

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

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY  
KINGSLAND, GEORGIA

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

We were engaged to audit 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, 2017, 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. 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 a basis for audit opinions.

***Summary of Opinions***

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

***Basis for Disclaimer of Opinion***

The Authority's operations were completely void of any effective internal controls. Financial irregularities were discovered while performing procedures. In addition, the Authority was unable to provide adequate evidential matter in support of certain transactions and account balances as presented in the Authority's financial statements as of and for the year ended June 30, 2017, particularly with respect to revenue and expenditure transactions.

***Disclaimer of Opinion***

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 audit opinions. Accordingly, we do not express an opinion of the financial statements of the governmental activities, and each major fund of the Authority, as of June 30, 2017, and the budgetary comparison information of the General Fund for the year then ended.

***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 Expenditures of Special Purpose Local Option Sales Tax Proceeds is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Special Purpose Local Option 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. Because of the significance of the matters described above, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 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.

A handwritten signature in black ink, appearing to read "Cheryl H. Pluc". The signature is written in a cursive, flowing style.

Macon, Georgia  
September 9, 2020

## **FINANCIAL STATEMENTS**

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF NET POSITION  
JUNE 30, 2017

|                                  | <u>Governmental<br/>Activities</u> |
|----------------------------------|------------------------------------|
| <u>ASSETS</u>                    |                                    |
| Cash and cash equivalents        | \$ 1,548                           |
| Intergovernmental receivable     | 39,609                             |
| Nondepreciable assets            | 124,410                            |
| Depreciable assets, net          | <u>320,711</u>                     |
| Total assets                     | <u>486,278</u>                     |
| <u>LIABILITIES</u>               |                                    |
| Current liabilities              |                                    |
| Accounts payable                 | 611,380                            |
| Cash overdrafts                  | 131,413                            |
| Due to other governments         | 82,336                             |
| Noncurrent liabilities           |                                    |
| Claims and judgements            | 1,700,000                          |
| Due within one year              |                                    |
| Capital leases                   | 58,809                             |
| Compensated absences             | 140,727                            |
| Due in more than one year        |                                    |
| Capital leases                   | <u>56,162</u>                      |
| Total liabilities                | <u>2,780,827</u>                   |
| <u>NET POSITION</u>              |                                    |
| Net investment in capital assets | 330,150                            |
| Restricted for                   |                                    |
| Capital outlay                   | 1,106,592                          |
| Unrestricted                     | <u>(3,731,291)</u>                 |
| Total net position/(deficit)     | <u>\$ (2,294,549)</u>              |

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

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| Functions/Programs                         | Expenses            | Program Revenues        |                                          |                                        | Net (Expense)<br>Revenue and Changes<br>in Net Position<br>Governmental<br>Activities |
|--------------------------------------------|---------------------|-------------------------|------------------------------------------|----------------------------------------|---------------------------------------------------------------------------------------|
|                                            |                     | Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                                                                                       |
| Governmental Activities                    |                     |                         |                                          |                                        |                                                                                       |
| General government                         | \$ 3,916,968        | \$ 471,216              | \$ 2,388,872                             | \$ 496,965                             | \$ (559,915)                                                                          |
| Interest on long-term debt                 | 2,217               | -                       | -                                        | -                                      | (2,217)                                                                               |
| Total governmental activities              | <u>3,919,185</u>    | <u>471,216</u>          | <u>2,388,872</u>                         | <u>496,965</u>                         | <u>(562,132)</u>                                                                      |
| Total Government                           | <u>\$ 3,919,185</u> | <u>\$ 471,216</u>       | <u>\$ 2,388,872</u>                      | <u>\$ 496,965</u>                      | <u>(562,132)</u>                                                                      |
| General revenues:                          |                     |                         |                                          |                                        |                                                                                       |
| Interest revenue                           |                     |                         |                                          |                                        | 57                                                                                    |
| Miscellaneous                              |                     |                         |                                          |                                        | <u>64,615</u>                                                                         |
| Total general revenues                     |                     |                         |                                          |                                        | <u>64,672</u>                                                                         |
| Change in net position                     |                     |                         |                                          |                                        | (497,460)                                                                             |
| Net position/(deficit) - beginning of year |                     |                         |                                          |                                        | <u>(1,797,089)</u>                                                                    |
| Net position/(deficit) - end of year       |                     |                         |                                          |                                        | <u>\$ (2,294,549)</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, 2017

