

# **James Island Charter High School**

## ***Report on Financial Statements***

***For the Year Ended June 30, 2019***

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# James Island Charter High School

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## **Independent Auditor's Report**

Board of Directors  
James Island Charter High School  
Charleston, South Carolina

### **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 James Island Charter High School (the School), a component unit of the Charleston County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School'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 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 School'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 School'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 James Island Charter High School as of June 30, 2019, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, OPEB schedules, and budgetary comparison information as noted in the table of contents, 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, 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's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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 October 8, 2019 on our consideration of the School'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
October 8, 2019

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## James Island Charter High School

### *Management's Discussion and Analysis*

*June 30, 2019*

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As management of James Island Charter High School (the School), we offer readers of the School's audited financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2019. We encourage readers to read the information presented herein in conjunction with additional information that we have furnished in the School's financial statements, which follow this narrative.

#### Financial Highlights:

##### **Overall**

- The 2018-2019 45-day average daily membership (ADM) was 1,581.
- The 2018-2019 135-day ADM was 1,553.

##### **Government-Wide Financial Statements**

- The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources as of June 30, 2019 by \$22,917,250 (***net position***).
- Governmental activities decreased the School's net position by \$327,424 for the year ended June 30, 2019.

##### **Fund Financial Statements**

- As of June 30, 2019, the School's governmental funds reported combined ending fund balances of \$4,397,162.
- As of June 30, 2019, the unassigned fund balance in the general fund was \$4,287,138.

#### Overview of the Financial Statements:

**Management's Discussion and Analysis** serves as an introduction to the School's **Basic Financial Statements**. The School's basic financial statements consist of three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements.

The **Basic Financial Statements** present two distinct financial perspectives of the School using **Government-Wide Financial Statements** and **Fund Financial Statements**. In addition to the **Basic Financial Statements**, this report contains **Supplementary Information** that will enhance the reader's understanding of the financial condition of the School.

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## James Island Charter High School

### *Management's Discussion and Analysis*

*June 30, 2019*

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#### Overview of the Financial Statements, continued:

#### **Basic Financial Statements:**

##### ***Government-Wide Financial Statements - Pages 9 and 10***

The first two statements in the basic financial statements are the ***Government-Wide Financial Statements***. They provide the reader with a broad overview of the School's finances, similar in format to the financial statements of a private-sector business. They provide both short and long-term information about the School's financial standing.

The two ***Government-Wide Financial Statements*** are the *Statement of Net Position* and the *Statement of Activities*. Measuring net position is one way to gauge the School's financial condition and the *Statement of Activities* shows the change in net position during the year. Net position equals assets plus deferred outflows of resources less liabilities less deferred inflows of resources.

The ***Government-Wide Financial Statements*** include all governmental activities. The governmental activities include the School's instruction and support services. The School does not have any business type activities.

##### ***Fund Financial Statements - Pages 11 through 13***

The ***Fund Financial Statements*** are more detailed than the ***Government-Wide Financial Statements***. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements, such as the School's budget, where and when applicable. All of the funds of the School are governmental funds. The major governmental funds of the School are: 1) General Fund 2) Special Projects Fund and 3) Education Improvement Act Fund.

The ***Fiduciary Fund Financial Statement*** provides information about the financial relationships in which the School acts solely as a trustee or agent for the benefit of others.

##### ***Notes to the Financial Statements - Pages 14 through 39***

The ***Notes to the Financial Statements*** offer a more detailed explanation of certain data contained in the ***Government-Wide Financial Statements*** and ***Fund Financial Statements***.

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## James Island Charter High School

### *Management's Discussion and Analysis*

*June 30, 2019*

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#### Overview of the Financial Statements, continued:

#### **Supplementary Information:**

**Supplementary Information** shows detailed information about the School's funds. Budgetary comparison information for the School's general fund is included in the **Required Supplementary Information**.

