

CAMDEN COUNTY SCHOOL SYSTEM

ANNUAL FINANCIAL REPORT

**FOR THE
FISCAL YEAR ENDED JUNE 30, 2021**

**Prepared by:
Finance Department**

**311 S. East Street
Kingsland, Georgia 31548**

CAMDEN COUNTY SCHOOL SYSTEM
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Superintendent and Members of the
Camden County School System
Kingsland, Georgia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Camden County School System (the "School System") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School System'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 our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAP") and the standards applicable to financial audits contained in *Government 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School System as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund, for the year then ended in accordance with GAAP.

Emphasis of Matter

As discussed in Note 13, the School System implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard changed the accounting for the School System’s fiduciary activities and related disclosures. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (on pages 4 through 10), schedules of proportionate share of the net pension liabilities, the schedule of pension contributions, the schedule of proportionate share of the net other post-employment benefit (“OPEB”) liability, and the schedule of OPEB contributions (on pages 51 through 58) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (“GASB”) 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System’s basic financial statements. The Schedule of State Revenue; Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and the Schedules of Approved Local Option Sales Tax projects, as required by the Official Code of Georgia Annotated (“O.C.G.A.”) §48-8-121, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of State Revenue, Schedule of Expenditures of Federal Awards, and Schedules of Approved Local Option Sales Tax projects (collectively the “supplementary information”) are the responsibility of management and were derived from and relate 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 supplementary information 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 May 24, 2023, on our consideration of the School System’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 School System’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 Camden County School System’s internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Macon, Georgia
May 24, 2023

CAMDEN COUNTY SCHOOL SYSTEM

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTION

The Management Discussion and Analysis ("MD&A") of the Camden County School System's (the "School System") financial performance provides an overall review of the School System's financial activities for the fiscal year ended June 30, 2021. The intent of this MD&A is to look at the School System's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and the financial statements to enhance their understanding of the School System's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- ❑ On the government-wide financial statements, the assets and deferred outflows exceeded the liabilities and deferred inflows of resources of the School System by \$79.16 million. A deficit unrestricted fund balance of \$80.1 is shown on the Statement of Net Position. The Statement of Net Position reflects a significant change due to the implementation of Governmental Accounting Standards Board ("GASB") No. 68, GASB No.71, and GASB No. 75.
- ❑ The School System has \$109.5 million in expenses relating to governmental activities; only \$80.7 million of these expenses are offset by program specific charges for services, grants and contributions. General revenues (primarily property and sales taxes) of \$43.5 million were adequate to provide for these programs.
- ❑ As stated above, general revenues accounted for \$43.5 million. Program specific revenues in the form of charges for services, grants and contributions accounted for the rest.
- ❑ Among major funds, the General Fund has \$91.3 million in revenues, \$80.2 million in expenditures and transfers out. The General Fund's fund balance increased from \$38.6 million to \$49.7 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two levels of statements that present different views of the School System. These include the government-wide and fund financial statements.

The government-wide financial statements include the 'Statement of Net Position' and 'Statement of Activities'. These statements provide information about activities of the School System presenting both short-term and long-term information about the School System's overall financial status.

The fund financial statements focus on individual parts of the School System, reporting the School System's operation in more detail. The 'Governmental Funds' statements disclose how basic services are financed in the short-term as well as what remains for future spending. The 'Fiduciary Funds' statements provide information about the financial relationships in which the School System acts solely as a trustee or agent for the benefit of others. The fund financial statements reflect the School System's most significant funds. In the case of the Camden County School System, the General Fund and Government-wide Capital Projects Fund are the most significant funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements. Additionally, other supplementary information (not required) is also presented that further supplements understanding of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

Since Camden County School System has no operations that have been classified as "Business Activities", the government-wide financial statements are basically a consolidation of all the School System's operating funds into one column called governmental activities. In reviewing the government-wide financial statements, a reader might ask the question, are we in a better financial position than last year? The 'Statement of Net Position' and the 'Statement of Activities' provides the basis for answering this question. These financial statements include all School System's assets and liabilities and use the accrual basis of accounting similar to the accounting used by most private-sector companies. The basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School System's net position and any change in the position. The change in net position is important because it tells the reader that, for the School System as a whole, the financial position of the School System has improved or diminished. The causes of this change may be the results of many factors, including those not under the School System's control, such as the property tax base, facility conditions, required educational programs and other factors.

The 'Statement of Net Position' and the 'Statement of Activities' reflects the School System's governmental activities.

The change in net position is an important analysis tool because it informs the reader of financial changes experienced by the School System. The causes of the changes may be the results of many factors, including those not under the School Systems control, such as decreased funding, required educational programs, student-teacher ratios, and other factors. When analyzing government-wide financial statements, it is important to remember these statements are prepared using an economic resources measurement focus (accrual accounting) and involve the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets
- Depreciate capital assets
- Report long-term debt as a liability
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting

Allocate net position as follows:

- Net investment in capital assets
- Restricted net position is amounts with constraints placed on the use by external sources such as creditors, grantors, contributors or laws and regulations
- Unrestricted for no specific use

Fund Financial Statements

The School System uses many funds to account for a multitude of financial transactions during the fiscal year. However, the fund financial statements presented in this report provide detailed information about only the School System's significant or major funds.

Governmental Funds – Most of the School System's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the **modified accrual method of accounting** which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School System's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The difference between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiduciary Funds – The School System is the trustee, or fiduciary, for assets that belong to others, such as school clubs and organizations within the principals' accounts. The School System is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School System excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School System as a whole. Table 1 provides a summary of the School System's net position for fiscal year 2021 compared to fiscal year 2020.

Net position, which is the difference between total assets and deferred outflows of resources, and total liabilities and deferred inflows of resources, is one indicator of the financial condition of the School System. When revenues exceed expenses, the result is an increase in net position. When expenses exceed revenues, the result is a decrease in net position. The relationship between revenues and expenses are the operating results. The School System's net position, as measured in the Statement of Net Position, is one way to measure the School System's financial position. Over time, increases or decreases in the net position, as measured in the Statement of Activities, are one indicator of whether its financial position is improving or deteriorating. However, the goal and mission is to provide success for all students in the School System by utilizing the resources wisely.

Table 1 shows the summary of the net position for government activities for the fiscal year 2021 compared to the changes in the position for fiscal year 2020.

Table 1
Net Position of Governmental Activities

	2021	2020
Current and other assets	\$ 76,290,218	\$ 62,084,271
Capital assets	150,940,228	142,458,461
Total assets	227,230,446	204,542,732
Deferred outflows of resources	41,233,272	29,672,994
Long-term liabilities outstanding	159,304,583	137,414,745
Other liabilities	14,854,162	12,939,779
Total liabilities	174,158,745	150,354,524
Deferred inflows of resources	15,139,221	19,802,440
Net position:		
Net investment in capital assets	149,489,360	139,984,845
Restricted	9,789,018	12,466,599
Unrestricted (deficit)	(80,112,626)	(88,392,682)
Total net position	\$ 79,165,752	\$ 64,058,762

Total net position increased by \$14.7 million in fiscal year 2021. The reporting of the pension and OPEB liability, deferred inflows of resources related to pension plans and OPEB and the deferred outflows of resources related to pension plans and OPEB resulted in a change in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2 shows the change in net position for fiscal year 2021 compared to the changes in net position of fiscal year 2020.

Table 2
Changes in Net Position of Governmental Activities

	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 1,754,235	\$ 1,379,130
Operating grants and contributions	76,319,275	62,336,269
Capital grants and contributions	2,628,612	305,698
General revenues:		
Property taxes		
for maintenance and operations	25,740,557	30,065,728
Sales taxes	10,223,058	8,697,914
Other taxes	922,156	585,657
Grants and contributions not restricted to specific programs	5,286,042	5,168,102
Investment income	53,102	624,499
Miscellaneous	1,246,893	1,549,799
Total revenues	124,173,930	110,712,796
Expenses		
Instruction	69,082,678	65,137,765
Support services:		
Pupil services	4,822,733	4,245,369
Improvement of instructional services	4,878,126	4,834,403
Educational media services	2,326,599	1,936,358
General administration	644,443	538,544
School administration	6,731,935	6,513,086
Business administration	734,637	663,042
Maintenance and operations	7,000,171	7,022,229
Student transportation services	5,092,763	4,552,650
Central support services	1,912,285	593,962
Other support services	802,600	807,454
Operations of non-instructional services		
Community services	567,605	9,040
Food service operations	4,884,100	4,730,761
Enterprise operations	-	565,186
Total expenses	109,480,675	102,149,849
Increase in net position	14,693,255	8,562,947
Net position, beginning of year, as restated	64,472,497	55,495,814
Net position, end of year	\$ 79,165,752	\$ 64,058,761

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

Instruction comprised 63.1% of governmental program expenses in fiscal year 2021. The School System incurred no interest expense during fiscal year 2021.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services comparing fiscal year 2021 with fiscal year 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Net Cost of Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>
Instruction	\$ 69,082,678	\$ 65,137,765	\$ (5,506,493)	\$ (17,721,397)
Support services:				
Pupil services	4,822,733	4,245,369	(3,573,771)	(3,486,883)
Improvement of instructional services	4,878,126	4,834,403	(3,481,810)	(3,462,256)
Educational media services	2,326,599	1,936,358	(2,299,836)	(631,361)
General administration	644,443	538,544	841,516	1,408,002
School administration	6,731,935	6,513,086	(5,219,634)	(4,358,682)
Business administration	734,637	663,042	(578,765)	(661,746)
Maintenance and operations	7,000,171	7,022,229	(3,035,049)	(3,976,818)
Student transportation services	5,092,763	4,552,650	(3,219,029)	(3,270,967)
Central support services	1,912,285	593,962	(1,498,834)	(545,820)
Other support services	802,600	807,454	(797,730)	(795,218)
Food service operations	4,884,100	4,730,761	158,487	(413,639)
Enterprise operations	-	565,186	-	(203,063)
Community services	567,605	9,040	(567,605)	(8,904)
Total expenses	<u>\$ 109,480,675</u>	<u>\$ 102,149,849</u>	<u>\$ (28,778,553)</u>	<u>\$ (38,128,752)</u>

FINANCIAL ANALYSIS OF THE SCHOOL SYSTEM'S FUNDS

The School System's governmental funds are accounted for using the modified accrual basis of accounting. The governmental funds had total revenues and other financing sources of \$127.4 million and total expenditures and other financing uses of \$114.8 million.