|                                      | General<br>Fund | SPLOST<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------|-----------------|----------------|--------------------------------|
| <u>ASSETS</u>                        |                 |                |                                |
| Cash and cash equivalents            | \$ 1,516        | \$ 32          | \$ 1,548                       |
| Intergovernmental receivable         | -               | 39,609         | 39,609                         |
| Due from other funds                 | -               | 1,162,931      | 1,162,931                      |
| Total assets                         | \$ 1,516        | \$ 1,202,572   | \$ 1,204,088                   |
| <u>LIABILITIES AND FUND BALANCES</u> |                 |                |                                |
| Liabilities:                         |                 |                |                                |
| Accounts payable                     | \$ 515,400      | \$ 95,980      | \$ 611,380                     |
| Cash overdraft                       | 131,413         | -              | 131,413                        |
| Due to other governments             | 82,336          | -              | 82,336                         |
| Due to other funds                   | 1,162,931       | -              | 1,162,931                      |
| Total liabilities                    | 1,892,080       | 95,980         | 1,988,060                      |
| Fund Balances:                       |                 |                |                                |
| Restricted                           | -               | 1,106,592      | 1,106,592                      |
| Unassigned (Deficit)                 | (1,890,564)     | -              | (1,890,564)                    |
| Total fund balances (Deficit)        | (1,890,564)     | 1,106,592      | (783,972)                      |
| Total liabilities and fund balances  | \$ 1,516        | \$ 1,202,572   | \$ 1,204,088                   |

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, 2017

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

|                                                                                                                                                                                                                                                                                                                                                                                                       |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Total fund balances - governmental funds                                                                                                                                                                                                                                                                                                                                                              | \$ (783,972)          |
| Capital Assets                                                                                                                                                                                                                                                                                                                                                                                        |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                                                                                                                             |                       |
| Cost of the assets                                                                                                                                                                                                                                                                                                                                                                                    | 1,158,701             |
| Accumulated depreciation                                                                                                                                                                                                                                                                                                                                                                              | (713,580)             |
| 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                                                                                                                                                                                                                                                                                                                                                                                 | (1,700,000)           |
| Capital lease                                                                                                                                                                                                                                                                                                                                                                                         | (114,971)             |
| Compensated absences                                                                                                                                                                                                                                                                                                                                                                                  | <u>(140,727)</u>      |
| Net position of governmental activities                                                                                                                                                                                                                                                                                                                                                               | <u>\$ (2,294,549)</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, 2017

|                                                              | General<br>Fund | SPLOST<br>Fund | Total<br>Governmental<br>Funds |
|--------------------------------------------------------------|-----------------|----------------|--------------------------------|
| <u>Revenues</u>                                              |                 |                |                                |
| Intergovernmental                                            | \$ 2,388,871    | \$ 496,965     | \$ 2,885,836                   |
| Charges for service                                          | 471,216         | -              | 471,216                        |
| Miscellaneous                                                | 46,515          | -              | 46,515                         |
| Interest earnings                                            | 57              | -              | 57                             |
| Total revenues                                               | 2,906,659       | 496,965        | 3,403,624                      |
| <u>Expenditures</u>                                          |                 |                |                                |
| Current:                                                     |                 |                |                                |
| Personnel                                                    | 1,830,592       | -              | 1,830,592                      |
| General administration                                       | 206,204         | -              | 206,204                        |
| General athletics                                            | 226,080         | -              | 226,080                        |
| General aquatics                                             | 20,253          | -              | 20,253                         |
| General fitness                                              | 51,089          | -              | 51,089                         |
| General maintenance                                          | 380,229         | -              | 380,229                        |
| General programs                                             | 152,937         | -              | 152,937                        |
| Recreation center                                            | 88,217          | -              | 88,217                         |
| General vehicles                                             | 19,215          | -              | 19,215                         |
| St. Mary's pool                                              | 9,194           | -              | 9,194                          |
| Other                                                        | 437,012         | -              | 437,012                        |
| Intergovernmental                                            | -               | 395,552        | 395,552                        |
| Debt Service                                                 |                 |                |                                |
| Principal                                                    | -               | 43,030         | 43,030                         |
| Interest                                                     | -               | 2,217          | 2,217                          |
| Capital outlay                                               | 44,866          | 160,827        | 205,693                        |
| Total expenditures                                           | 3,465,888       | 601,626        | 4,067,514                      |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (559,229)       | (104,661)      | (663,890)                      |