#### Government-Wide Financial Statement Analysis - Statement of Net Position:

As noted earlier, net position may serve over time as one useful indicator of the School's financial condition. The liabilities and deferred inflows of resources of the School exceeded its assets and deferred outflows of resources by \$22,917,250 as of June 30, 2019. \$2,183,617 reflects the School's investment in capital assets. The School uses these capital assets to provide services to its students; therefore, these assets are not available for future spending. The remaining net position deficit balance of (\$25,100,867) is unrestricted.

Significant changes on the Statement of Net Position are as follows:

- Capital assets, net of accumulated depreciation, decreased over the prior year primarily due to the depreciation of existing assets.
- Long-term liabilities increased over the prior year primarily due to the change in the School's proportionate share of the pension and postemployment benefits other than pensions (OPEB) liabilities.

Note that deferred outflows and inflows related to pensions will fluctuate from year to year depending on the number of employees, the School's contributions to the plan, changes in actuarial assumptions, and the earnings on investments in the South Carolina Retirement System. See Note 13 for further details. Also, note that deferred outflows and inflows related to OPEB fluctuate based on similar criteria. See Note 14 for further details.

## James Island Charter High School

### Management's Discussion and Analysis

June 30, 2019

#### Government-Wide Financial Statement Analysis - Statement of Net Position, continued:

##### James Island Charter High School's Net Position

	<u>2019</u>	<u>2018</u>
Current assets	\$ 6,963,626	\$ 6,379,550
Capital assets, net of accumulated depreciation	<u>2,183,617</u>	<u>2,372,522</u>
Total assets	<u>9,147,243</u>	<u>8,752,072</u>
Deferred outflows of resources	<u>4,948,113</u>	<u>4,122,473</u>
Current liabilities	2,595,251	2,419,652
Long-term liabilities	<u>31,561,301</u>	<u>29,402,152</u>
Total liabilities	<u>34,156,552</u>	<u>31,821,804</u>
Deferred inflows of resources	<u>2,856,054</u>	<u>3,642,567</u>
Net position		
Net investment in capital assets	2,183,617	2,372,522
Unrestricted	<u>(25,100,867)</u>	<u>(24,962,348)</u>
Total net position	<u>\$ (22,917,250)</u>	<u>\$ (22,589,826)</u>

#### Government-Wide Financial Statement Analysis - Statement of Activities:

Aspects of the School's financial operations that significantly contributed to the change in net position are as follows:

- The School adopted an annual budget. The School's performance was measured using this budget on a monthly basis, allowing changes to be made in spending as needed to remain within the confines of the budget.
- State and Federal Revenues are calculated utilizing the 45<sup>th</sup> and 135<sup>th</sup> day ADM. The 45<sup>th</sup> day ADM for 2018/2019 was 1,581 compared to 1,601 for 2017/2018. The 135<sup>th</sup> day ADM for 2018/2019 was 1,553 compared to 1,583 for 2017/2018. This was an average decrease of 25 students.



## James Island Charter High School

### Management's Discussion and Analysis

June 30, 2019

#### Government-Wide Financial Statement Analysis - Statement of Activities, continued:

##### James Island Charter High School's Changes in Net Position

	<u>2019</u>	<u>2018</u>
Local revenues	\$ 378,478	\$ 312,265
State and federal revenues	<u>17,637,733</u>	<u>16,510,445</u>
Total revenues	<u>18,016,211</u>	<u>16,822,710</u>
Instruction	11,232,386	9,932,283
Support services	7,100,632	6,156,937
Other financing uses	<u>10,617</u>	<u>2,260</u>
Total expenditures	<u>18,343,635</u>	<u>16,091,480</u>
Increase (Decrease) in net position	(327,424)	731,230
Net position, July 1	<u>(22,589,826)</u>	<u>(23,321,056)</u>
Net position, June 30	<u>\$ (22,917,250)</u>	<u>\$ (22,589,826)</u>

#### Government-Wide Financial Statement Analysis - Capital Assets:

**Capital Assets** - The School's investment in capital assets for its governmental activities as of June 30, 2019, totaled \$2,183,617 (net of accumulated depreciation). Capital assets include leasehold improvements, furniture and fixtures, and equipment.

