

**CAMDEN COUNTY PUBLIC SERVICE AUTHORITY
KINGSLAND, GEORGIA**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY
KINGSLAND, GEORGIA

FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

TABLE OF CONTENTS

| | <u>Page</u> |
|--|--------------|
| INDEPENDENT AUDITOR'S REPORT | 1 – 3 |
| FINANCIAL STATEMENTS | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 4 |
| Statement of Activities | 5 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 6 |
| Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position | 7 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 8 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 9 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund | 10-11 |
| Notes to the Financial Statements | 12-23 |
| SUPPLEMENTARY INFORMATION | |
| Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds | 24 |
| GOVERNMENTAL REPORTS | |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> | 25-26 |
| Schedule of Findings and Responses | 27-32 |



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Camden County Public Service Authority
Kingsland, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund, of the Camden County Public Service Authority ("the Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. Because of the matters described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide an audit opinion on the Governmental Activities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Except for the matter described in the Basis for Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

| Opinion Unit | Type of Opinion |
|-------------------------|------------------------|
| Governmental Activities | Disclaimer |
| General Fund | Unmodified |
| SPLOST Fund | Unmodified |

Basis for Disclaimer of Opinion

The Authority was unable to provide adequate evidential matter in support of account balances for Governmental Activities concerning Claims and Judgements on the estimated liability to the Internal Revenue Service for prior year's delinquent payroll taxes.

Disclaimer of Opinion

Because of the significance and uncertainty of the matters described in the Basis for Disclaimer of Opinion, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Governmental Activities of the Authority. Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund and SPLOST Fund of the Camden County Public Service Authority, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

We were engaged for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of project expenditures with special sales tax proceeds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of project expenditures with special sales tax proceeds is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of project expenditures with special sales tax proceeds is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2020, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Macon, Georgia
September 29, 2020



FINANCIAL STATEMENTS

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF NET POSITION
JUNE 30, 2019

| | <u>Governmental Activities</u> |
|----------------------------------|------------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 935,390 |
| Intergovernmental receivable | 130,652 |
| Nondepreciable assets | 166,890 |
| Depreciable assets, net | <u>297,409</u> |
| Total assets | <u>1,530,341</u> |
| <u>LIABILITIES</u> | |
| Current liabilities | |
| Accounts payable | 39,558 |
| Due to other governments | 170,842 |
| Noncurrent liabilities | |
| Claims and judgements | 1,600,000 |
| Due within one year | |
| Capital leases | 62,089 |
| Compensated absences | <u>111,288</u> |
| Total liabilities | <u>1,983,777</u> |
| <u>NET POSITION</u> | |
| Net investment in capital assets | 402,210 |
| Restricted for | |
| Capital outlay | 1,861,513 |
| Unrestricted | <u>(2,717,159)</u> |
| Total net position/(Deficit) | <u>\$ (453,436)</u> |

The notes to the financial statements are an integral part of this statement.

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CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|--|---------------------|-------------------------|--|--|---|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities | | | | | |
| General government | \$ 2,927,275 | \$ 525,772 | \$ 2,509,331 | \$ 587,099 | \$ 694,927 |
| Interest on long-term debt | 7,737 | - | - | - | (7,737) |
| Total governmental activities | <u>2,935,012</u> | <u>525,772</u> | <u>2,509,331</u> | <u>587,099</u> | <u>687,190</u> |
| Total Government | <u>\$ 2,935,012</u> | <u>\$ 525,772</u> | <u>\$ 2,509,331</u> | <u>\$ 587,099</u> | <u>687,190</u> |
| General revenues: | | | | | |
| Interest revenue | | | | | 3 |
| Insurance recovery | | | | | 339,016 |
| Miscellaneous | | | | | 14,053 |
| Total general revenues | | | | | <u>353,072</u> |
| Change in net position | | | | | 1,040,262 |
| Net position/(deficit) - beginning of year | | | | | (1,493,698) |
| Net position/(deficit) - end of year | | | | | <u>\$ (453,436)</u> |