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, 2017  
(CONTINUED)

|                                             | General<br>Fund | SPLOST<br>Fund | Total<br>Governmental<br>Funds |
|---------------------------------------------|-----------------|----------------|--------------------------------|
| <u>Other Financing Sources (Uses)</u>       |                 |                |                                |
| Insurance recoveries                        | 10,961          | -              | 10,961                         |
| Sale of assets                              | 7,140           | -              | 7,140                          |
| Issuance of debt                            | -               | 103,660        | 103,660                        |
| Total other financing sources (uses)        | 18,101          | 103,660        | 121,761                        |
| Net change in fund balances                 | (541,128)       | (1,001)        | (542,129)                      |
| Fund balances (Deficit) - beginning of year | (1,349,436)     | 1,107,593      | (241,843)                      |
| Fund balances (Deficit)- end of year        | \$ (1,890,564)  | \$ 1,106,592   | \$ (783,972)                   |

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, 2017

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

|                                                      |              |
|------------------------------------------------------|--------------|
| Net change in fund balances-total governmental funds | \$ (542,129) |
|------------------------------------------------------|--------------|

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 | 205,693  |
| Total depreciations   | (81,281) |

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 similar 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.

|                  |           |
|------------------|-----------|
| Issuance of debt | (103,660) |
|------------------|-----------|

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:

|                      |          |
|----------------------|----------|
| Capital leases       | 43,030   |
| Compensated absences | (19,113) |

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Change in net position of governmental activities | <u>\$ (497,460)</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, 2017

| <u>REVENUES</u>                                              | <u>Budget</u>    |                  | <u>Actual</u>    | <u>Variance with<br/>Final Budget</u> |
|--------------------------------------------------------------|------------------|------------------|------------------|---------------------------------------|
|                                                              | <u>Original</u>  | <u>Final</u>     |                  |                                       |
| Intergovernmental                                            |                  |                  |                  |                                       |
| Camden County                                                | \$ 908,056       | \$ 908,056       | \$ 1,232,337     | \$ 324,281                            |
| City of Saint Mary's                                         | 587,153          | 587,153          | 784,699          | 197,546                               |
| City of Kingsland                                            | 226,769          | 226,769          | 303,065          | 76,296                                |
| City of Woodbine                                             | 20,968           | 20,968           | 28,023           | 7,055                                 |
| Camden County BOE                                            | 30,489           | 30,489           | 40,747           | 10,258                                |
| Charges for service                                          | 852,342          | 852,342          | 471,216          | (381,126)                             |
| Miscellaneous                                                | -                | -                | 46,515           | 46,515                                |
| Interest earnings                                            | -                | -                | 57               | 57                                    |
| Total Revenues                                               | <u>2,625,777</u> | <u>2,625,777</u> | <u>2,906,659</u> | <u>280,882</u>                        |
| <u>EXPENDITURES</u>                                          |                  |                  |                  |                                       |
| Current:                                                     |                  |                  |                  |                                       |
| Personnel                                                    | 1,454,080        | 1,454,080        | 1,830,592        | (376,512)                             |
| General administration                                       | 199,500          | 199,500          | 206,204          | (6,704)                               |
| General athletics                                            | 177,925          | 177,925          | 226,080          | (48,155)                              |
| General aquatics                                             | 43,600           | 43,600           | 20,253           | 23,347                                |
| General fitness                                              | 55,700           | 55,700           | 51,089           | 4,611                                 |
| General maintenance                                          | 323,472          | 323,472          | 380,229          | (56,757)                              |
| General programs                                             | 89,400           | 89,400           | 152,937          | (63,537)                              |
| Recreation center                                            | 214,300          | 214,300          | 88,217           | 126,083                               |
| General vehicles                                             | 29,550           | 29,550           | 19,215           | 10,335                                |
| St. Mary's pool                                              | 30,250           | 30,250           | 9,194            | 21,056                                |
| Other                                                        | -                | -                | 437,012          | (437,012)                             |
| Capital outlay                                               | 8,000            | 8,000            | 44,866           | (36,866)                              |
| Total Expenditures                                           | <u>2,625,777</u> | <u>2,625,777</u> | <u>3,465,888</u> | <u>(840,111)</u>                      |
| Excess/(Deficiency) of Revenues<br>Over (Under) Expenditures | <u>-</u>         | <u>-</u>         | <u>(559,229)</u> | <u>(559,229)</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, 2017  
(CONTINUED)