General Fund Budgeting Highlights

The School System's budget is prepared according to Georgia law. The most significant budgeted fund is the General Fund. During fiscal year 2021, the School System amended its General Fund budget as needed. The budget is approved at the aggregate level by the Board of Education.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year-end June 30, 2021, the School System had \$150.9 million invested in capital assets, all in governmental activities. Table 4 shows fiscal year 2021 balances compared with fiscal year 2020 balances.

Table 4
Capital Assets

	<u>2022</u>	<u>2021</u>
Land	\$ 10,704,216	\$ 10,704,216
Construction in progress	34,827,309	26,897,737
Land improvements	1,566,528	1,729,533
Buildings and improvements	97,259,403	96,671,435
Equipment	6,582,772	6,455,540
Total	<u>\$ 150,940,228</u>	<u>\$ 142,458,461</u>

The School System has numerous capital renovation projects. Additional information about the Capital Assets can be found in the Notes to the Financial Statements.

Debt

At fiscal year end June 30, 2021, the School System had no obligation for debt.

Long-Term Liabilities

On June 30, 2021, the School System reported a liability for its proportionate share of the net pension liability that reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. Reporting this liability was required by GASB 68.

In fiscal year 2016, the School System implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Implementation of this statement required the School System to record a change (decrease) to the government-wide net position on July 1, 2015 for the School System's share of the net pension liability for the pension plans administered through the Teachers' Retirement System of Georgia ("TRS") and Employees' Retirement System of Georgia ("ERS"). Readers should understand implementation of GASB Statement 68 will not affect the School System's Governmental Activities Fund Statements. It does, however, impact the government-wide statements.

In fiscal year 2019, the School System implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Pension Benefits*. Implementation of this statement required the School System to record a change (decrease) to the government-wide net position for the School System's share of the net pension liability for the health insurance. Readers should understand implementation of GASB Statement 75 will not affect the School System's Governmental Activities Fund Statements. It does, however, impact the government-wide statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current Issues

Camden County is located in the southeast corner of Georgia, bordered on the south by Florida and to the east by the Atlantic Ocean. The two major municipalities, Kingsland and St. Marys, are approximately 30 miles from Jacksonville, Florida. Camden County is the home of Kings Bay Naval Submarine Base, homeport to a fleet of Trident Nuclear Submarines. The School System, naval base and associated federal contractors make up the core of employment opportunities in the county. The dramatic increase in coastal real estate investments by planned community developers will present many opportunities for school and community leaders in the coming years. Military families from every part of the nation, families employed in Florida seeking a quality education for children and retiring baby boomers from northern states will shape the growth of the community. As the ninth largest county in the state of Georgia, Camden County covers an area of approximately 659 square miles. The County has a population of 50,513 residents who reside in one of three municipalities or in a vast unincorporated area.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School System's finances and show the School System's accountability for the money received. If you have questions about this report or need additional financial information, you may contact:

Ms. Angela C. Metts Eason
Assistant Superintendent at the Camden County Board of Education
311 S. East Street, Kingsland, Georgia, 31548
aeason@camden.k12.ga.us

BASIC FINANCIAL STATEMENTS

CAMDEN COUNTY SCHOOL SYSTEM

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 62,282,047
Investments	39,213
Receivables:	
Taxes	2,220,594
Intergovernmental:	
State	10,167,436
Federal	1,435,185
Local	73,250
Inventory	72,493
Capital assets (nondepreciable)	45,531,525
Capital assets (net of accumulated depreciation)	105,408,703
Total assets	<u>227,230,446</u>
DEFERRED OUTFLOWS	
Related to pension plans	28,276,671
Related to OPEB plan	12,956,601
Total deferred outflows	<u>41,233,272</u>
LIABILITIES	
Accounts payable	2,752,249
Salaries and benefits payable	10,651,045
Retainage payable	1,450,868
Net pension liability	99,166,648
Net OPEB liability	60,137,935
Total liabilities	<u>174,158,745</u>
DEFERRED INFLOWS	
Related to pension plans	1,523,621
Related to OPEB plan	13,615,600
Total deferred inflows	<u>15,139,221</u>
NET POSITION	
Net investment in capital assets	149,489,360
Restricted for:	
Continuation of federal programs	1,859,462
Capital projects	7,929,556
Unrestricted	(80,112,626)
Total net position	<u>\$ 79,165,752</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY SCHOOL SYSTEM

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction	\$ 69,082,678	\$ 1,629,441	\$ 60,331,520	\$ 1,615,224	\$ (5,506,493)
Support services:					
Pupil services	4,822,733	-	1,247,933	1,029	(3,573,771)
Improvement of instructional services	4,878,126	-	1,315,715	80,601	(3,481,810)
Educational media services	2,326,599	-	26,763	-	(2,299,836)
General administration	644,443	-	1,482,372	3,587	841,516
School administration	6,731,935	-	1,389,884	122,417	(5,219,634)
Business administration	734,637	-	155,872	-	(578,765)
Maintenance and operation of plant	7,000,171	-	3,889,947	75,175	(3,035,049)
Student transportation services	5,092,763	-	1,326,196	547,538	(3,219,029)
Central support services	1,912,285	-	410,065	3,386	(1,498,834)
Other support services	802,600	-	3,883	987	(797,730)
Food service operations	4,884,100	124,794	4,739,125	178,668	158,487
Community service operation	567,605	-	-	-	(567,605)
Total governmental activities	<u>\$ 109,480,675</u>	<u>\$ 1,754,235</u>	<u>\$ 76,319,275</u>	<u>\$ 2,628,612</u>	<u>(28,778,553)</u>
General revenues:					
Taxes:					
Property taxes, levied for maintenance and operations					25,740,557
Sales taxes, levied for capital projects					10,223,058
Other sales taxes					862,505
Railroad equipment tax					59,651
Grants and contributions not restricted to specific programs					5,286,042
Unrestricted investment earnings					53,102
Miscellaneous					1,246,893
Total general revenues					<u>43,471,808</u>
Change in net position					14,693,255
Net position, beginning of year, as restated					64,472,497
Net position, end of year					<u>\$ 79,165,752</u>

The accompanying notes are an integral part of these financial statements

CAMDEN COUNTY SCHOOL SYSTEM

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 46,465,994	\$ 13,336,780	\$ 2,479,273	\$ 62,282,047
Investments	-	-	39,213	39,213
Receivables:				
Taxes	2,220,594	-	-	2,220,594
Intergovernmental:				
State	7,784,317	2,383,119	-	10,167,436
Federal	-	-	1,435,185	1,435,185
Local	73,250	-	-	73,250
Due from other funds	8,139,399	1,158,950	-	9,298,349
Inventory	-	-	72,493	72,493
Total assets	<u>\$ 64,683,554</u>	<u>\$ 16,878,849</u>	<u>\$ 4,026,164</u>	<u>\$ 85,588,567</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 2,752,249	\$ -	\$ -	\$ 2,752,249
Salaries and benefits payable	9,706,578	-	944,467	10,651,045
Retainage payable	-	1,450,868	-	1,450,868
Due to other funds	1,158,950	8,139,399	-	9,298,349
Total liabilities	<u>13,617,777</u>	<u>9,590,267</u>	<u>944,467</u>	<u>24,152,511</u>
DEFERRED INFLOWS				
Unavailable revenue - property taxes	1,329,246	-	-	1,329,246
Total deferred inflows	<u>1,329,246</u>	<u>-</u>	<u>-</u>	<u>1,329,246</u>
FUND BALANCES				
Nonspendable:				
Inventory	-	-	72,493	72,493
Restricted for:				
Federal programs	-	-	1,859,462	1,859,462
Capital projects	-	6,478,688	-	6,478,688
Committed for capital projects	-	809,894	-	809,894
Assigned for:				
Student activities	-	-	1,149,742	1,149,742
Subsequent year's budget	6,410,844	-	-	6,410,844
Unassigned	43,325,687	-	-	43,325,687
Total fund balances	<u>49,736,531</u>	<u>7,288,582</u>	<u>3,081,697</u>	<u>60,106,810</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 64,683,554</u>	<u>\$ 16,878,849</u>	<u>\$ 4,026,164</u>	<u>\$ 85,588,567</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY SCHOOL SYSTEM

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2021

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

Total fund balances - governmental funds		\$ 60,106,810
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
Cost	\$ 203,484,348	
Less accumulated depreciation	<u>(52,544,120)</u>	150,940,228
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		
Property taxes		1,329,246
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Pensions - deferred outflows of resources	\$ 28,276,671	
Pension - deferred inflows of resources	(1,523,621)	
Net pension liability	(99,166,648)	
OPEB - deferred outflows of resources	12,956,601	
OPEB - deferred inflows of resources	(13,615,600)	
Net OPEB liability	<u>(60,137,935)</u>	<u>(133,210,532)</u>
Net position of governmental activities		<u>\$ 79,165,752</u>