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | General Fund | SPLOST Fund | Total Governmental Funds |
|--------------------------------------|--------------------|---------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 303,615 | \$ 631,775 | \$ 935,390 |
| Intergovernmental receivable | 27,824 | 102,828 | 130,652 |
| Due from other funds | - | 1,126,910 | 1,126,910 |
| Total assets | <u>\$ 331,439</u> | <u>\$ 1,861,513</u> | <u>\$ 2,192,952</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 39,558 | \$ - | \$ 39,558 |
| Due to other governments | 170,842 | - | 170,842 |
| Due to other funds | 1,126,910 | - | 1,126,910 |
| Total liabilities | <u>1,337,310</u> | <u>-</u> | <u>1,337,310</u> |
| Fund Balances: | | | |
| Restricted | - | 1,861,513 | 1,861,513 |
| Unassigned (Deficit) | (1,005,871) | - | (1,005,871) |
| Total fund balances (Deficit) | <u>(1,005,871)</u> | <u>1,861,513</u> | <u>855,642</u> |
| Total liabilities and fund balances | <u>\$ 331,439</u> | <u>\$ 1,861,513</u> | <u>\$ 2,192,952</u> |

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

Amounts reported for governmental activities in the statement of net position are different because:

| | |
|--|------------|
| Total fund balances - governmental funds | \$ 855,642 |
|--|------------|

Capital Assets

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

| | |
|--------------------------|-----------|
| Cost of the assets | 1,402,974 |
| Accumulated depreciation | (938,675) |

Long-term Liabilities

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities both current and long-term are reported in the Statement of Net Position. Long-term liabilities at year-end consist of the following:

| | |
|-----------------------|------------------|
| Claims and judgements | (1,600,000) |
| Capital lease | (62,089) |
| Compensated absences | <u>(111,288)</u> |

| | |
|---|----------------------------|
| Net position of governmental activities | <u><u>\$ (453,436)</u></u> |
|---|----------------------------|

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | General Fund | SPLOST Fund | Total Governmental Funds |
|--|-----------------|----------------|--------------------------------|
| <u>Revenues</u> | | | |
| Intergovernmental | \$ 2,509,331 | \$ 587,099 | \$ 3,096,430 |
| Charges for service | 525,772 | - | 525,772 |
| Miscellaneous | 14,053 | - | 14,053 |
| Interest earnings | 3 | - | 3 |
| Total revenues | 3,049,159 | 587,099 | 3,636,258 |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Administration | 759,942 | - | 759,942 |
| Athletics | 234,783 | - | 234,783 |
| Aquatics | 156,275 | - | 156,275 |
| Fitness | 194,861 | - | 194,861 |
| Parks | 577,694 | - | 577,694 |
| Special Programs | 34,721 | - | 34,721 |
| St. Marys aquatic center | 94,763 | - | 94,763 |
| Mosquito control | 166,040 | - | 166,040 |
| Right-of-Way mowing | 223,800 | - | 223,800 |
| Facility mowing | 69,174 | - | 69,174 |
| Senior center | 148,155 | - | 148,155 |
| Other | 100,000 | - | 100,000 |
| Intergovernmental | - | 139,169 | 139,169 |
| Debt Service | | | |
| Principal | 30,899 | 119,417 | 150,316 |
| Interest | 4,594 | 3,143 | 7,737 |
| Capital outlay | 26,313 | 197,530 | 223,843 |
| Total expenditures | 2,822,014 | 459,259 | 3,281,273 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 227,145 | 127,840 | 354,985 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Insurance recovery | 339,016 | - | 339,016 |
| Lease proceeds | - | 139,800 | 139,800 |
| Total other financing sources (uses) | 339,016 | 139,800 | 478,816 |
| Net change in fund balances | 566,161 | 267,640 | 833,801 |
| Fund balances (Deficit) - beginning of year | (1,572,032) | 1,593,873 | 21,841 |
| Fund balances (Deficit)- end of year | \$ (1,005,871) | \$ 1,861,513 | \$ 855,642 |

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| | General Fund | SPLOST Fund | Total Governmental Funds |
|--|-----------------|----------------|--------------------------------|
| <u>Revenues</u> | | | |
| Intergovernmental | \$ 2,509,331 | \$ 587,099 | \$ 3,096,430 |
| Charges for service | 525,772 | - | 525,772 |
| Miscellaneous | 14,053 | - | 14,053 |
| Interest earnings | 3 | - | 3 |
| Total revenues | 3,049,159 | 587,099 | 3,636,258 |
| <u>Expenditures</u> | | | |
| Current: | | | |
| Administration | 759,942 | - | 759,942 |
| Athletics | 234,783 | - | 234,783 |
| Aquatics | 156,275 | - | 156,275 |
| Fitness | 194,861 | - | 194,861 |
| Parks | 577,694 | - | 577,694 |
| Special Programs | 34,721 | - | 34,721 |
| St. Marys aquatic center | 94,763 | - | 94,763 |
| Mosquito control | 166,040 | - | 166,040 |
| Right-of-Way mowing | 223,800 | - | 223,800 |
| Facility mowing | 69,174 | - | 69,174 |
| Senior center | 148,155 | - | 148,155 |
| Other | 100,000 | - | 100,000 |
| Intergovernmental | - | 139,169 | 139,169 |
| Debt Service | | | |
| Principal | 30,899 | 119,417 | 150,316 |
| Interest | 4,594 | 3,143 | 7,737 |
| Capital outlay | 26,313 | 197,530 | 223,843 |
| Total expenditures | 2,822,014 | 459,259 | 3,281,273 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 227,145 | 127,840 | 354,985 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Insurance recovery | 339,016 | - | 339,016 |
| Lease proceeds | - | 139,800 | 139,800 |
| Total other financing sources (uses) | 339,016 | 139,800 | 478,816 |
| Net change in fund balances | 566,161 | 267,640 | 833,801 |
| Fund balances (Deficit) - beginning of year | (1,572,032) | 1,593,873 | 21,841 |
| Fund balances (Deficit)- end of year | \$ (1,005,871) | \$ 1,861,513 | \$ 855,642 |