|                                            | Budget   |       | Actual         | Variance with<br>Final Budget |
|--------------------------------------------|----------|-------|----------------|-------------------------------|
|                                            | Original | Final |                |                               |
| <u>Other Financing Sources/(Uses):</u>     |          |       |                |                               |
| Insurance recoveries                       | -        | -     | 10,961         | 10,961                        |
| Sale of assets                             | -        | -     | 7,140          | 7,140                         |
| Total other financing sources              | -        | -     | 18,101         | 18,101                        |
| Net change in fund balances                | -        | -     | (541,128)      | (541,128)                     |
| Fund Balance (Deficit) - Beginning of year | -        | -     | (1,349,436)    | (1,349,436)                   |
| Fund Balance (Deficit) - End of year       | \$ -     | \$ -  | \$ (1,890,564) | \$ (1,890,564)                |

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

## **NOTES TO THE FINANCIAL STATEMENTS**



CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

**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). Members of the Authority are Camden County and the municipalities of the Cities of Kingsland, St. Mary's, and Woodbine.

The Authority shall be composed of five members: The Chairman of the Camden County Board of Commissioners; another member of the Board of Commissioners who represents the district with the largest number of unincorporated residents; the Mayors of the City of Kingsland, the City of St. Mary's, and the City of Woodbine. If the other member of the Board of Commissioners also serves as Chairman, then that Board shall designate another member from the Board of Commissioners.

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.

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, 2017

(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, or express, as appropriate. 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, 2017

(CONTINUED)

**D. Budgets**

Annual appropriated budgets are adopted for all funds. 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, 2017

(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, 2017

(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<br>Fund       | SPLOST<br>Fund      | Total               |
|-------------------------------|-----------------------|---------------------|---------------------|
| <b>Fund Balances</b>          |                       |                     |                     |
| Restricted:                   |                       |                     |                     |
| Capital outlay                | \$ -                  | \$ 1,106,592        | \$ 1,106,592        |
| Unassigned (Deficit)          | (1,890,564)           | -                   | (1,890,564)         |
| Total fund balances (Deficit) | <u>\$ (1,890,564)</u> | <u>\$ 1,106,592</u> | <u>\$ (783,972)</u> |

**Deficit Fund Balance**

The General Fund, a major governmental fund, had a deficit fund balance of \$1,890,564 at June 30, 2017. The Authority plans to closely monitor and control expenditures to help eliminate this deficit fund balance and expects the future revenues to also help eliminate this deficit.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

**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:

|                        |            |
|------------------------|------------|
| Personnel              | \$ 376,512 |
| General Administration | 6,704      |
| General Athletics      | 48,155     |
| General Maintenance    | 56,757     |
| General Programs       | 63,537     |
| Other                  | 437,012    |
| Capital Outlay         | 36,866     |

**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, 2017 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.

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2017, consist of intergovernmental revenues due from the County for SPLOST collections of \$39,609.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of June 30, 2017, is as follows:

Due to / from other funds:

|             | Receivable Fund | Payable Fund | Amount              |
|-------------|-----------------|--------------|---------------------|
| SPLOST Fund |                 | General Fund | \$ 1,162,931        |
| Total       |                 |              | <u>\$ 1,162,931</u> |

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.

**NOTE 6 – CAPITAL ASSETS**

|                                              | Beginning<br>Balance | Increase          | Decrease    | Ending<br>Balance |
|----------------------------------------------|----------------------|-------------------|-------------|-------------------|
| Governmental Activities:                     |                      |                   |             |                   |
| Capital assets, not being depreciated:       |                      |                   |             |                   |
| Land                                         | \$ 124,410           | \$ -              | \$ -        | \$ 124,410        |
| Total capital assets, being depreciated      | <u>124,410</u>       | <u>-</u>          | <u>-</u>    | <u>124,410</u>    |
| Capital assets, being depreciated:           |                      |                   |             |                   |
| Improvements                                 | 153,526              | -                 | -           | 153,526           |
| Furniture, fixtures, & equipment             | 283,551              | 178,693           |             | 462,244           |
| Vehicles                                     | 391,521              | 27,000            | -           | 418,521           |
| Total capital assets, being depreciated      | <u>828,598</u>       | <u>205,693</u>    | <u>-</u>    | <u>1,034,291</u>  |
| Less accumulated depreciation for:           |                      |                   |             |                   |
| Improvements                                 | (153,526)            | -                 | -           | (153,526)         |
| Furniture, fixtures, & equipment             | (179,559)            | (51,090)          |             | (230,649)         |
| Vehicles                                     | (299,214)            | (30,191)          | -           | (329,405)         |
| Total accumulated depreciation               | <u>(632,299)</u>     | <u>(81,281)</u>   | <u>-</u>    | <u>(713,580)</u>  |
| Total capital assets, being depreciated, net | <u>196,299</u>       | <u>124,412</u>    | <u>-</u>    | <u>320,711</u>    |
| Governmental activities capital assets, net  | <u>\$ 320,709</u>    | <u>\$ 124,412</u> | <u>\$ -</u> | <u>445,121</u>    |
| Less related long-term debt outstanding      |                      |                   |             | <u>(114,971)</u>  |
|                                              |                      |                   |             | <u>\$ 330,150</u> |

