary | 4,097,245 |
| Other SPLOST | 258,169 |
| Total SPLOST expenditures | \$ 51,855,741 |

NOTE: Amounts expended for these projects may include sales tax proceeds, state, local property taxes and/or other funds over the lives of the projects.