##### James Island Charter High School's Capital Assets (net of accumulated depreciation)

	<u>Balance July 1, 2018</u>	<u>Governmental Activities 2019</u>	<u>Balance June 30, 2019</u>
Leasehold improvements	\$ 2,213,672	\$ (211,296)	\$ 2,002,376
Equipment	<u>158,850</u>	<u>22,391</u>	<u>181,241</u>
Total	<u>\$ 2,372,522</u>	<u>\$ (188,905)</u>	<u>\$ 2,183,617</u>

Additional information about the School's capital assets can be found in **Note 8** of the **Basic Financial Statements**.

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## James Island Charter High School

### *Management's Discussion and Analysis*

*June 30, 2019*

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#### Fund financial statements analysis:

As noted earlier, the School uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related requirements. The major governmental funds of the School are: (1) General Fund, (2) Special Projects Fund, and (3) Education Improvement Act Fund.

The General Fund is the chief operating fund of the School. As of June 30, 2019, unassigned fund balance of the General Fund was \$4,287,138.

The General Fund is the only required budgeted fund of the School.

#### General fund budgetary highlights:

The negative variance in revenue of \$360,136 is primarily due to the School budgeting student activity revenues that are accounted for in the pupil activity fund as revenues for the general fund.

The positive variance in instruction expenses of \$1,260,496 and support services of \$432,514 is primarily due to the School budgeting almost all salaries and employee benefits in the general fund while special revenue and education improvement act funds ended up covering some of these expenditures.

#### Economic factors:

The following key economic indicators reflect the growth and prosperity of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its EFA funding.

#### Requests for information:

This report is designed to provide an overview of the School's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Principal, Timothy Thorn, James Island Charter High School, 1000 Fort Johnson Road, Charleston, South Carolina, 29412.

# James Island Charter High School

## Statement of Net Position

As of June 30, 2019

	Governmental Activities
<b>Assets</b>	
<b>Current assets</b>	
Cash	\$ 3,864,836
Investments	2,959,217
Due from other governmental units	29,549
Prepaid items	110,024
Total current assets	6,963,626
<b>Non-current assets</b>	
Capital assets - net of accumulated depreciation	2,183,617
Total non-current assets	2,183,617
Total assets	9,147,243
<b>Deferred outflows of resources</b>	
Pension	3,596,334
OPEB	1,351,779
Total deferred outflows of resources	4,948,113
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable	179,575
Accrued liabilities	82,401
Due to Charleston County School District	2,293,566
Accrued compensated absences, current portion	28,787
Unearned revenues	10,922
Total current liabilities	2,595,251
<b>Long-term liabilities</b>	
Pension obligation	17,337,066
OPEB obligation	14,192,605
Accrued compensated absences	31,630
Total long-term liabilities	31,561,301
Total liabilities	34,156,552
<b>Deferred inflows of resources</b>	
Pension	1,695,247
OPEB	1,160,807
Total deferred inflows of resources	2,856,054
<b>Net position</b>	
Net investment in capital assets	2,183,617
Unrestricted	(25,100,867)
Total net position	\$ (22,917,250)

See Notes to Financial Statements

# James Island Charter High School

## Statement of Activities

For the year ended June 30, 2019

	<u>Expenses</u>	<u>Program revenues</u> <u>Operating grants</u> <u>and contributions</u>	<u>Net (expense)</u> <u>revenue and</u> <u>changes in net</u> <u>position</u> <u>Governmental</u> <u>activities</u>
Functions/Programs:			
Governmental activities:			
Instruction	\$ 11,232,386	\$ 17,637,733	\$ 6,405,347
Support services	7,100,632	-	(7,100,632)
Other charges	10,617	-	(10,617)
Total governmental activities	<u>\$ 18,343,635</u>	<u>\$ 17,637,733</u>	<u>(705,902)</u>
General revenues:			
Earnings on investments			115,231
Student fees			248,319
Contributions and donations			5,431
Miscellaneous local revenues			<u>9,497</u>
Total general revenues			<u>378,478</u>
Decrease in net position			<u>(327,424)</u>
Net position, beginning of year			<u>(22,589,826)</u>
Net position, end of year			<u>\$ (22,917,250)</u>

