

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

resources). Any significant unspent related debt proceeds or deferred inflows of resources attributable to the unspent amount are not included in the calculation of net investment in capital assets. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Customer Deposits – Customer deposits consists of amounts held in escrow to pay unpaid water bills if a customer does not pay or to be refunded to the customer if there is no balance due as well as deferred revenue related to garbage account billings.

Property Taxes – The County collects property taxes and holds the funds for the use and benefit of the District. The funds are released by the County Treasurer upon request of the District. The property taxes are recorded as revenue when collected by the County.

Concentrations of Credit Risk – Financial instruments that potentially expose the District to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Credit risk is generally diversified due to the number of customers comprising the customer base, although the geographic concentration in the County results in the District being susceptible to economic conditions in the region.

NOTE 2 - DEPOSITS

Cash consists of demand deposits at financial institutions that are collateralized with securities held by the pledging financial institution, of which \$731,730 are funds collected by Aiken County, South Carolina on behalf of the District.

Under state law, the District is authorized to:

- a. Hold funds in federally insured deposit accounts with banking institutions.
- b. Invest money in the following:
 - 1. Obligations of the United States and agencies thereof.
 - 2. General obligations of the state of South Carolina or any of its political units.
 - 3. Savings and loan associations to the extent insured by an agency of the federal government.
 - 4. Certificates of deposit where the certificates are federally insured or collaterally secured by collateral of the types in 1 or 2 above.

The carrying amount and bank balance of depository accounts as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Cash deposits	\$ 911,860	\$ 902,754	\$ 753,533	\$ 732,806

NOTE 2 – DEPOSITS (continued)

The total bank balance classified according to credit risk is broken down as follows:

	<u>2020</u>	<u>2019</u>
Amounts insured or collateralized with securities held by the pledging financial institution	\$ 902,754	\$ 732,806

The District places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (“FDIC”) covers \$250,000 for substantially all depository accounts. The District from time to time may have amounts on deposit in excess of the insured limit. As of June 30, 2020 and 2019, the District has no deposit accounts, which exceed these insured limits.

NOTE 3 – CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2020 follows:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Capital assets, not being depreciated				
Land	\$ 19,793	\$ -	\$ -	\$ 19,793
Total capital assets, not being depreciated	19,793	-	-	19,793
Capital assets, being depreciated				
Water system	460,476	-	-	460,476
Machinery and equipment	187,475	-	-	187,475
Office and other equipment	33,244	-	-	33,244
Vehicles	531,451	-	-	531,451
Building and improvements	162,780	-	-	162,780
Land improvements	35,629	-	-	35,629
Total capital assets, being depreciated	1,411,055	-	-	1,411,055
Less accumulated depreciation for				
Water system	(412,356)	(13,071)	-	(425,427)
Machinery and equipment	(114,154)	(17,138)	-	(131,292)
Office and other equipment	(30,826)	(1,250)	-	(32,076)
Vehicles	(507,236)	(3,927)	-	(511,163)
Building and improvements	(64,260)	(5,696)	-	(69,956)
Land improvements	(20,877)	(1,188)	-	(22,065)
Total accumulated depreciation	(1,149,709)	(42,270)	-	(1,191,979)
Total capital assets being depreciated, net	261,346	(42,270)	-	219,076
Total capital assets, net	\$ 281,139	\$ (42,270)	\$ -	\$ 238,869

A summary of the change in capital assets for the year ended June 30, 2019 follows:

