

HABERSHAM COUNTY SCHOOL SYSTEM
SPLOST PROJECT EXPENDITURES
YEAR ENDED JUNE 30, 2017



Serotta Maddocks Evans, CPAs

www.smecpa.com

TABLE OF CONTENTS

PAGE

INDEPENDENT ACCOUNTANTS' REPORT	1
SCHEDULE OF SPLOST PROJECT EXPENDITURES	2

Michelle Bennett, CPA
Rick L. Evans, CPA
Jay Sanders, CPA
Wanda P. Scott, CPA
Abram J. Serotta, CPA
Joel R. Stewart, CPA
Andrea Usry, CPA
Paul Wade, CPA



INDEPENDENT ACCOUNTANTS' REPORT

To the Habersham County Board of Education
Clarkesville, Georgia

We have examined the Habersham County School System's 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 for the year ended June 30, 2017. Management of the Habersham County School System (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 Habersham 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 for the year ended June 30, 2017.

Serotta Maddocks Evans & Co.

Serotta Maddocks Evans & Co., CPAs

Augusta, Georgia
October 25, 2017

HABERSHAM COUNTY SCHOOL SYSTEM
 SCHEDULE OF SPLOST PROJECT EXPENDITURES
 YEAR ENDED JUNE 30, 2017

PROJECT	SPLOST 2008	SPLOST 2013	TOTALS
Debt service, including principal and interest	\$ 2,724,789	\$ 1,691,600	\$ 4,416,389
Transportation - buses	-	270,056	270,056
Instructional software	-	496,559	496,559
Textbooks	-	185,424	185,424
Fairview Elementary projects	60,485	-	60,485
Total SPLOST expenditures	<u>\$ 2,785,274</u>	<u>\$ 2,643,639</u>	<u>\$ 5,428,913</u>

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.

**COMPLIANCE EXAMINATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2017**

1. Obtain copies of the Habersham County School System SPLOST resolutions and read the terms for design of compliance testing.
2. Compare the terms of the Habersham 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 Habersham County School System SPLOST resolutions 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 Habersham County School System SPLOST investment and/or cash accounts. Observe that all SPLOST funds are being maintained separately from other funds in separate bank accounts.
7. Test the allocation of earnings from the Georgia Fund 1 (formerly LGIP) and other investments to Habersham County School System SPLOST funds.
8. Trace Habersham 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 Habersham County School System SPLOST resolutions.
10. Confirm the payment of principal and interest on Habersham County School System bond debt per the SPLOST resolutions with Regions Bank and trace to bond amortization schedules.
11. Test and confirm Habersham County School System SPLOST cash and investment balances.
12. Verify the existence of capital assets funded by Habersham County School System SPLOST proceeds.
13. Read bid proceedings, budgeted to actual cost and comparative data for similar 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 Habersham County School System SPLOST resolutions.
15. Determine that required annual reporting to the public by Habersham County School System on the results of SPLOST projects was performed.

**SUMMARY OF EXAMINATION PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

REPORT ON COMPLIANCE

- Our Independent Accountants' Report dated October 25, 2017 states that in our opinion, the Habersham 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, 2017.

RESPONSIBILITIES

- Habersham 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 the Habersham 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 2008 and SPLOST 2013.
- We read the bond resolution agreements for the Series 2005 and Series 2013 general obligation bonds.
- We vouched and confirmed with Regions Bank the following debt service payments and agreed them to the related amortization schedules and reconciled amounts to the general ledger and bank statements for the year ended June 30, 2017:

Series 2005	Principal	\$ 2,650,000
	Interest	74,789
Series 2013	Interest	\$ 1,691,600

- We compared the SPLOST resolutions with budget and actual records of receipt and disbursement of sales tax funds.
- We tested SPLOST project disbursements of \$604,995 for the year ended June 30, 2017. We verified that all tested disbursements were for projects approved by the voters of Habersham County in the applicable SPLOST resolutions.

**SUMMARY OF EXAMINATION PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2017**

- We tested the accounting system internal controls as follows:
 - Read the bid package for the four school bus purchases and compared certain attributes to Habersham County School System's internal bid policies;
 - Tested purchase and invoice approval process on expenditures for all SPLOST projects in progress for the year ended June 30, 2017; and,
 - Read the reconciliations for SPLOST-related cash accounts and agreed related balances to the general ledger and bank statements.
- We confirmed sales tax receipts of \$5,655,514 during the year ended June 30, 2017 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 \$3,829,305 at June 30, 2017.
- We tested SPLOST-related investment earnings of \$17,420 for the year ended June 30, 2017, and agreed amounts to the general ledger.
- We performed site visits for bus, software, and computer purchases. Cost information and inventory information were read prior to making all site visits.
- In the current year, there were no new construction projects to compare to other new facilities constructed from other counties in Georgia.
- We tested transfers for the year ended June 30, 2017 noting one transfer from non-SPLOST funds into SPLOST funds for \$143. We verified the transfer was reasonable and appropriate and that it did not violate any constraints of the applicable SPLOST resolution.
- We viewed the annual newspaper advertisement dated November 18, 2016 of SPLOST project results published for public review.