**James Island Charter High School****Balance Sheet - Governmental Funds****As of June 30, 2019**

		<b>Special Revenue Funds</b>		
	<b>General Fund</b>	<b>Special Projects</b>	<b>Education Improvement Act</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash	\$ 3,864,836	\$ -	\$ -	\$ 3,864,836
Investments	2,959,217	-	-	2,959,217
Due from other governmental units	-	8,605	20,944	29,549
Due from other funds	29,549	953	9,969	40,471
Prepaid items	110,024	-	-	110,024
Total assets	<u>\$ 6,963,626</u>	<u>\$ 9,558</u>	<u>\$ 30,913</u>	<u>\$ 7,004,097</u>
<b>Liabilities</b>				
Accounts payable	\$ 179,575	\$ -	\$ -	\$ 179,575
Accrued liabilities	82,401	-	-	82,401
Due to Charleston County School District	2,293,566	-	-	2,293,566
Due to other funds	10,922	8,605	20,944	40,471
Unearned revenues	-	953	9,969	10,922
Total liabilities	<u>2,566,464</u>	<u>9,558</u>	<u>30,913</u>	<u>2,606,935</u>
<b>Fund balances</b>				
Nonspendable	110,024	-	-	110,024
Unassigned	4,287,138	-	-	4,287,138
Total fund balances	<u>4,397,162</u>	<u>-</u>	<u>-</u>	<u>4,397,162</u>
Total liabilities and fund balances	<u>\$ 6,963,626</u>	<u>\$ 9,558</u>	<u>\$ 30,913</u>	<u>\$ 7,004,097</u>

Total governmental fund balance \$ 4,397,162

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of the assets is \$6,052,997 and the accumulated depreciation is \$3,869,380. 2,183,617

Some liabilities, including long-term liabilities, are not due and payable in the current period and therefore not reported in the funds:

Accrued compensated absences (60,417)

Net deferred inflows/outflows or resources for amortization of pension items 672,389

Net deferred inflows/outflows or resources for amortization of OPEB items (308,583)

Contributions to the pension plan in the current fiscal year 1,228,698

Contributions to the OPEB plan in the current fiscal year 499,555

Pension obligation (17,337,066)

OPEB obligation (14,192,605)

Net position of governmental activities \$ (22,917,250)

**See Notes to Financial Statements**

# James Island Charter High School

## Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2019

	Special Revenue Funds			Total
	General	Special	Education	Governmental
	Fund	Projects	Improvement	Funds
			Act	
<b>Revenues</b>				
Local	\$ 378,478	\$ -	\$ -	\$ 378,478
Intergovernmental	16,303,318	388,541	945,874	17,637,733
Total revenues	16,681,796	388,541	945,874	18,016,211
<b>Expenditures</b>				
Instruction	9,001,005	291,521	855,083	10,147,609
Support services	6,592,150	97,020	15,658	6,704,828
Other charges	10,617	-	-	10,617
Capital outlay	672,417	-	75,133	747,550
Total expenditures	16,276,189	388,541	945,874	17,610,604
Excess of revenues over expenditures	405,607	-	-	405,607
<b>Fund balances, beginning of year</b>	3,991,555	-	-	3,991,555
<b>Fund balances, end of year</b>	<u>\$ 4,397,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,397,162</u>

Total net change in fund balances - governmental funds \$ 405,607

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

In the Statement of Activities, compensated absences (sick leave and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount actually paid). This year, vacation and sick leave used exceeded the amount earned.