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|------------|
| Net change in fund balances-total governmental funds | \$ 833,801 |
|--|------------|

Capital Assets

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

| | |
|-----------------------|-----------|
| Total capital outlays | 223,843 |
| Total depreciations | (119,592) |

Long-term Debt

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similiar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

| | |
|------------------------|-----------|
| Capital lease proceeds | (139,800) |
|------------------------|-----------|

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustments for these items are as follows:

| | |
|-----------------------|---------|
| Claims and judgements | 100,000 |
| Capital leases | 150,316 |
| Compensated absences | (8,306) |

| | |
|---|---------------------|
| Change in net position of governmental activities | <u>\$ 1,040,262</u> |
|---|---------------------|

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| <u>REVENUES</u> | Budget | | Actual | Variance with Final Budget |
|--|--------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Intergovernmental | | | | |
| Camden County | \$ 1,383,915 | \$ 1,383,915 | \$ 1,251,729 | \$ (132,186) |
| City of St. Marys | 722,901 | 722,901 | 653,852 | (69,049) |
| City of Kingsland | 548,262 | 548,262 | 495,894 | (52,368) |
| City of Woodbine | 42,035 | 42,035 | 38,020 | (4,015) |
| Camden County BOE | 44,148 | 44,148 | 39,931 | (4,217) |
| Other | - | - | 29,905 | 29,905 |
| Charges for service | 449,915 | 449,915 | 525,772 | 75,857 |
| Miscellaneous | - | - | 14,053 | 14,053 |
| Interest earnings | - | - | 3 | 3 |
| Total Revenues | 3,191,176 | 3,191,176 | 3,049,159 | (142,017) |
| <u>EXPENDITURES</u> | | | | |
| Current: | | | | |
| Administration | 782,581 | 782,581 | 759,942 | 22,639 |
| Athletics | 336,815 | 336,815 | 234,783 | 102,032 |
| Aquatics | 198,016 | 198,016 | 156,275 | 41,741 |
| Fitness | 192,549 | 192,549 | 194,861 | (2,312) |
| Parks | 577,694 | 577,694 | 577,694 | - |
| Special Programs | 77,635 | 77,635 | 34,721 | 42,914 |
| St. Marys aquatic center | 207,890 | 207,890 | 94,763 | 113,127 |
| Mosquito control | 229,522 | 229,522 | 166,040 | 63,482 |
| Right-of-Way mowing | 261,380 | 261,380 | 223,800 | 37,580 |
| Facility mowing | 100,157 | 100,157 | 69,174 | 30,983 |
| Senior center | 172,572 | 172,572 | 148,155 | 24,417 |
| Other | - | - | 100,000 | (100,000) |
| Debt Service | | | | |
| Principal | 23,458 | 23,458 | 30,899 | (7,441) |
| Interest | 4,594 | 4,594 | 4,594 | - |
| Capital outlay | 26,313 | 26,313 | 26,313 | - |
| Total Expenditures | 3,191,176 | 3,191,176 | 2,822,014 | 369,162 |
| Excess/(Deficiency) of Revenues Over (Under) Expenditures | - | - | 227,145 | 227,145 |

The notes to the financial statements are an integral part of this statement.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

| | Budget | | | Variance with |
|--|----------------|----------------|----------------|---------------|
| | Original | Final | Actual | Final Budget |
| <u>Other Financing Sources/(Uses):</u> | | | | |
| Insurance recovery | - | - | 339,016 | 339,016 |
| Total other financing sources/(uses) | - | - | 339,016 | 339,016 |
| Net change in fund balances | - | - | 566,161 | 566,161 |
| Fund Balance (Deficit) - Beginning of year | (1,572,032) | (1,572,032) | (1,572,032) | - |
| Fund Balance (Deficit) - End of year | \$ (1,572,032) | \$ (1,572,032) | \$ (1,005,871) | \$ 566,161 |

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE FINANCIAL STATEMENTS

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Camden County Public Service Authority was created by Act Number 887 (H.B. 2031) of the Georgia Legislature effective March 20, 1990. The responsibilities of the Authority are contained in Act Number 887 (H.B. 2031) and as amended by House Bill 681.

