

**COMPLIANCE EXAMINATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2018**

1. Obtain copies of the Clarke County School System SPLOST resolutions and read the terms for design of compliance testing.
2. Compare the terms of the Clarke County School System SPLOST resolutions 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 resolutions with detail budgets 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 resolutions 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 ensure 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, 2018**

REPORT ON COMPLIANCE

- Our Independent Accountants' Report dated February 18, 2019 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, 2018.

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., CPAs 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 resolutions to impose the sales and use tax for educational purposes for SPLOST 2012 and SPLOST 2017.
- We read the bond resolution agreements for the Series 2013 and Series 2017 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 | 215,400 |
| Series 2017 | Interest | 2,110,173 |

- We compared the SPLOST resolutions with budget and actual records of receipt and disbursement of sales tax funds.
- We tested SPLOST project disbursements of \$28,909,399 for the year ended June 30, 2018. We verified that all tested disbursements were for projects approved by the voters of Clarke County School System in the applicable SPLOST resolutions.

SUMMARY OF EXAMINATION PROCEDURES FOR THE YEAR ENDED JUNE 30, 2018

- We tested the accounting system internal controls as follows:
 - Read the bid packages for the general contractor services for Burney Harris Lyons Middle renovations, Coile Middle renovations and Hilsman Middle construction.
 - Tested the purchase and invoice approval process on expenditures for all SPLOST projects with expenditures for the year ended June 30, 2018.
 - Read the reconciliations for SPLOST-related cash accounts and agreed amounts to the general ledger and bank statements.
- We confirmed sales tax receipts of \$23,991,648 during the year ended June 30, 2018 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 \$71,645,292 at June 30, 2018 with several financial institutions and reconciled amounts to the general ledger.
- We analytically tested SPLOST-related interest earnings of \$681,103 for the year ended June 30, 2018 and agreed these amounts to the general ledger.
- We performed site visits and walk-throughs of Burney Harris Lyons Middle, Coile Middle and Oglethorpe Avenue Elementary. Construction blueprints and cost information were read prior to making all site visits.
- We compared the cost of construction for Oglethorpe Avenue Elementary to comparable construction projects in various counties around the state noting reasonableness.
- We tested transfers of \$12,325,573 noting they were reasonable and appropriate given the spending constraints of the SPLOST resolutions.
- We viewed the annual newspaper advertisement dated December 30, 2018 of SPLOST project results published for public review.

CLARKE COUNTY SCHOOL SYSTEM
SPLOST PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

| | PAGE |
|---|------|
| INDEPENDENT ACCOUNTANTS' REPORT | 1 |
| SCHEDULE OF SPLOST PROJECT EXPENDITURES | 2 |

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INDEPENDENT ACCOUNTANTS' REPORT

To the Clarke County Board of Education
Athens, Georgia

We have examined the 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, 2018. Management of the School System is responsible for the School System's compliance with the specified requirements. Our responsibility is to express an opinion on the School System's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School System complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School System complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the School System's compliance with specified requirements.

In our opinion, the 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 expenditure of sales tax for educational purposes during the year ended June 30, 2018.

Serotta Maddocks Evans & Co.

Serotta Maddocks Evans & Co., CPAs

Augusta, Georgia
February 18, 2019

CLARKE COUNTY SCHOOL SYSTEM
 SCHEDULE OF SPLOST PROJECT EXPENDITURES
 YEAR ENDED JUNE 30, 2018

| PROJECT | SPLOST 2012 | SPLOST 2017 | Total |
|--|----------------------|----------------------|----------------------|
| Debt service, including principal and interest | \$ 10,215,400 | \$ 2,110,173 | \$ 12,325,573 |
| Barnett Shoals Elementary | 43,024 | - | 43,024 |
| Burney Harris Lyons Middle | - | 7,805,162 | 7,805,162 |
| Clarke Central High | 150,092 | - | 150,092 |
| Hilsman Middle | - | 920,090 | 920,090 |
| Oglethorpe Avenue Elementary | 12,959,868 | - | 12,959,868 |
| Old Gaines Elementary | 12,918 | - | 12,918 |
| Technology | 29,091 | 5,834,399 | 5,863,490 |
| Whitehead Road Elementary | 7,550 | - | 7,550 |
| W.R. Coile Middle | - | 7,654,109 | 7,654,109 |
| Other SPLOST | 1,100 | 309,243 | 310,343 |
| Total SPLOST expenditures | <u>\$ 23,419,043</u> | <u>\$ 24,633,176</u> | <u>\$ 48,052,219</u> |

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