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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

|                                                      |           |
|------------------------------------------------------|-----------|
| Governmental activities:                             |           |
| General Operations                                   | \$ 81,281 |
| Total depreciation expense – governmental activities | \$ 81,281 |

**NOTE 7 – LONG-TERM DEBT**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

**Changes in Long-Term Liabilities**

|                                | Beginning<br>Balance | Additions  | Reductions  | Ending<br>Balance | Due Within<br>One Year |
|--------------------------------|----------------------|------------|-------------|-------------------|------------------------|
| <u>Governmental activities</u> |                      |            |             |                   |                        |
| Capital Leases                 |                      |            |             |                   |                        |
| John Deere #001-0018612-006    | \$ 30,111            | \$ -       | \$ -        | \$ 30,111         | \$ 30,111              |
| John Deere #001-0018612-007    | -                    | 32,980     | (9,718)     | 23,262            | 10,909                 |
| John Deere #001-0087176-000    | -                    | 70,680     | (15,133)    | 55,547            | 11,738                 |
| Kansas State Bank              | 24,230               | -          | (18,179)    | 6,051             | 6,051                  |
| Compensated absences           | 121,614              | 25,051     | (5,938)     | 140,727           | 140,727                |
| Governmental activity          |                      |            |             |                   |                        |
| Long-term liabilities          | \$ 175,955           | \$ 128,711 | \$ (48,968) | \$ 255,698        | \$ 199,536             |

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

**Capital Lease Payables:**

**John Deere #001-0018612-006**

The Authority obtained a capital lease from John Deere Financial for the financing of right-of-way equipment. The lease's original maturity date was April 22, 2017. The lease had a stated purchase option for the equipment of \$30,111. As of June 30, 2017, the Authority had not made a decision to exercise the purchase option or to return the equipment to John Deere. Instead, the Authority and John Deere agreed to enter into a 6 month operating lease. This lease was renewed during FY 2018 with the issuance of John Deere #001-0018612-008. Total interest paid for fiscal year 2017 was \$0.

**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, \$5,494 was included in depreciation expense and accumulated depreciation of \$5,494. Total interest paid for fiscal year 2017 was \$995. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:



CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

| Year Ending<br>June 30th | Governmental Activities |                 |
|--------------------------|-------------------------|-----------------|
|                          | Principal               | Interest        |
| 2018                     | \$ 10,909               | \$ 778          |
| 2019                     | 11,382                  | 305             |
| 2020                     | 971                     | 3               |
| Total                    | <u>\$ 23,262</u>        | <u>\$ 1,086</u> |

**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, \$3,534 was included in depreciation expense and accumulated depreciation of \$3,534. Total interest paid for fiscal year 2017 was \$328. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

| Year Ending<br>June 30th | Governmental Activities |                 |
|--------------------------|-------------------------|-----------------|
|                          | Principal               | Interest        |
| 2018                     | \$ 11,738               | \$ 3,397        |
| 2019                     | 12,455                  | 2,679           |
| 2020                     | 31,354                  | 1,917           |
| Total                    | <u>\$ 55,547</u>        | <u>\$ 7,993</u> |

**Kansas State Bank**

The Authority obtained a \$67,505 capital lease from Kansas State Bank for the financing of exercise equipment. The equipment has a five-year estimated useful life. This year, \$13,501 was included in depreciation expense and accumulated depreciation of \$38,253. Total interest paid for fiscal year 2017 was \$894. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

| Year Ending<br>June 30th | Governmental Activities |               |
|--------------------------|-------------------------|---------------|
|                          | Principal               | Interest      |
| 2018                     | \$ 6,051                | \$ 101        |
| Total                    | <u>\$ 6,051</u>         | <u>\$ 101</u> |

**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

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(CONTINUED)

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, 2017, the estimated outstanding liability to the IRS is \$1,700,000. The Authority 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. The Authority also notified their insurer, Travelers Insurance Company of the pending bond claim.