NOTE 3 – CAPITAL ASSETS *(continued)*

	Balance			Balance
	June 30, 2018	Additions	Disposals	June 30, 2019
Capital assets, not being depreciated				
Land	\$ 19,793	\$ -	\$ -	\$ 19,793
Total capital assets, not being depreciated	<u>19,793</u>	<u>-</u>	<u>-</u>	<u>19,793</u>
Capital assets, being depreciated				
Water system	460,476	-	-	460,476
Machinery and equipment	187,475	-	-	187,475
Office and other equipment	33,244	-	-	33,244
Vehicles	531,451	-	-	531,451
Building and improvements	162,780	-	-	162,780
Land improvements	35,629	-	-	35,629
Total capital assets, being depreciated	<u>1,411,055</u>	<u>-</u>	<u>-</u>	<u>1,411,055</u>
Less accumulated depreciation for				
Water system	(397,800)	(14,556)	-	(412,356)
Machinery and equipment	(97,016)	(17,138)	-	(114,154)
Office and other equipment	(29,576)	(1,250)	-	(30,826)
Vehicles	(501,599)	(5,637)	-	(507,236)
Building and improvements	(58,564)	(5,696)	-	(64,260)
Land improvements	(19,689)	(1,188)	-	(20,877)
Total accumulated depreciation	<u>(1,104,244)</u>	<u>(45,465)</u>	<u>-</u>	<u>(1,149,709)</u>
Total capital assets being depreciated, net	<u>306,811</u>	<u>(45,465)</u>	<u>-</u>	<u>261,346</u>
Total capital assets, net	<u>\$ 326,604</u>	<u>\$ (45,465)</u>	<u>\$ -</u>	<u>\$ 281,139</u>

NOTE 4 – POST-EMPLOYMENT BENEFITS

As of June 30, 2020, the District does not provide employees with any post-employment benefits.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The District carries commercial insurance for risks of loss, such as those related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or results of operations of the District.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

COLLEGE ACRES PUBLIC WORKS DISTRICT

**SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

YEAR ENDED JUNE 30, 2020 AND 2019

	2020	2019
Revenues		
Property taxes	\$ 205,733	\$ 248,808
Charges for services	418,728	395,722
Other	4,663	7,061
Total Revenues	629,124	651,591
Operating Expenses		
Salaries	217,449	203,245
Fire protection	60,720	60,720
Street lights	9,737	9,827
Depreciation	42,270	45,465
Insurance	43,092	41,767
Office expense and postage	7,426	8,010
Miscellaneous equipment expense	2,557	52,347
Uniforms	4,437	3,695
Professional fees	14,938	16,388
Repairs and maintenance	65,003	46,681
Chemicals	16,467	21,289
Payroll taxes	13,575	18,063
Utilities	27,889	27,356
Gas and oil	10,298	10,165
Water analysis	11,751	11,726
Supplies	6,789	14,307
Security	5,297	4,648
Telephone	6,172	5,139
Other	9,358	10,902
Total Operating Expenses	575,225	611,740
Operating Income	53,899	39,851
Nonoperating Revenues (Expenses)		
Interest income	4,962	1,847
Total Nonoperating Revenues (Expenses)	4,962	1,847
Change in Net Position	\$ 58,861	\$ 41,698

COLLEGE ACRES PUBLIC WORKS DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITOR'S RESULTS

An unmodified opinion was issued on the financial statements for the year ended June 30, 2020. The audit disclosed no instances of noncompliance which were material to the financial statements of the District. The significant deficiency disclosed during the audit of the financial statements is reported in the Findings Related to Financial Statements.

FINDINGS RELATED TO FINANCIAL STATEMENTS

Significant Deficiency

Condition: There is a lack of segregation of accounting duties that enables the same individuals to have access to both physical assets and the related accounting records or to all phases of a transaction.

Criteria: A fundamental concept in a system of good internal control is the segregation of duties.

Questioned Cost: None

Recommendation: Duties should be segregated to the extent possible. The Board of Commissioners must remain involved in the financial affairs of the District to provide oversight and independent review functions.

Management's Response: Management does not anticipate hiring additional staff in the foreseeable future but is attempting to segregate duties as much as possible with the available staff.

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

Board of Commissioners
College Acres Public Works District
Aiken, South Carolina

We have audited, in accordance with the 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 business-type activities College Acres Public Works District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise College Acres Public Works District's basic financial statements, and have issued our report thereon dated September 10, 2020.

Internal Control Over Financial Reporting

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

Members
American Institute of Certified Public Accountants
S.C. Association of Certified Public Accountants



Board of Commissioners
College Acres Public Works District
September 10, 2020

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether College Acres Public Works District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the District in a separate letter dated September 10, 2020.

Response to Findings

College Acres Public Works District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit College Acres Public Works District's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

McKinley, Cooper & Co., LLC

Greenville, South Carolina
September 10, 2020