The accompanying notes are an integral part of these financial statements

CAMDEN COUNTY SCHOOL SYSTEM

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES				
Property taxes	\$ 25,927,950	\$ -	\$ -	\$ 25,927,950
Sales taxes	862,505	10,223,058	-	11,085,563
Other taxes	59,651	-	-	59,651
State funds	58,461,937	2,551,392	1,081,819	62,095,148
Federal funds	4,742,084	-	18,094,117	22,836,201
Charges for services	-	-	1,754,235	1,754,235
Investment earnings	39,101	9,088	4,913	53,102
Miscellaneous	1,246,893	-	-	1,246,893
Total revenues	<u>91,340,121</u>	<u>12,783,538</u>	<u>20,935,084</u>	<u>125,058,743</u>
EXPENDITURES				
Current:				
Instruction	48,455,503	2,309,823	13,291,304	64,056,630
Support services:				
Pupil services	3,817,515	-	719,118	4,536,633
Improvement of instructional services	3,988,237	-	642,270	4,630,507
Educational media services	1,661,283	-	103,324	1,764,607
General administration	536,854	-	42,048	578,902
School administration	6,010,607	-	131,554	6,142,161
Business administration	681,717	4,850	6,086	692,653
Maintenance and operation of plant	6,356,985	384,556	146,477	6,888,018
Student transportation services	3,742,491	529,128	187,576	4,459,195
Central support services	1,844,084	84,543	3,043	1,931,670
Other support services	129,715	-	671,508	801,223
Food services operations	48,085	-	4,248,745	4,296,830
Community services operation	554,308	-	21,365	575,673
Capital outlay	-	11,067,570	-	11,067,570
Total expenditures	<u>77,827,384</u>	<u>14,380,470</u>	<u>20,214,418</u>	<u>112,422,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,512,737</u>	<u>(1,596,932)</u>	<u>720,666</u>	<u>12,636,471</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,361,031	2,361,031
Transfers out	(2,361,031)	-	-	(2,361,031)
Total other financing sources (uses)	<u>(2,361,031)</u>	<u>-</u>	<u>2,361,031</u>	<u>-</u>
Net change in fund balances	11,151,706	(1,596,932)	3,081,697	12,636,471
FUND BALANCE, beginning of year, as restated	<u>38,584,825</u>	<u>8,885,514</u>	<u>-</u>	<u>47,470,339</u>
FUND BALANCE, end of year	<u>\$ 49,736,531</u>	<u>\$ 7,288,582</u>	<u>\$ 3,081,697</u>	<u>\$ 60,106,810</u>

The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY SCHOOL SYSTEM

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, 2021

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

Net change in fund balances - total governmental funds	\$	12,636,471
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of the amount by which capital outlay exceeded depreciation is to increase net position.

Capital outlay	\$	12,759,969	
Depreciation expense		<u>(3,581,568)</u>	9,178,401

Net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, donations, etc.) is to decrease net position.		(696,634)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	(187,393)	
Sales taxes		<u>(571,249)</u>	(758,642)

Issuance of long-term debt provides current financial resources to governmental funds, while 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Adjustment to record pension expense and related revenue for pension special funding situation, net of fund level amounts	\$	(126,171)	
Change in net pension liability and deferred inflows and outflows related to pension activity		(4,971,729)	
Change in net OPEB liability and deferred inflows and outflows related to OPEB activity		<u>(568,441)</u>	<u>(5,666,341)</u>

Change in net position of governmental activities	\$	<u>14,693,255</u>
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The accompanying notes are an integral part of these financial statements.

CAMDEN COUNTY SCHOOL SYSTEM

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget		Actual	Variance With
	Original	Final		Final Budget
REVENUES				
Property taxes	\$ 20,527,366	\$ 26,366,543	\$ 25,927,950	\$ (438,593)
Sales taxes	285,000	862,505	862,505	-
State funds	49,362,466	53,938,442	58,461,937	4,523,495
Federal funds	13,650,750	22,570,864	4,742,084	(17,828,780)
Charges for services	1,615,726	1,615,726	-	(1,615,726)
Investment earnings	300,800	39,901	39,101	(800)
Miscellaneous	463,783	612,503	1,246,893	634,390
Total revenues	<u>86,205,891</u>	<u>106,006,484</u>	<u>91,340,121</u>	<u>(14,666,363)</u>
EXPENDITURES				
Current:				
Instruction	65,573,010	73,142,071	48,455,503	24,686,568
Support services:				
Pupil services	4,646,446	4,754,225	3,817,515	936,710
Improvement of instructional services	5,793,139	6,135,061	3,988,237	2,146,824
Educational media services	1,729,039	1,755,942	1,661,283	94,659
General administration	538,399	647,950	536,854	111,096
School administration	6,109,242	6,291,953	6,010,607	281,346
Business administration	748,263	743,693	681,717	61,976
Maintenance and operation of plant	6,720,921	6,910,962	6,356,985	553,977
Student transportation services	4,003,691	4,436,534	3,742,491	694,043
Central support services	564,133	1,943,794	1,844,084	99,710
Other support services	97,936	237,448	129,715	107,733
Food services operations	4,696,927	4,773,850	48,085	4,725,765
Community services operation	610	21,975	554,308	(532,333)
Total expenditures	<u>101,221,756</u>	<u>111,795,458</u>	<u>77,827,384</u>	<u>33,968,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,015,865)</u>	<u>(5,788,974)</u>	<u>13,512,737</u>	<u>19,301,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	124,389	538,302	-	(538,302)
Transfers out	(124,389)	(538,302)	(2,361,031)	(1,822,729)
Total other financing sources (uses), net	<u>-</u>	<u>-</u>	<u>(2,361,031)</u>	<u>(2,361,031)</u>
Net change in fund balance	(15,015,865)	(5,788,974)	11,151,706	16,940,680
FUND BALANCE, beginning of year, as restated	<u>38,584,825</u>	<u>38,584,825</u>	<u>38,584,825</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 23,568,960</u>	<u>\$ 32,795,851</u>	<u>\$ 49,736,531</u>	<u>\$ 16,940,680</u>

CAMDEN COUNTY SCHOOL SYSTEM

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL**

(1) Original and Final Budget amounts do not include budgeted revenues (\$1,642,316) or expenditures (\$1,485,582) of the various school activity accounts.

The accompanying schedule of revenues, expenditures and changes in fund balances, budget and actual, is presented on the modified accrual basis of accounting, which is the basis of accounting used in the presentation of the fund financial statements.

CAMDEN COUNTY SCHOOL SYSTEM

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

	<u>Private Purpose Trusts</u>	<u>Custodial Fund</u>
ASSETS		
Cash	\$ 26,406	\$ -
NET POSITION		
Held in Trust for Private Purposes	<u>\$ 26,406</u>	<u>\$ -</u>

CAMDEN COUNTY SCHOOL SYSTEM

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Private Purpose Trusts</u>	<u>Custodial Fund</u>
ADDITIONS		
Earnings on investments	<u>\$ 23</u>	<u>\$ 5,000</u>
Total additions	<u>23</u>	<u>5,000</u>
DEDUCTIONS		
Dues and fees	<u>2,000</u>	<u>5,000</u>
Total deductions	<u>2,000</u>	<u>5,000</u>
Change in net position	(1,977)	-
Net position, beginning of year, as restated	<u>28,383</u>	<u>-</u>
Net position, end of year	<u>\$ 26,406</u>	<u>\$ -</u>

CAMDEN COUNTY SCHOOL SYSTEM
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. DESCRIPTION OF SCHOOL SYSTEM AND REPORTING ENTITY

Reporting Entity

Camden County School System (the "School System") was established under the laws of the State of Georgia and operates under the guidance of a school board elected by the voters and a Superintendent appointed by the Board. The Board is organized as a separate legal entity and has the power to levy taxes and issue bonds. Its budget is not subject to approval by any other entity. Accordingly, the School System is a primary government and consists of all the organizations that compose its legal entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the School System have been prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the School System's accounting policies are described below.

Basis of Presentation

The School System's basic financial statements are collectively comprised of the government-wide financial statements, fund financial statements and notes to the basic financial statements of the School System. The government-wide statements focus on the School System as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the information's usefulness.

Government-wide Statements

The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall School System, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Net Position presents the School System's non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories as follows:

- 1. Net investment in capital assets** consists of the School System's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Statements (Continued)

2. **Restricted net position** consists of resources for which the School System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted net position** consists of resources not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School System's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses (expenses of the School System related to the administration and support of the School System's programs, such as office and maintenance personnel and accounting) are not allocated to programs.

Program revenues include: a) charges paid by the recipients of goods or services offered by the programs, and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the School System's funds, including fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. Separate statements are presented for governmental and fiduciary funds. The emphasis of fund financial statements is on major governmental funds, with each displayed in a separate column.

The School System reports the following major governmental funds:

- The *General Fund* is the School System's primary operating fund. It accounts for and reports all financial resources of the School System, except those resources required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for and reports financial resources including Educational Special Purpose Local Option Sales Tax ("ESPLOST"), and grants from the Georgia State Financing and Investing Commission, that are restricted, committed, or assigned to the expenditure capital outlay expenditures, including the acquisition or construction of capital facilities and other capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

- The *Special Revenue Funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than capital projects and debt service.

The School System reports the following fiduciary fund types:

- *Private Purpose Trust Funds* are used to report trust arrangements in which principal and income benefit individuals, private organizations, or other governments.
- *Custodial Funds* are used to report resources held by the School System in a purely custodial capacity and do not involve measurement of results of operations.