Travelers Insurance Settlement – In March 2019, Camden County received \$1,000,000 on the fidelity bond claim submit for the unauthorized transactions of former employees for the time period of January 2006 through May 2018. The proceeds were distributed to Camden County, City of Kingsland and St. Marys to reimburse the Authority's funding shortfall in June 2018. The Authority received \$339,016 to reimburse SPLOST 7 funds of \$300,834 and \$38,182 for the balance of the first payment to the Internal Revenue Service on the Offer In Compromise.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

(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 9, 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, 2017

| Project<br>Special Local Option Sales Tax 7     | Expenditures        |                     |                   | Total               |
|-------------------------------------------------|---------------------|---------------------|-------------------|---------------------|
|                                                 | Original<br>Budget  | Prior<br>Years      | Current<br>Year   |                     |
| Chris Gilman Stadium, (press box only)          | \$ 100,000          | \$ -                | \$ -              | \$ -                |
| Recreation Center                               | 175,000             | 224,964             | 16,738            | 241,702             |
| Howard Peeples Park                             | 400,000             | 20,208              | 41,375            | 61,583              |
| Maple Ford Park                                 | 200,000             | 232,606             | 2,526             | 235,132             |
| PSA Soccer Complex                              | 294,000             | 162,322             | 51,897            | 214,219             |
| Temple Landing Park                             | 200,000             | 226,102             | 6,705             | 232,807             |
| St. Mary's Civic Park                           | 200,000             | 61,460              | 32,231            | 93,691              |
| St. Mary's Recreation Park                      | 400,000             | -                   | -                 | -                   |
| Woodbine Lions Club Park                        | 400,000             | -                   | -                 | -                   |
| Woodbine Community Park                         | 140,000             | 9,985               | 1,700             | 11,685              |
| Other Park Improvements                         | 240,000             | 57,665              | 228,552           | 286,217             |
| Public Service Authority Equipment and Vehicles | 147,000             | 198,943             | 176,872           | 375,815             |
| Total Public Service Authority Projects         | <u>\$ 2,896,000</u> | <u>\$ 1,194,255</u> | <u>\$ 558,596</u> | <u>\$ 1,752,851</u> |

Note: The difference in SPLOST expenditures by project and the expenditures noted in the SPLOST Fund represents principal debt service payments totaling \$43,030 attributed to repayment of the three 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 were engaged to audit, 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, 2017, 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 9, 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 audit opinions on the financial statements of the governmental activities and each major fund of the Authority, as of June 30, 2017, and the budgetary comparison information for the General Fund for the year then ended. Accordingly, we do not express an opinion on these financial statements.

**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 2017-001, 2017-002, and 2017-003 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 2017-004, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, 2017-010, and 2017-011.

### **Camden County Public Service Authority's Response to Findings**

The Authority's response to the findings identified in our audit 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 9, 2020





CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**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*:

**2017-001    Internal Controls**

*CRITERIA*

An effective system of internal controls should include procedures designed to safeguard assets, detect misstatements, either through error or fraud, and assist in the production of reliable financial information.

*CONDITION*

The Authority's operations were completely void of any effective internal controls.

*CONTEXT*

Material adjustments totaling approximately \$5,913,000 for the General Fund and \$2,666,000 for the SPLOST Fund were required to correct financial statement misstatements.

*EFFECT*

Interim financial statements contained material misstatements due to error and fraud.

*CAUSE*

Management did not adhere to policies which defined required controls over financial reporting.

*RECOMMENDATION*

The Authority should institute procedures which ensure the compliance with established Authority policies.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION*

The Authority agrees with the finding. The Authority has made changes to improve all internal controls. The Authority is in the process of recording adjustments based on the finding. Beginning in FY 2019, 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, 2017  
(CONTINUED)

**2017-002    Corrections to Fund Balances**

*CRITERIA*

An effective system of financial reporting on the modified accrual basis of accounting should include procedures to ensure that revenues and expenditures are recognized in the proper period. Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

*CONDITION*

Internal financial reports contained material misstatements to opening fund balances.

*CONTEXT*

Material audit adjustments to fund balance in the General Fund totaling \$970,302 were required to correct the beginning fund balance for FY2017. In addition, material adjustments of \$1,107,593 were required to create the SPLOST Fund beginning fund balance.

*EFFECT*

Internal financial reports contained material misstatements.

*CAUSE*

Management did not adhere to policies which defined required controls over financial reporting.