3,753

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those capital assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$398,104) exceeds capital outlays (\$209,199) in the period.

(188,905)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities.

1,228,698

Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities.

499,555

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

School's portion of net pension related expenses

(1,404,602)

School's portion of net OPEB related expenses

(871,530)

Change in net position of governmental activities

\$ (327,424)

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## James Island Charter High School

### *Statement of Fiduciary Net Position*

*As of June 30, 2019*

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	<b>Pupil Activity Funds</b>
<b>Assets</b>	
Cash	\$ 226,155
Accounts receivable	22,646
Prepaid expenses	2,500
Total assets	<u>\$ 251,301</u>
<b>Liabilities</b>	
Accounts payable	\$ 1,526
Due to student groups	249,775
Total liabilities	<u>\$ 251,301</u>

*See Notes to Financial Statements*

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 1. Summary of Significant Accounting Policies**

James Island Charter High School (the School) is a not-for-profit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act. The School was initially formed on October 30, 2002 and began operations July 1, 2003. The School operates within Charleston County School District (CCSD). The School serves approximately 1,550 students in grades 9 through 12 in Charleston, South Carolina.

The mission of the School is to develop confident, responsible, life-long learners who can excel in society by creating a diverse curriculum and extra-curricular experiences in a safe, nurturing environment supported by the faculty, parents and community.

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies:

#### **A. Reporting entity**

##### Organization:

The School's activities are defined by the James Island High School Terms of Agreement (the Agreement) as signed by CCSD. The original term of the agreement was for five years effective July 1, 2003, and has been subsequently renewed.

The School will adopt CCSD's academic calendar.

1. The School shall adopt the admission policies as defined in the South Carolina Charter School Act of 1996, as amended.
2. Students attending the School shall meet South Carolina and CCSD guidelines for attendance.
3. Employee policy manuals and hiring practices will be consistent with that of CCSD.
4. School curriculum will reflect the South Carolina Curriculum Standards and meet all South Carolina Graduation Standards, South Carolina Department of Education, Southern Association for Colleges and Schools and International Baccalaureate Standards requirements.
5. The School will follow CCSD budgetary guidelines and will adhere to the same financial audits, audit procedures and audit requirements as are required pursuant to the South Carolina Charter School Act of 1996, as amended.
6. CCSD will lease the land, facilities, equipment and other identified items in the lease agreement to the School for the term of the Agreement.
7. As provided in the South Carolina Charter School Act of 1996, as amended, the CCSD shall proportionately distribute funding to the School for operations, capital outlays and maintenance.



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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### **A. Reporting entity, continued**

###### Organization, continued:

The Board of Directors (the Board) of James Island Charter High School determines the operating policies of the School and such policies are implemented by the School's staff. Under Charter law, the Board must be elected in full each year. All terms of office are one year.

The Board, a seven member group with an advisory ex-officio member, is the group which has governance responsibility over all operations related to the School.

As required by state law, the School is a component unit of the CCSD. The School has determined that there are no support entities that meet the requirements for inclusion as a discretely presented component unit.

###### Income tax status:

The School is exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code.

##### **B. Basis of presentation**

The statements of the School are presented as follows:

***Government-wide financial statements*** - The Statement of Net Position and the Statement of Activities display information about the School as a whole, except for fiduciary funds. For the most part, the effect of inter-fund activity has been removed from these statements. The School's activities are governmental activities generally financed through intergovernmental revenues and other non-exchange transactions. Intergovernmental revenue included on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds includes state sourced revenue and any federal revenue that flows to the School primarily through the CCSD.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which the governmental fund financial statements are prepared. Governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### **B. Basis of presentation, continued**

###### ***Government-wide financial statements, continued***

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the School's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Depreciation expense has been allocated to individual functions in the governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School.

***Fund financial statements*** - Fund financial statements report detailed information about the School. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The School has no non-major funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fiduciary funds are reported using the economic resources measurement focus.