Basis of Accounting

The basis of accounting determines when transactions are reported in the financial statements. The government-wide and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus; however, they use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the School System gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from sales taxes is recognized in the fiscal year in which the underlying transaction (sale) takes place. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The School System uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The School System considers all property tax revenues reported in the governmental funds to be available if they are collected within 60 days after year-end. The School System considers all intergovernmental revenues to be available if they are collected within 120 days after year-end. Property taxes, sales taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases, if any, are reported as other financing sources.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The School System funds certain programs by a combination of specific cost-reimbursement grants, categorical grants and general revenues. Thus, when program costs are incurred, there are both restricted and unrestricted resources available to finance the program. It is the School System's policy to first apply grant resources to such programs, followed by cost-reimbursement grants, then general revenues.

The State of Georgia reimburses the School System for teachers' salaries and operating costs through the Quality Basic Education ("QBE") Formula Earnings program. State of Georgia law defines the formula driven grant that determines the cost of an academic school year and the State of Georgia's share in this cost. Generally, teachers are contracted for the school year (July 1 – June 30) and paid over a 12-month contract period, generally September 1 through August 31. In accordance with the requirements of the enabling legislation of the QBE program, the State of Georgia reimburses the School System over the same 12-month period in which teachers are paid, funding the academic school year expenditures. At June 30, the amount of teachers' salaries incurred but not paid until July and August of the subsequent year are accrued as the State of Georgia has only postponed the final payment of their share of the cost until the subsequent appropriations for cash management purposes. By June 30 of each year, the State of Georgia has a signed appropriation that includes this final amount, which represents the State of Georgia's intent to fund this final payment. Based on guidance in GASB Statement No. 33, paragraph 74, the State of Georgia recognizes its QBE liability for the July and August salaries at June 30, and the School System recognizes the same QBE as a receivable and revenue, consistent with symmetrical recognition.

New Accounting Pronouncements

In fiscal year 2021, the School System adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The cumulative effect of GASB Statement No. 84 is described in the restatement note.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Composition of Deposits – Cash and cash equivalents consist of cash on hand, demand deposits, investments in the State of Georgia local government investment pool (“Georgia Fund 1”) and short-term investments with original maturities of three months or less from the date of acquisition in authorized financial institutions. Official Code of Georgia Annotated (“O.C.G.A.”) §45-8-14 authorizes the School System to deposit its funds in one or more solvent banks, insured Federal savings and loan associations or insured chartered building and loan associations.

Investments

Composition of Investments – The School System can invest its funds as permitted by O.C.G.A. §36-83-4. In selecting among options for investment or among institutional bids for deposits, the highest rate of return shall be the objective, given equivalent conditions of safety and liquidity.

The School System does not have a formal policy regarding investment policies that address credit risks, custodial credit risks, concentration of credit risks, interest rate risks or foreign currency risks.

Investments made by the School System in non-participating interest-earning contracts (such as certificates of deposit) and repurchase agreements are reported at cost. Participating interest-earning contracts and money market investments with a maturity at purchase of one year or less are reported at amortized cost. All other investments are reported at fair value.

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Receivables

Receivables consist of amounts due from property and sales taxes, grant reimbursements due on Federal, state or other grants for expenditures made, but not reimbursed, and other receivables disclosed from information available. Receivables are recorded when either the asset or revenue recognition criteria has been met. Receivables recorded in the basic financial statements do not include any amounts which would necessitate the need for an allowance for uncollectible receivables.

Due to other funds and due from other funds consist of activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Food Inventories – On the basic financial statements, inventories of donated food commodities used in the preparation of meals are reported at their federally assigned value and purchased foods inventories are reported at cost (first-in/first-out). The School System uses the consumption method to account for inventories whereby donated food commodities are recorded as an asset and as revenue when received, and expenses/expenditures are recorded as the inventory items are used. Purchased foods are recorded as an asset when purchased and expenses/expenditures are recorded as the inventory items are used.

Prepaid Items

Payments made to vendors for services that will benefit future accounting periods are recorded as prepaid items, in both the government-wide and governmental fund financial statements.

Capital Assets

On the government-wide financial statements, capital assets are recorded at cost where historical records are available and at estimated historical cost based on appraisals or deflated current replacement cost where no historical records exist. Donated capital assets are recorded at acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend the useful lives of the assets is not capitalized. The School System does not capitalize book collections or works of art.

Capital acquisition and construction are recorded as expenditures in the governmental fund financial statements at the time of purchase (including ancillary charges), and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is computed using the straight-line method for all assets, except land, and is used to allocate the actual or estimated historical cost of capital assets over estimated useful lives.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Capitalization thresholds and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Policy</u>	<u>Estimated Useful Life</u>
Land	All	N/A
Land Improvements	\$ 25,000	20 Years
Buildings and Improvements	50,000	20 – 80 Years
Equipment	5,000	8 – 20 Years
Intangible Assets	750,000	50 Years

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to a future period(s) and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and governmental funds balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period(s) and, therefore, will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Liabilities

In the School System's government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the life of the bonds using the effective interest method. To conform to generally accepted accounting principles, bond premiums and discounts should be amortized using the effective interest method. The effect of this deviation is deemed to be immaterial to the fair presentation of the basic financial statements. Bond issuance costs are recognized as an outflow of resources in the fiscal year in which the bonds are issued.

In the governmental fund financial statements, the School System recognizes the proceeds of debt and premiums as other financing sources of the current period. Bond issuance costs are reported as debt service expenditures.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia School Employees' Post-employment Benefit Fund (the "School OPEB Fund") and additions to/deductions from the School OPEB Fund fiduciary net position have been determined on the same basis as they are reported by the School OPEB Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Fund balances for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The School System's fund balances are classified as follows:

Nonspendable consists of resources that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted consists of resources that can be used only for specific purposes pursuant to constraints either: 1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation.

Committed consists of resources that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board. The Board is the School System's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Assigned consists of resources constrained by the School System's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by: 1) the Board, or 2) the budget or finance committee, or the Superintendent, or designee, to assign amounts to be used for specific purposes.

Unassigned consists of resources within the General Fund not meeting the definition of any aforementioned category. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

The fund balance of the School System's General Fund has been accumulated to meet the purpose of providing stability and flexibility to respond to unexpected adversity and/or opportunities. The School System's basic goal is to maintain annual expenditure increases necessary to provide a consistent educational environment satisfactory to its citizens and to limit expenditures to anticipate revenue in order to maintain a balanced budget.

When multiple categories of fund balance are available for expenditure, the School System will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes

The Camden County Board of Commissioners adopted the property tax levy for the **2020** tax digest year (calendar year) on September 15, 2020 (levy date), based on property values as of January 1, **2020**. Taxes were due on December 22, 2020 (lien date). Taxes collected within the current fiscal year or within 60 days after year-end on the **2020** tax digest are reported as revenue in the governmental funds for fiscal year 2021. The Camden County Tax Commissioner bills and collects the property taxes for the School System, withholds 2.5% of taxes collected as a fee for tax collection and remits the balance of taxes collected to the School System.

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The tax millage rate levied for the **2020** tax year (calendar year) for the School System was as follows (a mill equals \$1 per thousand dollars of assessed value):

School Operations	<u>16.000</u> mills
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Property tax revenues, including title ad valorem taxes, at the fund reporting level during the fiscal year ended June 30, 2021, for maintenance and operations amounted to \$25,927,950.

Sales Taxes

Educational Special Purpose Local Option Sales Tax (“ESPLOST”), at the fund reporting level, during the year amounted to \$10,223,058 and is to be used for capital outlay for educational purposes or debt service. This sales tax was authorized by local referendum and the sales tax must be reauthorized at least every five years.

NOTE 3. BUDGETARY DATA

The budget is a complete financial plan for the School System’s fiscal year and is based upon careful estimates of expenditures together with probable funding sources. The budget is legally adopted each year for the general, debt service, and capital projects funds. There is no statutory prohibition regarding over expenditure of the budget at any level. The budget for all governmental funds is prepared and adopted by fund and function. The legal level of budgetary control was established by the Board at the aggregate fund level. The budget for the General Fund was prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary process begins with the School System's administration presenting an initial budget for the Board's review. The administration makes revisions as necessary based on the Board's guidelines, and a tentative budget is approved. After approval of this tentative budget by the Board, such budget is advertised at least once in a newspaper of general circulation in the locality, as well as the School System's website. At the next regularly scheduled meeting of the Board after advertisement, the Board receives comments on the tentative budget, makes revisions as necessary and adopts a final budget. The approved budget is then submitted, in accordance with provisions of O.C.G.A. §20-2-167(c), to the Georgia Department of Education. The Board may increase or decrease the budget at any time during the year. All unexpended budget authority lapses at fiscal year-end.

See the General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual for a detail of any over/under expenditures during the fiscal year under review.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Collateralization of Deposits – O.C.G.A. §45-8-12 provides that there shall not be on deposit at any time in any depository for a time longer than ten days a sum of money which has not been secured by surety bond, by guarantee of insurance, or by collateral. The aggregate of the face value of such surety bond and the market value of securities pledged shall be equal to and not less than 110% of the public funds being secured after the deduction of the amount of deposit insurance. If a depository elects the pooled method (O.C.G.A. §45-8-13.1), the aggregate of the market value of the securities pledged to secure a pool of public funds shall be not less than 110% of the daily pool balance.