*RECOMMENDATION*

The Authority should institute procedures which ensure the compliance with established Authority policies.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with the finding. Adjustments are being made to reflect the corrected fund balances. Controls have been implemented to ensure this activity does not occur in the future.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

2017-003 **Bank Reconciliations**

*CRITERIA*

An effective system of internal controls should include procedures to ensure that cash subsidiary records are reconciled to general ledger control accounts on a timely basis.

*CONDITION*

Bank accounts were not reconciled to their general ledger control accounts.

*CONTEXT*

General ledger cash control accounts required material audit adjustments of \$1,458,504 to correct balances.

*EFFECT*

Interim financial statements contained material misstatements due to error and fraud.

*CAUSE*

Management did not adhere to policies which defined required controls over financial reporting.

*RECOMMENDATION*

The Authority should institute procedures which ensure the compliance with established Authority policies.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with the finding. New management has been put into place to ensure that proper internal controls are in place.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

COMPLIANCE FINDINGS

2017-004 Annual Audits

*CRITERIA*

The Official Code of Georgia (OCGA) Section 36-81-7 requires that local governments shall provide for and cause to be made an annual audit of the financial affairs and activities for each fiscal year. Annual audits are required according to the local law that created the Authority.

*CONDITION*

Annual audits were not performed on the Authority each year as required. No audits were performed for the fiscal years FY2004 to FY2016.

*CONTEXT*

The Authority's last annual audit was for the fiscal year ended June 30, 2003.

*EFFECT*

The Authority is in violation of State and local laws.

*CAUSE*

Former management and Board Members failed to have annual audits performed.

*RECOMMENDATION*

The Authority must have annual audits performed each year.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with the finding. The Authority has a new expanded Board, new management and additional policies to ensure that an audit is performed on an annual basis.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-005 SPLOST Fund – Beginning Balance**

*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*

At June 30, 2017, the General Fund owed the SPLOST Fund \$871,014 for the SPLOST 6 referendum balance that was not disbursed by the Authority in prior years for approved capital outlay projects. Invoices and other documents submitted by the Authority to the County were deleted or altered by Authority personnel prior to the actual payment to vendors.

*CONTEXT*

During the period FY2007 to FY2009, the Authority submitted invoices and received \$2,511,018 in SPLOST 6 reimbursements from the County. Audit procedures performed on the documentation submitted to the County for those prior years reimbursements were tested and compared to the actual disbursements by the Authority. Audit procedures documented that \$871,014 of the deleted or altered transactions were never paid to the vendors.

*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 ensure compliance with Georgia Code and develop a plan to make the appropriate settlements between funds.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with the finding. The previous Board was unaware of the SPLOST VI discrepancy. The current Board is addressing all SPLOST concerns. Management is in the process of obtaining legal guidance in regards to SPLOST VI compliance.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-006 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 2017, the Authority commingled SPLOST proceeds with the General Fund. In addition, the accounting records did not specifically identify which expenditures were for SPLOST activity. At June 30, 2017, the General Fund owes the SPLOST Fund \$1,162,931.

*CONTEXT*

While the Authority utilized a separate bank account for the SPLOST receipts from the County, disbursements for SPLOST were not paid out of the SPLOST bank account. Each monthly payment from the County was immediately transferred from the SPLOST bank account directly to the General Fund bank account for operating cash flow requirements.

*EFFECT*

The Authority is in violation of OCGA Section 48-8-121(a) (1). Subsequent Authority management had to determine which capital outlay expenditures were SPLOST expenditures.

*CAUSE*

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

*RECOMMENDATION*

The Authority should implement procedures to ensure compliance with Georgia Code and develop a plan to make the appropriate settlements between funds.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with the finding. New management has been put into place and this matter has been addressed. In 2019, the Authority has created the SPLOST Fund in accordance with Georgia Code. In addition, all SPLOST expenditures are now being paid directly out of the new Fund and SPLOST bank account. Management is in the process of obtaining legal guidance in response and the plan to eliminate the balance due to the SPLOST Fund.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

2017-007 Wire Transfer Activity

*CRITERIA*

The Authority is a public entity funded by Camden County and the municipalities of the Cities of Kingsland, St. Mary's, and Woodbine, other governmental entities and Special Local Option Sales Tax proceeds. Public funds are to be used in accordance with Federal and State laws.

*CONDITION*

In FY2017, there were two wire transfers to a company that were for personal expenses of the former executive director of the Authority

*CONTEXT*

On July 6, 2016 and January 17, 2017, unauthorized wire transfers that totaled to \$38,500 were remitted to a company which specializes in buying and selling muscle and classic cars.