The Authority shall be composed of nine members: the members shall include the elected official or appointee of the City of Kingsland, City of St. Mary's, and the City of Woodbine and the elected official or appointee for the County of Camden. Each City Council shall appoint one resident from their respective City to serve on the Authority and the County Board of Commissioners shall appoint two residents of the County to serve on the Authority. With respect to the resident member appointments, each shall be appointed for a term of three years. Immediately after such appointments, the resident members of the Authority shall enter upon their duties. Each of such resident members shall serve until their successors are appointed and qualified. The Authority board members serving as of the effective date of this Act shall serve until their term is completed.

In conformity with generally accepted accounting principles, as set forth in Statement of Governmental Accounting Standards Board (GASB) No. 61 "*The Financial Reporting Entity: Omnibus*, an amendment of GASB Statement No. 14 and 34," the Authority's relationships with other governments and agencies have been examined. As a result, no component units were identified which should be included in the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately.

The statement of activities presents a comparison between the direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues are presented as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided; 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or within 60 days after the year-end to pay obligations of the current period. Intergovernmental revenues, rental income and interest associated with the current fiscal period are all considered to be susceptible to accrual as revenue of the current period. Expenditures, including capital outlay, are recognized in the accounting period in which the related fund liability is incurred.

The fund financial statements provide more detailed information about the government's most significant funds, not the government as a whole. The activities of the government are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Authority reports the following major governmental funds:

General Fund – The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

SPLOST Fund – accounts for the acquisition and construction of capital expenditures which are financed by the special local option sales tax program of the Authority, in agreement with Camden County.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for the General Fund. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds, except the capital projects funds, which adopt project-length budgets. All appropriations lapse at year-end. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not employed by the Authority.

E. Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates, and investments that do not have an established market are reported at estimated fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

F. Receivables

Receivables and Due from Other Governments represent funds to be received from other local governments, state grant-in-aid, state contracts, or federal funds. No allowance is deemed necessary for these receivables.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" or "advances to/from other funds." All other outstanding balances between funds are reported as "due to/from other funds."

G. Inventories

Inventories of expendable supplies held for consumption are not considered material and are recorded as expenditures, or expenses, as appropriate, when purchased.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items in both government-wide and fund financial statements.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items acquired subsequent to January 1, 2004) are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Authority are depreciated using the straight line method over the following estimated useful lives:

| | |
|------------------------------------|------------|
| Improvements | 5-10 years |
| Furniture, Fixtures, and Equipment | 5 years |
| Vehicles | 5 years |

J. Compensated Absences

It is the Authority's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the Authority does not have a policy to pay any amounts when employees separate from service with the Authority. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

L. Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

M. Fund Equity

In the financial statements, governmental funds report the following classifications of fund balances in accordance with Governmental Accounting Standards Board Statement No. 54:

- **Nonspendable** – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – amounts are restricted when constraints have been placed on the use of resources by (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board. The Board approves committed resources through a motion and vote during the voting session of Board meetings.
- **Assigned** – amounts that are constrained by the Authority's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Board. By motion, the Authority has authorized the Chairman or designee to assign fund balance.
- **Unassigned** – amounts that have not been assigned to other funds and that are not restricted, committed or assigned to specific purposes within the General Fund.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Authority's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the Authority's policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

The Authority does not have a formal minimum fund balance policy.

| | General Fund | SPLOST Fund | Total |
|-------------------------------|-----------------------|---------------------|-------------------|
| Fund Balances | | | |
| Restricted: | | | |
| Capital outlay | \$ - | \$ 1,861,513 | \$ 1,861,513 |
| Unassigned (Deficit) | (1,005,871) | - | (1,005,871) |
| Total fund balances (Deficit) | <u>\$ (1,005,871)</u> | <u>\$ 1,861,513</u> | <u>\$ 855,642</u> |

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

Deficit Fund Balance

The General Fund, a major governmental fund, had a deficit fund balance of \$1,005,871 at June 30, 2019. The Authority plans to closely monitor and control expenditures to help eliminate this deficit fund balance and expects future revenues to also help eliminate this deficit.