Acceptable security for deposits consists of any one of or any combination of the following:

- (1) Surety bond signed by a surety company duly qualified and authorized to transact business within the State of Georgia,
- (2) Insurance on accounts provided by the Federal Deposit Insurance Corporation,
- (3) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia,
- (4) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia,
- (5) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose,
- (6) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia, and
- (7) Bonds, bills, notes, certificates of indebtedness, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest or debt obligations issued by or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the School System's deposits may not be returned to it. The School System does not have a deposit policy for custodial credit risk. At June 30, 2021, the School System had deposits with a carrying amount of \$34,538,252 which includes bank balances of \$38,324,234. As of June 30, 2021, all of the School System's deposits were properly collateralized in accordance with state law and applicable GASB pronouncements.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued) – The School System's deposits by custodial credit risk category at June 30, 2021, are as follows:

Cash and cash equivalents	
Statement of Net Position	\$ 62,282,047
Statement of Fiduciary Ney Position	26,406
	62,308,453
Total cash and cash equivalents	
Less:	
Investment pools reported as cash and cash equivalents	
Georgia Fund 1	(27,770,201)
	(27,770,201)
Total carrying value of deposits - June 30, 2021	
	\$ 34,538,252

NOTE 5. NON-MONETARY TRANSACTIONS

The School System receives food commodities from the United States Department of Agriculture (“USDA”) for school breakfast and lunch programs. These commodities are recorded at their federally assigned value. **See Note 2 – Inventories.**

NOTE 6. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<u>Governmental activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 10,704,216	\$ -	\$ -	\$ -	\$ 10,704,216
Construction in progress	26,897,737	11,214,261	(142,991)	(3,141,698)	34,827,309
Total	37,601,953	11,214,261	(142,991)	(3,141,698)	45,531,525
Capital assets, being depreciated:					
Buildings and improvements	133,904,975		(514,719)	3,141,698	136,531,954
Equipment	17,164,401	1,545,708	(1,554,833)	-	17,155,276
Land improvements	4,265,593	-	-	-	4,265,593
Total	155,334,969	1,545,708	(2,069,552)	3,141,698	157,952,823
Less accumulated depreciation for:					
Buildings and improvements	(37,233,540)	(2,282,113)	243,102	-	(39,272,551)
Equipment	(10,708,861)	(1,136,450)	1,272,807	-	(10,572,504)
Land improvements	(2,536,060)	(163,005)	-	-	(2,699,065)
Total	(50,478,461)	(3,581,568)	1,515,909	-	(52,544,120)
Total capital assets, being depreciated, net	104,856,508	(2,035,860)	(553,643)	3,141,698	105,408,703
Governmental activities capital assets, net	\$ 142,458,461	\$ 9,178,401	\$ (696,634)	\$ -	\$ 150,940,228

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

Current year depreciation expense by function is as follows:

Instruction		\$ 1,416,668	
Support services:			
Pupil services	\$ 1,437		
Educational media services	440,912		
General administration	5,010		
School administration	440,912		
Maintenance and operations	105,355		
Student transportation	656,526		
Central support services	4,730		
Other support services	19,458	1,674,340	
Food services		490,560	
Total Depreciation Expense		\$ 3,581,568	

NOTE 7. INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	<u>Transfers From</u>	
	<u>General Fund</u>	
<u>Transfers To</u>		
Special Revenue Fund	\$ 2,361,031	

Transfers are used to cover expenditures relating to federal grants with funds from the General Fund.

NOTE 8. RISK MANAGEMENT

Commercial Insurance

The School System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; job related illness or injuries to employees; and natural disasters. The School System carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONTINUED)

Workers' Compensation

The School System participates in the Georgia Education Workers' Compensation Trust (the "Trust"), a public entity risk pool organized on December 1, 1991, to develop, implement and administer a program of workers' compensation self-insurance for its member organizations. The School System pays an annual premium to the Trust for its general workers' compensation insurance coverage. Specific excess of loss insurance coverage is provided through an agreement by the Trust with the Safety National Casualty Company to provide coverage for potential losses sustained by the Trust in excess of \$1.0 million loss per occurrence, up to the statutory limit. Employers' Liability insurance coverage is also provided with limits of \$2.0 million. The Trust covers the first \$1.0 million of each Employers' Liability claim with Safety National providing additional Employers' Liability limits up to a \$2.0 million per occurrence maximum. Safety National Casualty Company also provides \$2.0 million in aggregate coverage to the Trust, attaching at 107% of the loss fund and based on the Fund's annual normal premium.

Changes in the workers' compensation claims liability during the last two fiscal years are as follows:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2020	\$ -	\$ -	\$ -	\$ -
2021	-	17,081	(17,081)	-

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT (CONTINUED)

Unemployment Compensation

The School System is self-insured with regard to unemployment compensation claims. The School System accounts for claims within the General Fund with expenses/expenditures and liability being reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

Changes in the unemployment compensation claims liability during the last two fiscal years are as follows:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>End of Year Liability</u>
2020	\$ -	\$ 4,477	\$ -	\$ 4,477
2021	4,477	21,457	(25,934)	-

Surety Bond

The School System has purchased a surety bond to provide additional insurance coverage as follows:

<u>Position Covered</u>	<u>Amount</u>
Superintendent	\$ 20,000
High School Principal	100,000
Each Middle School Principal	50,000
Each Elementary School Principal	20,000
Alternative School Principal	10,000
Vocational Supervisor	10,000
Athletic Director	10,000

NOTES TO FINANCIAL STATEMENTS

NOTE 9. FUND BALANCE CLASSIFICATION DETAILS

The School System's financial statements include the following amounts presented in the aggregate at June 30, 2021:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Special Revenue Fund</u>
Non-spendable:			
Inventory	\$ -	\$ -	\$ 72,493
Restricted for:			
Continuation of federal programs	-	-	1,859,462
Capital projects	-	6,478,688	-
Committed for:			
Capital projects	-	809,894	-
Assigned for:			
School Activity Accounts	-	-	1,149,742
Subsequent year's budget	6,410,844	-	-
Unassigned	43,325,687	-	-
Fund Balance, June 30, 2021, as restated	\$ 49,736,531	\$ 7,288,582	\$ 3,081,697

When multiple categories of fund balance are available for expenditure, the School System will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The School System is involved in a number of legal matters which either have or could result in litigation. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School System's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School System.

The School System participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the School System has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired.

In the opinion of the School System, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

The School System is committed under outstanding construction contracts in the capital projects funds in the amount of \$4,893,573. Construction contracts include new school construction and expansion and renovation of existing facilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”)

Georgia School Personnel Post-employment Health Benefit Fund

Plan Description: Certified teachers and non-certified public school employees of the School System as defined in §20-2-875 of the O.C.G.A. are provided OPEB through the School OPEB Fund - a cost-sharing multiple-employer defined benefit post-employment healthcare plan, reported as an employee trust fund and administered by a Board of Community Health (the “Board”). Title 20 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board.

Benefits Provided: The School OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies and non-certified public school employees. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees’ Retirement System (“ERS”), Georgia Judicial Retirement System (“JRS”), Legislative Retirement System (“LRS”), Teachers’ Retirement System (“TRS”) or Public School Employees’ Retirement System (“PSERS”). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (“HRA”), Health Maintenance Organization (“HMO”) and a High Deductible Health Plan (“HDHP”). The School OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted.

Contributions: As established by the Board, the School OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions to the School OPEB Fund from the School System were \$1,529,538 for the year ended June 30, 2021. Active employees are not required to contribute to the School OPEB Fund.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2021, the School System reported a liability of \$60,137,935 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. An expected total OPEB liability as of June 30, 2020, was determined using standard roll-forward techniques.

The School System’s proportion of the net OPEB liability was actuarially determined based on employer contributions during the fiscal year ended June 30, 2020. At June 30, 2020, the School System’s proportion was 0.409445%, which was an increase of 0.005158% from its proportion measured as of June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued): For the year ended June 30, 2021, the School System recognized OPEB expense of \$2,097,979. At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,565,195
Changes of assumptions	9,945,479	5,350,983
Net difference between projected and actual earnings on pension plan investments	156,742	-
Changes in proportion and differences between School System contributions and proportionate share of contributions	1,324,842	1,699,422
School System contributions subsequent to the measurement date	1,529,538	-
Total	\$ 12,956,601	\$ 13,615,600

School System contributions subsequent to the measurement date of \$1,529,538 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	OPEB
2022	\$ (1,486,112)
2023	(1,490,318)
2024	(1,017,937)
2025	249,452
2026	1,158,381
2027	397,997

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

Actuarial assumptions: The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

OPEB:

Inflation	2.50%
Salary increases	3.00% – 8.75%, including inflation
Long-term expected rate of return	7.30%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	5.25%
Ultimate trend rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.50%
Year of Ultimate trend rate	
Pre-Medicare Eligible	2029
Medicare Eligible	2023

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB as follows:

- For TRS members: The Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree Mortality Table projected generationally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death after service retirement and beneficiaries. The Pub-2010 Teachers Mortality Table for Disabled Retirees projected generally with MP-2019 Projection scale (set forward one year and adjusted 106%) is used for death prior to retirement. For both, rates of improvement were reduced by 20% for all years prior to the ultimate rate.
- For PSERS members: The RP-2000 Blue-Collar Mortality Table projected to 2025 with Projection scale BB (set forward three years for males and two years for females) is used for the period after service retirement and for beneficiaries of deceased members. The RP-2000 Disabled Mortality Table projected to 2025 with Projection scale BB (set forward five years for both males and females) is used for the period after disability retirement. Rates of mortality in active service was based on the RP-2000 Employee Mortality Table projected to 2025 with Projection scale BB. There is a margin for future mortality improvement in the tables used by the plan.