##### **C. Measurement focus and basis of accounting**

###### **Fund accounting:**

The accounts of the School are organized and operated on the basis of funds during the fiscal year, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a self-balancing set of accounts. The various funds are grouped into the categories governmental and if necessary, fiduciary.

###### **Governmental funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the School's major governmental funds:

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### **C. Measurement focus and basis of accounting, continued**

###### Fund accounting, continued:

**General fund** - to account for all financial transactions not properly accounted for in another fund. The School uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

**Special revenue funds** - to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action. The School has two special revenue funds:

1. Special projects fund - a budgeted fund used to account for financial resources provided by federal, state and local projects and grants; and
2. The Education Improvement Act (EIA) fund - a budgeted fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.

###### **Fiduciary funds**

Fiduciary funds are used to account for assets on behalf of outside parties, including other governments, or on behalf of other funds within the government. The School's fiduciary funds consist of agency funds, which are custodial in nature and do not involve measurement of results of operations. The agency funds are used to account for amounts held for students and faculty activity organizations.

###### Basis of accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School, available means expected to be received within sixty days of fiscal year-end.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### C. Measurement focus and basis of accounting, continued

###### Basis of accounting, continued:

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. On the accrual basis, revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: interest, entitlements, grants and student fees.

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenues. On governmental fund financial statements, receivables that will not be collected within the available period are also reported as unearned revenues. The School had unearned revenues totaling \$10,922 at June 30, 2019.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year, if any, is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

##### D. Assets, liabilities and equity

**Cash and cash equivalents** - The School may have cash presented on the financial statements which includes cash held in local financial institutions and certificates of deposit held in local financial institutions.

**Prepaid items** - Payments made to vendors for services benefiting future periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**Receivables and payables** - During the course of operations, numerous transactions occur between the School and vendors and revenue sources or individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as accounts receivable, accounts payable or "due from other funds" or "due to other funds" on the Balance Sheet. The transactions between funds are eliminated in the governmental activities columns of the Statement of Net Position.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 1. Summary of Significant Accounting Policies, Continued

##### D. Assets, liabilities and equity, continued

**Capital assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are stated at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The costs and accumulated depreciation of property sold or retired are removed from the accounts, and gain or losses, if any, are reflected in revenue or expenditures/expenses for the year. The School maintains a capitalization threshold of \$5,000. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives used in computing depreciation for financial reporting are as follows:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Equipment	3-10 years
Furniture and fixtures	3-4 years
Leasehold Improvements	3-30 years

**Accrued liabilities and long-term obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources; however, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements, only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Debt and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**Compensated absences** - The School reports compensated absences in accordance with its internal policy. Full-time employees may accumulate and accrue vacation leave if employed on a twelve-month (12) basis. The School has \$60,417 in accrued compensated absences as of June 30, 2019 reported in the Statement of Net Position.

**Accrued compensation and related benefits** - Salaries and employee benefits of teachers and certain other instructional employees are, based on elections by those employees, paid over a twelve-month period from mid-August to mid-August, but are earned by those employees over the school year of mid-August through the end of May. Salaries and related employee benefits earned but not paid because of such employee elections have been accrued and recorded in the financial statements. These amounts are included in "Due to Charleston County School District" on the Statement of Net Position and on the governmental funds Balance Sheet.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 1. Summary of Significant Accounting Policies, Continued**

##### **D. Assets, liabilities and equity, 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 fiduciary net position of the South Carolina Retirement System (SCRS) and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. 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.

**Postemployment benefits other than pensions (OPEB)** - For purposes of measuring the School's 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 South Carolina Retiree Health Insurance Trust Fund ("SCRHITF"), and additions to/deductions from the SCRHITF fiduciary net position have been determined on the same basis as they are reported by the SCRHITF. For this purpose, the SCRHITF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Deferred outflows of resources and deferred inflows of resources** - Changes in the net pension obligation and net OPEB obligation not included in pension or OPEB expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension obligation and net OPEB obligation are reported as deferred outflows of resources.