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – BUDGETS

A. Budget Process

Prior to June 1, the Authority submits an operating budget to the County Commissioners. The operating budget includes proposed expenditures but does not include budgeted revenues. The Authority budgets and receives a monthly amount, from the County and three Cities, needed to meet the budget expenditures. The County and Cities each issue a monthly check to the Authority, based on percentages, to equal one twelfth (1/12) of the annual budget.

B. Excess of Expenditures Over Appropriations

The General Fund had expenditures in excess of appropriations for the following departments:

| | |
|--------------------------|----------|
| Fitness | \$ 2,312 |
| Other | 100,000 |
| Debt Service - Principal | 7,441 |

NOTE 3 – DEPOSITS

Custodial Credit Risk – Deposits. Custodial risk is the risk that in the event of a bank failure, the Authority's deposits may be lost. The Authority's bank balances of deposits as of June 30, 2019 are entirely insured or collateralized with securities held by the Authority's agent in the Authority's name. State statutes require banks holding public funds to secure these funds by FDIC insurance, securities pledged at par value, and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

NOTE 4 – OTHER RECEIVABLES

Receivables at June 30, 2019, consist of the following:

| | General Fund | SPLOST Fund | Total |
|-------------------|-----------------|----------------|------------|
| Receivables: | | | |
| Intergovernmental | \$ 27,824 | \$ 102,828 | \$ 130,652 |
| Total Receivables | \$ 27,824 | \$ 102,828 | \$ 130,652 |

NOTE 5 – INTERFUND RECEIVABLES, AND PAYABLES

The composition of interfund balances as of June 30, 2019, is as follows:

Due to / from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------|--------------|--------------|
| SPLOST Fund | General Fund | \$ 1,126,910 |
| Total | | \$ 1,126,910 |

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

NOTE 6 – CAPITAL ASSETS

| | Beginning Balance | Increase | Decrease | Ending Balance |
|--|----------------------|------------|----------|-------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 124,410 | \$ - | \$ - | \$ 124,410 |
| Construction in progress | - | 42,480 | - | 42,480 |
| Total capital assets, being depreciated | 124,410 | 42,480 | - | 166,890 |
| Capital assets, being depreciated: | | | | |
| Improvements | 153,526 | - | - | 153,526 |
| Furniture, fixtures, & equipment | 482,674 | 181,363 | - | 664,037 |
| Vehicles | 418,521 | - | - | 418,521 |
| Total capital assets, being depreciated | 1,054,721 | 181,363 | - | 1,236,084 |
| Less accumulated depreciation for: | | | | |
| Improvements | (153,526) | - | - | (153,526) |
| Furniture, fixtures, & equipment | (302,361) | (92,540) | - | (394,901) |
| Vehicles | (363,196) | (27,052) | - | (390,248) |
| Total accumulated depreciation | (819,083) | (119,592) | - | (938,675) |
| Total capital assets, being depreciated, net | 235,638 | 61,771 | - | 297,409 |
| Governmental activities capital assets, net | \$ 360,048 | \$ 104,251 | \$ - | 464,299 |
| Less related long-term debt outstanding | | | | (62,089) |
| Net investment in capital assets | | | | \$ 402,210 |

Depreciation expense was charged to functions / programs of the primary government as follows:

| | |
|--|------------|
| Governmental activities: | |
| General Operations | \$ 119,592 |
| Total depreciation expense – governmental activities | \$ 119,592 |

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

NOTE 7 – LONG-TERM DEBT

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

Changes in Long-Term Liabilities

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--------------------------------|----------------------|-------------------|---------------------|---------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| Capital Leases | | | | | |
| John Deere #001-0018612-007 | \$ 12,353 | \$ - | \$ (11,382) | \$ 971 | \$ 971 |
| John Deere #001-0087176-000 | 43,810 | - | (12,454) | 31,356 | 31,356 |
| John Deere #001-0018612-008 | 16,442 | - | (7,996) | 8,446 | 8,446 |
| Musco Finance LLC | - | 139,800 | (118,484) | 21,316 | 21,316 |
| Claims and judgements | 1,700,000 | - | (100,000) | 1,600,000 | - |
| Compensated absences | 102,982 | 51,267 | (42,961) | 111,288 | 111,288 |
| Governmental activity | | | | | |
| Long-term liabilities | <u>\$ 1,875,587</u> | <u>\$ 191,067</u> | <u>\$ (293,277)</u> | <u>\$ 1,773,377</u> | <u>\$ 173,377</u> |

For the governmental activities, compensated absences and claims and judgements are generally liquidated by the general fund.