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

Actuarial assumptions (Continued): The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the pension systems, which covered the five-year period ended June 30, 2018, with the exception of the assumed annual rate of inflation changed from 2.75% to 2.50%, effective with the June 30, 2018 valuation.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-Term Expected Real Rate of Return*
Fixed income	30.00%	0.53%
Equities	70.00%	9.20%
Total	100.00%	

*Net of Inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 11. OTHER POST-EMPLOYMENT BENEFITS (“OPEB”) (CONTINUED)

Georgia School Personnel Post-employment Health Benefit Fund (Continued)

Discount rate: The discount rate has changed since the prior measurement date from 3.58% to 2.22%. In order to measure the total OPEB liability for the School OPEB Fund, a single equivalent interest rate of 2.22% was used as the discount rate. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (2.21% per the Municipal Bond Buyers Index). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2118. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make OPEB payments for inactive employees through year 2022. Therefore, the calculated discount rate of 2.22% was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School System’s proportionate share of the net OPEB liability to changes in the discount rate: The following presents the School System’s proportionate share of the net OPEB liability calculated using the discount rate of 2.22%, as well as what the School System’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.22%) or 1 percentage-point higher (3.22%) than the current discount rate:

Changes in the Discount Rate

	1% Decrease (1.22%)	Current Discount Rate (2.22%)	1% Increase (3.22%)
School System's proportionate share of the collective net OPEB liability	\$ 70,652,152	\$ 60,137,935	\$ 51,729,498

Sensitivity of the School System’s proportionate share of the net OPEB liability to changes in the healthcare cost trend rates: The following presents the School System’s proportionate share of the net OPEB liability, as well as what the School System’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Changes in the healthcare cost trend rate

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School System's proportionate share of the collective net OPEB liability	\$ 50,070,876	\$ 60,137,935	\$ 73,171,852

OPEB plan fiduciary net position: Detailed information about the OPEB plan’s fiduciary net position is available in the Annual Comprehensive Financial Report which is publicly available at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS

The School System participates in various retirement plans administered by the State of Georgia as further explained below.

Teachers' Retirement System of Georgia ("TRS")

Plan Description: All teachers of the School System as defined in O.C.G.A §47-3-60 and certain other support personnel as defined by O.C.G.A. §47-3-63 are provided a pension through the Teachers' Retirement System of Georgia ("TRS"). TRS, a cost-sharing multiple-employer defined benefit pension plan, is administered by the TRS Board of Trustees (the "TRS Board"). Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. The TRS of Georgia issues a publicly available separate financial report that can be obtained at www.trsga.com/publications.

Benefits Provided: TRS provides service retirement, disability retirement, and death benefits. Normal retirement benefits are determined as 2% of the average of the employee's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. An employee is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after ten years of service and attainment of age 60. Ten years of service is required for disability and death benefits eligibility. Disability benefits are based on the employee's creditable service and compensation up to the time of disability. Death benefits equal the amount that would be payable to the employee's beneficiary had the employee retired on the date of death. Death benefits are based on the employee's creditable service and compensation up to the date of death.

Contributions: Per Title 47 of the O.C.G.A., contribution requirements of active employees and participating employers, as actuarially determined, are established and may be amended by the TRS Board. Pursuant to O.C.G.A. §47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employer by the State of Georgia. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees were required to contribute 6% of their annual pay during fiscal year 2021. The School System's contractually required contribution rate for the year ended June 30, 2021, was 19.06% of annual School System payroll, of which 19.03% of payroll was required from the School System and 0.03% of payroll was required from the State. For the current fiscal year, employer contributions to the pension plan were \$10,382,793 and \$8,114 from the School System and the State, respectively.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS")

Plan Description: Public School Employees' Retirement System ("PSERS") is a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly in 1969 for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the TRS. The ERS Board of Trustees, plus two additional trustees, administers PSERS. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit provisions to the State Legislature. PSERS issues a publicly available financial report that can be obtained at www.ers.ga.gov/financials.

Benefits Provided: A member may retire and elect to receive normal monthly retirement benefits after completion of ten years of creditable service and attainment of age 65. A member may choose to receive reduced benefits after age 60 and upon completion of ten years of service.

Upon retirement, the member will receive a monthly benefit of \$15.50, multiplied by the number of years of creditable service. Death and disability benefits are also available through PSERS. Additionally, PSERS may make periodic cost-of-living adjustments to the monthly benefits. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contribution, the member forfeits all rights to retirement benefits.

Contributions: The General Assembly makes an annual appropriation to cover the employer contribution to PSERS on behalf of local school employees (bus drivers, cafeteria workers, and maintenance staff). The annual employer contribution required by statute is actuarially determined and paid directly to PSERS by the State Treasurer in accordance with O.C.G.A. §47-4-29(a) and 60(b). Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Individuals who became members prior to July 1, 2012 contribute \$4 per month for nine months each fiscal year. Individuals who became members on or after July 1, 2012 contribute \$10 per month for nine months each fiscal year. The State of Georgia, although not the employer of PSERS members, is required by statute to make employer contributions actuarially determined and approved and certified by the PSERS Board of Trustees. The current fiscal year contribution was \$180,962.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School System reported a liability of \$99,166,648 for its proportionate share of the net pension liability for TRS.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The TRS net pension liability reflected a reduction for support provided to the School System by the State of Georgia for certain public school support personnel. The amount recognized by the School System as its proportionate share of the net pension liability, the related State of Georgia support, and the total portion of the net pension liability that was associated with the School System were as follows:

School System's proportionate share of the net pension liability	\$	99,166,648
State of Georgia's proportionate share of the net pension liability associated with the School System		26,162
Total	\$	<u>99,192,810</u>

The net pension liability for TRS was measured as of **June 30, 2020**. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of **June 30, 2019**. An expected total pension liability as of **June 30, 2020** was determined using standard roll-forward techniques. The School System's proportion of the net pension liability was based on contributions to TRS and ERS during the fiscal year ended **June 30, 2020**.

At **June 30, 2020**, the School System's TRS proportion was 0.409375%, which was an increase of 0.001054% from its proportion measured as of **June 30, 2019**.

At June 30, 2021, the School System did not have a PSERS liability for a proportionate share of the net pension liability because of a special funding situation with the State of Georgia, which is responsible for the net pension liability of the plan. The amount of the State's proportionate share of the net pension liability associated with the School System is \$1,102,467.

The PSERS net pension liability was measured as of **June 30, 2020**. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of **June 30, 2019**. An expected total pension liability as of **June 30, 2020** was determined using standard roll-forward techniques. The State's proportion of the net pension liability associated with the School System was based on actuarially determined contributions paid by the State during the fiscal year ended **June 30, 2020**.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the School System recognized pension expense of \$15,480,693 for TRS and \$221,854 for PSERS, revenue of \$158,949 for TRS, and \$221,854 for PSERS. The revenue is support provided by the State of Georgia. For TRS, the State of Georgia support is provided only for certain support personnel.

At June 30, 2021, the School System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,318,738	\$ -
Changes of assumptions	10,214,279	-
Net difference between projected and actual earnings on pension plan investments	2,388,445	-
Changes in proportion and differences between School System contributions and proportionate share of contributions	972,416	1,523,621
School System contributions subsequent to the measurement date	10,382,793	-
Total	\$ 28,276,671	\$ 1,523,621

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

School System contributions subsequent to the measurement date of **June 30, 2020** for TRS is reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	TRS
<u>Ending June 30,</u>	<u> </u>
2022	\$ 2,900,471
2023	5,283,615
2024	5,877,150
2025	2,309,021

Actuarial Assumptions: The total pension liability as of **June 30, 2020**, was determined by an actuarial valuation as of **June 30, 2019**, using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System:

Inflation	2.50%
Salary increases	3.00 – 8.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (ages set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Actuarial Assumptions (Continued): The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018.

Post-retirement mortality rates were based on the RP-2000 Combined Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward two years for both males and females) for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection scale BB (set back seven years for males and set forward three years for females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014, with the exception of the long-term assumed rate of return.

Public School Employees' Retirement System:

Inflation	2.75%
Salary increase	N/A
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Post-retirement benefit increases	1.50% semi-annually

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Actuarial Assumptions (Continued):

Post-retirement mortality rates were based on the RP-2000 Blue-Collar Mortality Table projected to 2025 with projection scale BB (set forward three years for males and two years for females) for the period after service retirements and for dependent beneficiaries. The RP-2000 Disabled Mortality projected to 2025 with projection scale BB (set forward five years for both males and females) was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-11% less than the actual number of deaths that occurred during the study period for healthy retirees and 9-11% less than expected under the selected table for disabled retirees. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB. The actuarial assumptions used in the **June 30, 2019** valuation were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long-term expected rate of return on TRS and PSERS pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	TRS Target allocation	PSERS Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	30.00%	(0.10)%
Domestic - Large Cap	51.00	46.20	8.90
Domestic - Small Cap	1.50	1.30	13.20
International developed market	12.40	12.40	8.90
International emerging market	5.10	5.10	10.90
Alternative	-	5.00	12.00
Total	100.00%	100.00%	

* Rates shown are net of the assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RETIREMENT PLANS (CONTINUED)

Public School Employees' Retirement System ("PSERS") (Continued)

Discount Rate: The discount rate used to measure the total TRS pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the TRS pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the School System's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	Teachers' Retirement System		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School System's proportionate share of the collective net pension liability	\$ 157,254,631	\$ 99,166,648	\$ 51,551,157

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued TRS and PSERS financial report which is publicly available at www.trsga.com/publications and <http://www.ers.ga.gov/financials>.

