Michelle Bennett, CPA
Rick L. Evans, CPA
Jay Sanders, CPA
Wanda F. Scott, CPA
Abram J. Serotta, CPA
Andrea Usry, CPA
Paul Wade, CPA

September 27, 2016

To the Henry County Board of Education
McDonough, Georgia

Dear Members of the Board of Education,

We have enclosed our report on the examination of Henry County School System's 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. We have also enclosed a copy of our compliance examination program and a summary of the results of our performance of those procedures.

We appreciate the opportunity to serve the Henry County School System and look forward to assisting with your accounting and auditing needs in the future.

Sincerely,

Rick L. Evans, CPA

COMPLIANCE EXAMINATION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2016

1. Obtain a copy of the Henry County School System SPLOST resolution and read the terms for design of compliance testing.

2. Compare the terms of the Henry 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 Henry 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 Henry County School System SPLOST investment and/or cash accounts.

7. Test the allocation of earnings from cash and investment accounts to Henry County School System SPLOST funds.

8. Trace Henry 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 Henry County School System SPLOST resolution.

10. Vouch the payment of principal and interest on Henry County School System bond debt per the SPLOST resolution and trace to bond amortization schedules.

11. Test and confirm Henry County School System SPLOST cash and investment balances.

12. Verify the existence of capital assets funded by Henry 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 Henry County School System SPLOST resolution.

15. Determine that required annual reporting to the public by Henry 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 September 27, 2016 states that in our opinion, Henry 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, 2016.

RESPONSIBILITIES

- Henry 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 Henry 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 IV beginning on January 1, 2013 and ending December 31, 2018.

- We read the bond resolution agreement for the Series 2012 general obligation bonds and 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 2012	Principal	$ 22,000,000
Series 2012	Interest	2,408,750
Series 2013	Principal	2,750,000
Series 2013	Interest	416,000

- We compared the SPLOST resolution with budget and actual records of receipt and disbursement of sales tax funds.

- We tested SPLOST project disbursements of $20,429,622 for the year ended June 30, 2016. We verified that all tested disbursements were for projects approved by the voters of Henry County in the applicable SPLOST resolution.

- We tested the accounting system internal controls as follows:

    - Read the bid packages for Renovations and Modifications to Group 3 Schools renovations, repairs and upgrades, Group 4 Schools renovations, repairs and upgrades, and Woodland High Surveillance System Upgrade and compared certain attributes to Henry County School System's internal bid policies;

  - Tested the purchase and invoice approval process on expenditures for all SPLOST projects in progress for the year ended June 30, 2016;

  - 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 $32,551,874 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 $259,525,149 and investment earnings of $123,079 for the year ended June 30, 2016 with the Office of Treasury and Fiscal Services or applicable financial institution and reconciled them to the general ledger.

- We performed site visits at Pleasant Grove Elementary and Austin Road Middle. Construction blueprints and cost information were examined prior to the site visits.

- There were no new major construction projects during the period of July 1, 2015 to June 30, 2016 that had not been previously tested. Therefore, no comparison to similar projects was performed.

- We noted no transfers in or out of SPLOST funds for the year ending June 30, 2016.

- We viewed the annual newspaper advertisement dated December 16, 2015 of SPLOST project results published for public review.

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

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INDEPENDENT ACCOUNTANTS' REPORT

To the Henry County Board of Education
McDonough, Georgia

We have examined the Henry 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 Henry County School System's compliance with specified requirements.

In our opinion, Henry 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., CPA's

Augusta, Georgia
September 27, 2016

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

Projects	**SPLOST IV**
Debt Service, including principal and interest	$ 27,574,750
Eagles Landing High Renovations	264,883
Stockbridge High Renovations	411,277
Eagles Landing Middle Renovations	9,794
College & Career Academy	372,202
Group 1 Schools Renovations, Repairs and Upgrades	2,144,426
Group 2 Schools Renovations, Repairs and Upgrades	10,763,774
Group 3 Schools Renovations, Repairs and Upgrades	4,676,465
Group 4 Schools Renovations, Repairs and Upgrades	876,406
Group 5 Schools Renovations, Repairs and Upgrades	450,536
Transportation Equipment	13,397
Technology	674,336
Land	588,655
	48,820,901
Less GSFIC, local and other funding sources	(3,056,339)
Total	$ 45,764,562

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