Capital Lease Payables:

John Deere #001-0018612-007

The Authority obtained a \$32,980 capital lease from John Deere Financial for the financing of right-of-way equipment. The equipment has a five-year estimated useful life. This year, \$6,592 was included in depreciation expense and accumulated depreciation of \$18,678. Total interest paid for fiscal year 2019 was \$324. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| Year Ending June 30th | Governmental Activities | |
|--------------------------|-------------------------|-------------|
| | Principal | Interest |
| 2020 | \$ 971 | \$ 3 |
| Total | <u>\$ 971</u> | <u>\$ 3</u> |

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

John Deere #001-0087176-000

The Authority obtained a \$70,680 capital lease from John Deere Financial for the financing of right-of-way equipment. The equipment has a five-year estimated useful life. This year, \$14,136 was included in depreciation expense and accumulated depreciation of \$31,806. Total interest paid for fiscal year 2019 was \$3,309. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| Year Ending June 30th | Governmental Activities | |
|--------------------------|-------------------------|-----------------|
| | Principal | Interest |
| 2020 | \$ 31,356 | \$ 1,917 |
| Total | <u>\$ 31,356</u> | <u>\$ 1,917</u> |

John Deere #001-0018612-008

The Authority obtained a capital lease from John Deere Financial for the financing of the purchase option of right-of-way equipment originally financed with John Deere capital lease #001-0018612-006. The equipment has a five-year estimated useful life. This year, \$7,950 was included in depreciation expense and accumulated depreciation of \$53,000. Total interest paid for fiscal year 2019 was \$991. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| Year Ending June 30th | Governmental Activities | |
|--------------------------|-------------------------|---------------|
| | Principal | Interest |
| 2020 | \$ 8,446 | \$ 268 |
| Total | <u>\$ 8,446</u> | <u>\$ 268</u> |

Musco Finance, LLC

In FY 2019, the Authority obtained a capital lease from Musco Finance, LLC for the financing of the Woodbine park lights. The lights have a five-year estimated useful life. This year, \$20,970 was included in depreciation expense and accumulated depreciation of \$20,970. Total interest paid for fiscal year 2019 was \$3,103. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

| Year Ending June 30th | Governmental Activities | |
|--------------------------|-------------------------|---------------|
| | Principal | Interest |
| 2020 | \$ 21,316 | \$ 105 |
| Total | <u>\$ 21,316</u> | <u>\$ 105</u> |

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

NOTE 8 – CONTRACTS AND AGREEMENTS

The Authority has an intergovernmental agreement with Camden County relative to the SPLOST. Per the agreement, the Authority shall receive from the County proceeds from the SPLOST as provided in O.C.G.A. 48-8-111(a)(1)(H). These proceeds are for capital equipment and capital improvements for the Authority. The total budgeted amount for the Authority per the SPLOST referendum is 7.49% of the net proceeds up to the first \$44,000,000, estimated amount of \$2,896,000.

NOTE 9 – RISK MANAGEMENT

The Authority is exposed to various risks of loss relative to torts and personal property (e.g., theft, damage, destruction and injury). The Authority carries commercial insurance coverage for these risks to the extent deemed necessary by management.

NOTE 10 – CONTINGENT LIABILITIES

A. Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time.

B. Payroll Liabilities

The Authority is delinquent in paying payroll taxes to the Internal Revenue Service (IRS). As of June 30, 2019, the estimated outstanding liability to the IRS is \$1,600,000. The Authority has submitted an Offer in Compromise to the IRS for \$500,000. As of the date of this report, the Authority has not been notified if the IRS has accepted the Authority's offer.

C. Litigation

During the course of normal operations of the Authority, various claims and lawsuits arise. The Authority's attorney has advised that there are no potential liabilities of which he is aware that will impair the Authority's financial position as of the date of this report.

NOTE 11 – EVALUATION OF SUBSEQUENT EVENTS

During the fiscal year 2017 annual audit, the Authority's board was notified that financial irregularities with the Authority's records had been discovered while performing audit procedures. The Authority's board contacted the Camden County Sheriff's Office who then requested that the Georgia Bureau of Investigation (GBI) perform the investigation. At a later date, the Camden County Sheriff's Office and the Internal Revenue Service Criminal Investigative Division resumed the investigation of the irregularities. As of the date of this report, the Camden County Sheriff's investigation is still in progress.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

(CONTINUED)

During March 2020, the Authority modified operations as a result of the COVID-19 pandemic and in compliance with state and federal requirements. The extent of the impact of COVID-19 on the Authority's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak all of which are uncertain. Accordingly, the extent to which COVID-19 may impact the financial condition or results of operations cannot be determined.