NOTES TO FINANCIAL STATEMENTS

NOTE 13. RESTATEMENT OF PRIOR YEAR NET POSITION AND FUND BALANCE

In fiscal year 2021, the School System adopted GASB Statement of No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on: 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The School System restated beginning net position and beginning fund balance for the General Fund for the cumulative effect of this accounting change. These changes are in accordance with generally accepted accounting principles:

General Fund:

Fund balance, General Fund, as previously reported	\$ 38,171,089
Prior Period Adjustment - Implementation of GASB No. 84	413,736
Fund balance, General Fund, as restated	<u>\$ 38,584,825</u>

Governmental Activities:

Net Position, July 1, 2020 as previously reported	\$ 64,058,761
Prior Period Adjustment - Implementation of GASB No. 84	413,736
Net Position, July 1, 2020, as restated	<u>\$ 64,472,497</u>

REQUIRED SUPPLEMENTARY INFORMATION

CAMDEN COUNTY SCHOOL SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School System's proportion of the net pension liability	0.409375%	0.408321%	0.400585%	0.415303%	0.424009%	0.443945%
School System's proportionate share of the net pension liability	\$ 99,166,648	\$ 87,800,056	\$ 74,357,157	\$ 77,185,342	\$ 87,477,784	\$ 67,586,218
State of Georgia's proportionate share of the net pension liability associated with the School System	26,162	-	-	446,047	932,114	737,299
	<u>\$ 99,192,810</u>	<u>\$ 87,800,056</u>	<u>\$ 74,357,157</u>	<u>\$ 77,631,389</u>	<u>\$ 88,409,898</u>	<u>\$ 68,323,517</u>
School System's covered payroll	\$ 52,812,842	\$ 49,870,087	\$ 47,698,451	\$ 47,988,898	\$ 47,038,688	\$ 47,372,018
School System's proportionate share of the net pension liability as a percentage of its covered payroll	187.77%	176.06%	155.89%	160.84%	185.97%	142.67%
Plan fiduciary net position as a percentage of the total pension liability	77.01%	78.56%	80.27%	79.33%	76.06%	81.44%

CAMDEN COUNTY SCHOOL SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30,

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 10,382,793	\$ 11,163,162	\$ 10,422,848	\$ 8,018,109	\$ 6,815,513	\$ 6,642,141
Contributions in relation to the contractually required contribution	10,382,793	11,163,162	10,422,848	8,018,109	6,815,513	6,642,141
Contribution deficiency (excess)	-	-	-	-	-	-
School System's covered payroll	\$ 54,474,255	\$ 52,812,842	\$ 49,870,087	\$ 47,698,451	\$ 47,988,898	\$ 47,038,688
Contributions as a percentage of covered payroll	19.06%	21.14%	20.90%	16.81%	14.20%	14.12%

CAMDEN COUNTY SCHOOL SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF GEORGIA FOR THE YEAR ENDED JUNE 30, 2021

CHANGES OF ASSUMPTIONS

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2010, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases. The expectation of retired life mortality was changed to RP-2000 White Collar Mortality Table with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB (set forward one year for males).

On May 15, 2019, the Board adopted recommended changes from the smoothed valuation interest rate methodology that has been in effect since June 30, 2009, to a constant interest rate method. In conjunction with the methodology, the long-term assumed rate of return in assets (discount rate) has been changed from 7.50% to 7.25%, and the assumed annual rate of inflation has been reduced from 2.75% to 2.50%.

In 2019 and later, the expectation of retired life mortality was changed to the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table from the RP-2000 Mortality Tables. In 2019, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

CAMDEN COUNTY SCHOOL SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
School System's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
School System's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Georgia's proportionate share of the net pension liability associated with the School System	1,102,467	997,348	944,916	865,870	1,184,111	766,353
	<u>\$ 1,102,467</u>	<u>\$ 997,348</u>	<u>\$ 944,916</u>	<u>\$ 865,870</u>	<u>\$ 1,184,111</u>	<u>\$ 766,353</u>
School System's covered payroll	\$ 2,741,628	\$ 1,489,186	\$ 2,513,274	\$ 2,532,705	\$ 2,744,273	\$ 2,922,746
School System's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	84.45%	85.02%	85.26%	85.69%	81.00%	87.00%

CAMDEN COUNTY SCHOOL SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM FOR THE YEAR ENDED JUNE 30, 2021

CHANGES OF ASSUMPTIONS

In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to the rates of mortality, retirement, and withdrawal. The expectation of retired life mortality was changed to the RP-2000 Blue Collar Mortality Table with future mortality improvement projected to 2025 with the Projection scale BB (set forward three years for males and two years for females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 valuation.

CAMDEN COUNTY SCHOOL SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF THE PROPORTIONATE SHARE OF NET OPEB LIABILITY FOR THE YEAR ENDED JUNE 30,

	2021	2020	2019
School System's proportion of the net OPEB Liability	0.409445%	0.404287%	0.397798%
School System's proportionate share of the net pension liability	\$ 60,137,935	\$ 49,614,689	\$ 50,558,905
	\$ 60,137,935	\$ 49,614,689	\$ 50,558,905
School System's covered employee payroll	\$ 38,915,992	\$ 36,055,914	\$ 32,056,480
School System's proportionate share of the net pension liability as a percentage of its covered employee payroll	154.53%	137.60%	157.72%
Plan fiduciary net position as a percentage of the total pension liability	3.99%	4.63%	2.93%

CAMDEN COUNTY SCHOOL SYSTEM

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF OPEB CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30,

	2021	2020	2019	2018
Contractually required contribution	\$ 1,529,538	\$ 1,384,647	\$ 2,177,366	\$ 2,061,749
Contributions in relation to the contractually required contribution	<u>1,529,538</u>	<u>1,384,647</u>	<u>2,177,366</u>	<u>2,061,749</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School System's covered employee payroll	\$ 38,277,507	\$ 38,915,992	\$ 36,055,914	\$ 32,056,480
Contributions as a percentage of covered employee payroll	4.00%	3.56%	6.04%	6.43%

CAMDEN COUNTY SCHOOL SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION SCHOOL OPEB FUND FOR THE YEAR ENDED JUNE 30, 2021

CHANGES OF BENEFIT TERMS

There have been no changes in benefit terms.

CHANGES IN ASSUMPTIONS

For the June 30, 2019 actuarial valuation, the decremental assumptions were changed to reflect the Teachers' Retirement Systems experience study.

For the June 30, 2018 actuarial valuation, the inflation assumption was lowered from 2.75% to 2.50%.

For the June 30, 2017 actuarial valuation, participation assumption, tobacco use assumption and morbidity factors were revised.

The discount rate was updated from 3.07% as of June 30, 2016 to 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018, back to 3.58% as of June 30, 2019, and to 2.22% as of June 30, 2020.

SUPPLEMENTARY INFORMATION

CAMDEN COUNTY SCHOOL SYSTEM

**SCHEDULE OF STATE REVENUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Agency/Funding	Governmental Fund Types		Total
	General Fund	Capital Projects Fund	
Grants			
Bright from the Start:			
Georgia Department of Early Care and Learning			
Pre-Kindergarten Program	\$ 954,139	\$ -	\$ 954,139
Education, Georgia Department of			
Quality Basic Education			
Direct Instructional Cost:			
Kindergarten Program	1,755,624	-	1,755,624
Kindergarten Program - Early Intervention Program	2,223,084	-	2,223,084
Primary Grades (1-3) Program	3,140,553	-	3,140,553
Primary Grades - Early Intervention (1-3) Program	6,463,231	-	6,463,231
Upper Elementary Grades (4-5) Program	1,446,033	-	1,446,033
Upper Elementary Grades - Early Intervention (4-5) Program	3,714,812	-	3,714,812
Middle School (6-8) Program	5,466,738	-	5,466,738
High School General Education (9-12) Program	4,373,468	-	4,373,468
Career Technical and Agricultural Education Program 9-12	2,294,616	-	2,294,616
Students with Disabilities	7,897,021	-	7,897,021
Program for Intellectually Gifted Students - Category VI	4,407,651	-	4,407,651
Remedial Education Program	1,552,347	-	1,552,347
Alternative Education Program	406,702	-	406,702
English Speakers of Other Languages (ESOL)	121,420	-	121,420
Media Center Program	1,077,078	-	1,077,078
20 Days Additional Instruction	315,593	-	315,593
Staff and Professional Development	211,435	-	211,435
Principal Staff and Professional Development	3,494	-	3,494
Military Counselors	44,700	-	44,700
Indirect Cost:			
Central Administration	1,323,748	-	1,323,748
School Administration	2,131,699	-	2,131,699
Facility Maintenance and Operations	2,321,049	-	2,321,049
Amended Formula Adjustment	(1,728,333)	-	(1,728,333)
Categorical Grants			
Pupil Transportation:			
Pupil Transportation	974,879	-	974,879
Bus Replacement	154,440	-	154,440
Nursing Services	191,245	-	191,245
Vocational Supervisors	27,298	-	27,298
Education Equalization Funding Grant	5,286,042	-	5,286,042
Food Services	127,680	-	127,680
Vocational Education	331,687	-	331,687
Other State Programs:			
Bus Purchase - State Allotment	77,220	-	77,220
School Security Grant	8,891	-	8,891
Math and Science Supplements	48,130	-	48,130
Hygiene Products in Georgia Schools	1,523	-	1,523
Teachers' Retirement	8,114	-	8,114
Preschool Handicapped Program	181,065	-	181,065
Office of the State Treasurer			
Public School Employees Retirement	180,962	-	180,962
Georgia Emergency Management Agency			
Donations to LEA for COVID-19	26,678	-	26,678
Capital Outlay Grants	-	2,551,392	2,551,392
	<u>\$ 59,543,756</u>	<u>\$ 2,551,392</u>	<u>\$ 62,095,148</u>