In an attempt to conceal the wire transfers, the former executive director instructed an employee to code the general ledger transactions as capital outlay SPLOST.

*EFFECT*

Authority resources were used for unauthorized personal expenses.

*CAUSE*

The Authority lacked adequate internal controls over wire transfers.

*RECOMMENDATION*

The Authority should implement additional internal control procedures over wire transfers.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with this finding. The former Board was unaware of this action. This has been investigated by local and state Law enforcement. New management has implemented new internal controls to address this concern.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-008 Disbursements for Unauthorized Personal Transactions**

*CRITERIA*

The Authority is a public entity funded by Camden County and the municipalities of the Cities of Kingsland, St. Mary's, and Woodbine, other governmental entities and Special Local Option Sales Tax proceeds. Public funds are to be used in accordance with State laws.

*CONDITION*

In FY2017, there were additional unauthorized payments for personal expenses of the former executive director of the Authority.

*CONTEXT*

The former executive director utilized various schemes to divert public funds for personal benefit. For FY17, in excess of \$96,000 of Authority funds were transferred to him by utilizing Authority credit cards for personal expenses, transferring Authority funds to his personal accounts by check withdrawals and other unauthorized manners.

*EFFECT*

The unauthorized transactions were in violation of various state laws.

*CAUSE*

The Authority lacked adequate internal controls over disbursements.

*RECOMMENDATION*

The Authority should implement additional internal control procedures over disbursements.

*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

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-009 Failure to Remit Payroll Taxes to the Internal Revenue Service**

*CRITERIA*

All entities are required to timely remit payroll taxes in accordance with Federal regulations.

*CONDITION*

The Authority failed to properly remit payroll taxes in prior years in accordance with Internal Revenue Service regulations.

*CONTEXT*

Internal Revenue Service transcripts as of May 8, 2018, document that the Authority did not remit timely payments to the IRS for payroll taxes. A reconciliation of the IRS transcripts at that time included the taxes, interest, penalties and payments for the periods December 2009 through December 2016 reflected a net amount due of \$1,699,059. The Authority has recorded a long term liability for this outstanding tax matter.

On August 16, 2018, the Authority submitted an Offer in Compromise to the IRS for \$500,000 which included a payment of \$100,000. Subsequent to the filing of the Offer in Compromise, the IRS informed the Authority that the case had been closed due to other investigations. On November 20, 2019, the Offer in Compromise was resubmitted to the IRS.

*EFFECT*

At this time, the ultimate outcome of the Offer in Compromise is not yet known.

*CAUSE*

The former executive director failed to make the required payroll tax payments in accordance with Federal regulations.

*RECOMMENDATION*

No additional action is required.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with this response. The Authority is working to resolve the past issues. New management has implemented additional controls to ensure this action does not transpire again.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-010 Uniform Chart of Accounts – OCGA 36-81-3 (e)**

*CRITERIA*

In 1997, the Georgia General Assembly passed the Local Government Uniform Chart of Accounts and Reporting Act. Local governments in the State must have adopted and used this uniform chart in their accounting records, audited financial statements and reports to state agencies.

*CONDITION*

The Authority has not adopted the Uniform Chart of Accounts.

*CONTEXT*

The Authority's accounting records do not account for SPLOST activity in the required SPLOST Fund.

*EFFECT*

The Authority is in violation of OCGA Section 36-81-3(e).

*CAUSE*

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

*RECOMMENDATION*

The Authority must modify the accounting records to account for SPLOST activity in the required SPLOST fund in accordance with Georgia code.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The Authority agrees with this response. New management has made all necessary adjustments to ensure that the Authority is in compliance with the Uniform Chart of Accounts.

CAMDEN COUNTY PUBLIC SERVICE AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

**2017-011 Budgetary Control-Expenditures Exceeding Appropriations**

*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*

General Fund had expenditures in excess of appropriations for FY2017.

*CONTEXT*

Expenditures exceeded appropriations as follows:

|                        |            |
|------------------------|------------|
| Personnel              | \$ 376,512 |
| General Administration | 6,704      |
| General Athletics      | 48,155     |
| General Maintenance    | 56,757     |
| General Programs       | 63,537     |
| Other                  | 437,012    |
| Capital Outlay         | 36,866     |

*EFFECT*

The Authority is not in compliance with State and local laws.

*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 2018. The current operational budget is in compliance with state law.