The Authority has evaluated subsequent events through September 29, 2020, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF PROJECT EXPENDITURES WITH SPECIAL SALES TAX PROCEEDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

| Project | Expenditures | | | Total |
|---|--------------------|----------------|-----------------|--------------|
| | Original Budget | Prior Years | Current Year | |
| Special Local Option Sales Tax 7 | | | | |
| Chris Gilman Stadium, (press box only) | \$ 100,000 | \$ 1,066 | \$ - | \$ 1,066 |
| Recreation Center | 175,000 | 241,702 | 54,874 | 296,576 |
| Howard Peeples Park | 400,000 | 61,583 | 61,696 | 123,279 |
| Maple Ford Park | 200,000 | 235,132 | 9,238 | 244,370 |
| PSA Soccer Complex | 294,000 | 214,219 | - | 214,219 |
| Temple Landing Park | 200,000 | 232,807 | 1,800 | 234,607 |
| St. Mary's Civic Park | 200,000 | 93,691 | 6,302 | 99,993 |
| St. Mary's Recreation Park | 400,000 | - | 900 | 900 |
| Woodbine Lions Club Park | 400,000 | - | 142,903 | 142,903 |
| Woodbine Community Park | 140,000 | 11,685 | 18,063 | 29,748 |
| Other Park Improvements | 240,000 | 320,899 | 39,585 | 360,484 |
| Public Service Authority Equipment and Vehicles | 147,000 | 375,815 | 4,481 | 380,296 |
| Total Public Service Authority Projects | \$ 2,896,000 | \$ 1,788,599 | \$ 339,842 | \$ 2,128,441 |

Note: The difference in SPLOST expenditures by project and the expenditures noted in the SPLOST Fund represents principal debt service payments totaling \$119,417 attributed to repayment of the capital leases. The expenditures to purchase the capital items are already included in the above schedule. If debt payments were included, the expenditures would be reported twice.



GOVERNMENTAL REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Camden County Public Service Authority
Kingsland, Georgia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Camden County Public Service Authority ("the Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 29, 2020. Because of the significance of the matters described in the "Basis for Disclaimer of Opinion" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the governmental activities of the Authority, as of June 30, 2019, and for the year then ended. Accordingly, we do not express an opinion on the financial statements of the Governmental Activities.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-001, 2019-002, 2019-003, and 2019-004 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-005, and 2019-006.

Camden County Public Service Authority's Response to Findings

The Authority's response to the findings identified is described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macon, Georgia
September 29, 2020



CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Financial Statement Findings

Findings noted on the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*:

2019-001 Year-end Accruals

CRITERIA

An effective system of internal controls should include procedures to ensure that all earned revenues and incurred expenditures are recorded in the proper accounting period.

CONDITION

Earned revenues and incurred expenditures were not accrued at the end of the fiscal year.

CONTEXT

Audit adjustments were required to record the following receivables and payables at the end of the fiscal period:

| <u>Receivables/Revenues</u> | <u>Fund</u> | <u>Amount</u> |
|----------------------------------|-------------|-------------------|
| Camden County | General | \$ 17,007 |
| Camden County | SPLOST | 102,828 |
| Board of Education | General | 11,272 |
| Total | | <u>\$ 131,107</u> |
| <u>Payables/Expenditures</u> | | |
| IRS | General | \$ 100,000 |
| Camden County | General | 71,791 |
| Various | SPLOST | 50,428 |
| Total | | <u>\$ 222,219</u> |

EFFECT

Interim financial statements contained material misstatements of revenues and expenditures.

CAUSE

The Authority did not have procedures in place to ensure a complete year-end accrual of revenues and expenditures.

RECOMMENDATION

The Authority should institute procedures which ensure the proper accrual of revenues and expenditures.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with the finding. The Authority has made changes to ensure the modified accrual basis will be properly applied at the end of the fiscal year. The Authority is in the process of recording adjustments based on the finding. Beginning in FY 2020, the Authority does not anticipate any further issues concerning this finding.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-002

Revenue Transactions

CRITERIA

An effective system of internal controls should include procedures to ensure the accurate and complete posting of revenue transactions. Controls should also include processes to ensure that errors are detected and corrected on a timely basis.

CONDITION

Audit procedures revealed the following conditions:

- Various transactions were posted to the incorrect ledger accounts.
- Subsidiary records for the recreational programs were not being reconciled to the general ledger control accounts.