CAMDEN COUNTY SCHOOL SYSTEM

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST 2013 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project	Original Estimated Cost ⁽¹⁾	Current Estimated Costs ⁽²⁾	Expended In Current Year ⁽³⁾	Expended In Prior Years ⁽³⁾	Total Completion Cost	Estimated Completion Date
Adding to, renovating, repairing, improving, furnishing, and equipping existing school buildings and other buildings and facilities useful and desirable in connection therewith, including but not limited to fine arts academy, roofing, HVAC, paving;	\$ 19,856,955	\$ 34,689,361	\$ 4,642,430	\$ 28,238,758	\$ 32,881,188	6/30/2022
System-wide technology including but not limited to hardware and software, safety and security improvements;	18,600,000	7,315,388	-	7,315,388	7,315,388	6/30/2022
Purchasing textbooks and other educational software;	1,000,000	529,210	-	529,210	529,210	6/30/2021
Acquiring new school equipment;	1,250,000	107,225	-	107,225	107,225	6/30/2022
Acquiring school buses, maintenance and transportation vehicles;	2,500,000	2,942,404	-	2,942,404	2,942,404	6/30/2021
Acquiring new band instruments, equipment and educational/instructional materials;	473,045	424,297	-	424,297	424,297	6/30/2020
Acquiring any necessary or desirable property, both real and personnel.	-	-	-	-	-	6/30/2021
	<u>\$ 43,680,000</u>	<u>\$ 46,007,885</u>	<u>\$ 4,642,430</u>	<u>\$ 39,557,282</u>	<u>\$ 44,199,712</u>	

⁽¹⁾ The School System's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax (Referendum approved March 2013). Collection of funds began in August 2014. Collection of funds ended in July 2019.

⁽²⁾ The School System's current estimate of total costs for the projects. Includes all costs from project inception to completion.

⁽³⁾ The voters of Camden County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Projects may include amounts expended for these projects may include sales tax proceeds, state, local property tax and/or other funds over the life of the projects.

CAMDEN COUNTY SCHOOL SYSTEM

SCHEDULE OF APPROVED LOCAL OPTION SALES TAX PROJECTS - SPLOST 2018 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Project	Original Estimated Cost ⁽¹⁾	Current Estimated Costs ⁽²⁾	Expended In Current Year ⁽³⁾	Expended In Prior Years ⁽³⁾	Total Completion Cost	Estimated Completion Date
The addition, renovation, repair, remediation and improvement of existing school buildings and other School System facilities, including but not limited to, roofing, paving, and HVAC;	\$ 23,000,000	\$ 23,000,000	\$ 7,111,618	\$ 477,499	\$ 7,589,117	2025
The acquisition, construction, equipping and furnishing of new school buildings and facilities;	1,000,000	1,000,000	-	-	-	2025
The acquisition and installation of technology and safety equipment, including, but not limit to, computer hardware, classroom displays and projectors, and safety equipment;	10,000,000	10,000,000	2,012,839	2,680,814	4,693,653	2025
The acquisition of school equipment and furnishings;	1,000,000	1,000,000	-	-	-	2025
The acquisition and purchase of school buses and other transportation or maintenance vehicles;	2,500,000	2,500,000	529,128	718,850	1,247,978	2025
The acquisition of textbooks and band instruments;	1,500,000	1,500,000	84,455	523,006	607,461	2025
	<u>\$ 39,000,000</u>	<u>\$ 39,000,000</u>	<u>\$ 9,738,040</u>	<u>\$ 4,400,169</u>	<u>\$ 14,138,209</u>	

SPLOST 2018 expenditures per above	\$ 9,738,040
SPLOST 2013 expenditures	4,642,430
Total Capital Projects Fund expenditures	<u>\$ 14,380,470</u>

⁽¹⁾ The School System's original cost estimate as specified in the resolution calling for the imposition of the Local Option Sales Tax (Referendum approved May 2018). Collection of funds began in August 2019.

⁽²⁾ The School System's current estimate of total costs for the projects. Includes all costs from project inception to completion.

⁽³⁾ The voters of Camden County approved the imposition of a 1% sales tax to fund the above projects and retire associated debt. Projects may include amounts expended for these projects may include sales tax proceeds, state, local property tax and/or other funds over the life of the projects.

COMPLIANCE SECTION



**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 Superintendent and Members of the
Camden County School System
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, each major fund, and the aggregate remaining fund information of Camden County School System (the "School System") as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the School System's basic financial statements and have issued our report thereon dated May 24, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting (internal control) as a basis for designing 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 School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System'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 a 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School System'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 statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results 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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Macon, Georgia
May 24, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

**To the Superintendent and Members of the
Camden County School System
Kingsland, Georgia**

Report on Compliance for Each Major Program

We have audited Camden County School System's (the "School System") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School System's major federal programs for the year ended June 30, 2021. The School System's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School System's compliance.

Opinion on Each Major Federal Program

In our opinion, the School System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Macon, Georgia
May 24, 2023

CAMDEN COUNTY SCHOOL SYSTEM

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Funding Agency Program/Grant	CFDA Number	Pass- Through Entity ID Number	Expenditures In Period
Agriculture, U.S. Department of			
Pass-Through From Georgia Department of Education			
Child Nutrition Cluster			
Food Services:			
School Breakfast Program	10.553	215GA324N1099	\$ 1,204,479
National School Lunch Program	10.555	215GA324N1099	3,276,125
Child Nutrition Discretionary Grants - Limited Availability	10.579	215GA350N8103	5,590
Total Child Nutrition Cluster			<u>4,486,194</u>
Total U.S. Department of Agriculture			<u>4,486,194</u>
Education, U.S. Department of			
Pass-Through From Georgia Department of Education			
Special Education Cluster:			
Grants to States	84.027	H027A190073	351,589
Grants to States	84.027	H027A200073	1,145,334
Preschool Grants	84.173	H173A190081	15,500
Preschool Grants	84.173	H173A200081	62,575
Total Special Education Cluster			<u>1,574,998</u>
Other Programs			
Direct:			
Impact Aid	84.041	N/A	4,742,084
Pass-Through From Georgia Department of Education			
Title I, Grants to Local Educational Agencies	84.010	S010A190010	325,496
Title I, Grants to Local Educational Agencies	84.010	S010A200010	2,007,557
English Language Acquisition State Grants	84.365	S365A190010	17
English Language Acquisition State Grants	84.365	S365A200010	22,289
Career and Technical Education -			
Basic Grants to States	84.048	V048A200010	99,068
Career and Technical Education -			
Basic Grants to States	84.048	V048A190010	8,463
Rural Education	84.358	S365B190010	93,847
Rural Education	84.358	S365B200010	135,570
COVID-19 - Elementary and Secondary School			
Emergency Relief Fund	84.425D	S425D200012	9,015,290
Total Other Programs			<u>16,449,681</u>
Total U. S. Department of Education			<u>18,024,679</u>
Treasury, U.S. Department of			
Pass-Through From the City of Woodbine			
COVID-19 - CRG 2020 Local Entity Round 1	21.019	N/A	25,000
Total U. S. Department of Treasury			<u>25,000</u>
Health and Human Services, U. S. Department of			
Passed through from Georgia Department of Early Care and Learning			
CCDF Cluster:			
COVID-19 - Child Care and Development Block Grant	93.575	N/A	17,246
Total U. S. Department of Health and Human Services			<u>17,246</u>
Defense, U.S. Department of			
Direct			
Department of the Air Force:			
Project Provides	12.556	N/A	144,559
R.O.T.C. Program - Navy	12.unknown	N/A	138,523
Total U.S. Department of Defense			<u>283,082</u>
Total Expenditures of Federal Awards			<u>\$ 22,836,201</u>

N/A = Not Available

CAMDEN COUNTY SCHOOL SYSTEM

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Camden County School System (the "School System") and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") *Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. DONATED COMMODITIES

The Child Nutrition Cluster includes \$350,550 of non-cash expenditures in the form of donated food commodities.

NOTE 3. DE MINIMIS COST RATE

The School System elected not to use the 10% de minimis cost rate for the year ended June 30, 2021.

NOTE 4. SUBRECIPIENTS

The School System did not pass through any funds to subrecipients for the year ended June 30, 2021.

NOTE 5. TRANSFERS

During the year ended June 30, 2021, \$447,174 was transfer to the Title I, Grants to Local Educational Agencies program from the Supporting Effective Instruction State Grants (\$313,062) and the Student Support and Academic Enrichment Grant (\$134,112). Expenditures of transfers are reflected within the receiving program.

CAMDEN COUNTY SCHOOL SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:
Material weaknesses identified? ___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal Control over major programs:
Material weaknesses identified? ___ Yes X No

Significant deficiencies identified not considered
to be material weaknesses? ___ Yes X None Reported

Type of auditor's report issued on compliance for
major programs Unmodified

Any audit findings disclosed that are required to
be reported in accordance with the Uniform Guidance? ___ Yes X No

Identification of major program:

CFDA Number

10.553
10.555

84.425D

Name of Federal Program or Cluster

U.S. Department of Agriculture:

Child Nutrition Cluster

School Breakfast Program
National School Lunch Program

U.S. Department of Education:

COVID-19 – Elementary and Secondary School
Emergency Relief Fund

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes ___ No

CAMDEN COUNTY SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENTS FINDINGS

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

CAMDEN COUNTY SCHOOL SYSTEM
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

None reported.