CONTEXT

Material audit adjustments were required to correct the posting of the following amounts:

| <u>Description</u> | <u>Fund</u> | <u>Amount</u> |
|-----------------------------|-------------|---------------|
| Coastal Regional Commission | | |
| Reimbursement | General | \$ 44,896 |
| Receipt from General Fund | SPLOST | 300,843 |
| Grant revenue | SPLOST | 18,600 |
| Board of Education receipts | General | 26,112 |

EFFECT

Interim financial statements contained material misstatements of revenues and expenditures.

CAUSE

The Authority did not have procedures in place to ensure the proper recording of revenues.

RECOMMENDATION

The Authority should institute procedures which ensure compliance with governmental accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with the finding. Improved oversight of all ledger entries has been put into place by Management. Beginning in FY 2020, the Authority does not anticipate any further issues concerning this finding.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-003 **Recognition of Other Financing Sources**

CRITERIA

An effective system of internal controls should include procedures to ensure that all other financing sources are recorded in the accounting system.

CONDITION

Proceeds from an insurance claim and capital lease were not recorded.

CONTEXT

Insurance proceeds totaling \$339,016 and capital lease proceeds of \$139,800 were not recorded in the General fund and SPLOST fund, respectively.

EFFECT

Interim financial statements contained material misstatements of other financing sources.

CAUSE

The Authority did not have procedures in place to ensure compliance with governmental accounting principles.

RECOMMENDATION

The Authority should institute procedures which ensure compliance with governmental accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with the finding. New Finance Staff has put into place proper procedures to ensure proper recording of all financing sources. Beginning in FY 2020, the Authority does not anticipate any further issues concerning this finding.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-004

Bank Accounts

CRITERIA

An effective system of internal controls should include procedures to ensure that all transactions are recorded in the proper period and all reconciling items are investigated on a timely basis.

CONDITION

Checks were back dated to the previous month and journal entries were not recorded when checks were voided.

CONTEXT

Material adjustments of \$40,415 and reclassifications of \$28,985 were required to correct the bank accounts for voided checks and postdated checks, respectively.

EFFECT

Interim financial statements contained material misstatements of cash and expenditures.

CAUSE

The Authority did not have procedures in place to ensure that bank reconciliations are reviewed and reconciling items are investigated on a timely basis.

RECOMMENDATION

The Authority should institute procedures to prohibit the postdating of checks and review bank reconciliations on a regular basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with this finding. New management has developed new policies and procedures to ensure this activity does not occur again.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

COMPLIANCE FINDINGS

2019-005 SPLOST Fund

CRITERIA

The Official Code of Georgia (OCGA) Section 48-8-121(a)(1) requires that SPLOST proceeds cannot in any manner be commingled with other Authority funds prior to their expenditure. Capital outlay projects are defined by law as major projects which are of a permanent, long-lived nature and would be properly chargeable to a capital asset account as distinguished from current expenditures and ordinary maintenance expenses. State law also prohibits the expenditure of SPLOST monies for any purposes that were not approved in the SPLOST referendum.

CONDITION

In prior years, the Authority advanced SPLOST Funds to the General Fund.

CONTEXT

At June 30, 2019, the General Fund owed the SPLOST Fund \$1,126,910.

EFFECT

The Authority is in violation of OCGA Section 48-8-121(a) (1).

CAUSE

Former Authority personnel failed to comply with requirements as defined by Georgia code.

RECOMMENDATION

The Authority should implement procedures to eliminate the balance due to the SPLOST Fund.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with this finding. New management has made all necessary adjustments to ensure that the Authority is in compliance with SPLOST Georgia Code.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(CONTINUED)

2019-006 Budgetary Control-Expenditures Exceeding Appropriations – OCGA 36-81-3 (e)

CRITERIA

In order to comply with the applicable legal requirements regarding budgets, procedures must exist to properly monitor compliance with State Law. Georgia code (36-81-3) requires an annual balanced budget for the General Fund.

CONDITION

The General Fund had expenditures in excess of appropriations for FY2019.

CONTEXT

Expenditures exceeded appropriations as follows:

| | |
|--------------------------|----------|
| Fitness | \$ 2,312 |
| Other | 100,000 |
| Debt Service - Principal | 7,441 |

EFFECT

The Authority is not in compliance with State Law.

CAUSE

The Authority lacked adequate financial reporting to properly monitor the status of budgeted expenditures.

RECOMMENDATION

We recommend the Authority modify its financial reporting system to more closely monitor budgeted expenditures.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Authority agrees with the finding. The Authority made changes in management in 2019. The current operational budget is in compliance with state law.