**Fund balances and net position** - There are five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental funds balance sheet.

For the government-wide financial statements, the School applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net position are available. For the governmental funds financial statements the School applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### **E. Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the School's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 2. Cash

The School is authorized by South Carolina state law to invest in the following types of investments:

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. Banks and savings and loan associations, to the extent they are guaranteed by the Federal Deposit Insurance Corporation (FDIC);
4. Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above, held by a third party as escrow agent or custodian, or a market value not less than the amount of the certificate of deposit so secured, including interest;
5. The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina state laws);
6. Repurchase agreements.

At June 30, 2019, both the carrying amount and the bank balance of the School's deposits was \$4,090,991. These amounts include both the General Fund and Pupil Activity Fund cash accounts.

The School has no investment policy that would further limit its investment choices.

#### Custodial credit risk:

Custodial credit risk is the risk that the School's deposits will not be returned to it. The School has no formal policy regarding custodial credit risk. The School's deposits were covered by the FDIC up to \$250,000 per bank with additional collateral provided to insure all deposits.

#### Credit risk:

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The School has no investment policy that would further restrict its choices.

At June 30, 2019, the School had the following investments:

Type of Investment	Fair Value	Maturity Dates	Interest Rates
<b><u>Federal Obligations</u></b>			
U.S. Government and Agencies	\$ 2,959,217	6/30/19 – 3/31/22	1.13% - 2.75%

#### Interest rate risk:

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 2. Cash, Continued

##### Concentration of credit risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of the School's investments in a single issuer. The School does not have a policy that limits the amount that may be invested in any one issuer.

#### Note 3. Fair Value of Financial Instruments

The School has adopted applicable accounting standards for its financial assets and liabilities which clarify that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The School utilizes market data or assumptions that market participants would use in pricing the asset or liability. The standards establish a three tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of June 30, 2019, the School's investments consisted of \$2,959,217 in United States government securities, which are valued using inputs other than quoted prices in active markets that are either directly or indirectly observable and are therefore considered level 2 investments.

The following table sets forth by investment type fair value and maturities of the investments held by the School at June 30, 2019:

Investment Type	Fair and Carrying Value	Investment Maturities		
		Three Months or Less	Three to Twelve Months	More Than One Year
U.S. Government and Agencies	\$ 2,959,217	\$ 495,858	\$ 728,150	\$ 1,735,209

#### Note 4. Due from Other Governmental Units

Intergovernmental receivables at June 30, 2019 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered fully collectible.

Due from Charleston County School District:

Reading Coaches	\$ 20,944
Medicaid	3,152
ROTC	5,453
	<u>\$ 29,549</u>



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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 5. Interfund Receivables and Payables**

Interfund balances at June 30, 2019 consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 29,549	\$ (10,922)
Special projects fund	953	(8,605)
Education Improvement Act fund	<u>9,969</u>	<u>(20,944)</u>
Total governmental funds	<u>\$ 40,471</u>	<u>\$ (40,471)</u>

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

#### **Note 6. Due to Charleston County School District**

Amounts due to other governmental units in the Statement of Net Position consisted of \$2,293,566 due to CCSD as of June 30, 2019. Amounts due to CCSD represented amounts owed by the School for services provided and unpaid at June 30, 2019, including accrued salaries.

#### **Note 7. Related Parties**

CCSD provides services to the School at no cost for food services and for the use of facilities. CCSD also provides payroll related services to the School, for a fee, the total cost of which was \$79,971 for the year ended June 30, 2019. The faculty of the School is employed by the CCSD which is reimbursed fully by the School for all salaries and benefits paid to the faculty. Beginning in the 2019/2020 school year, CCSD will also be providing the School's transportation services. See Note 11 for the future commitment related to this agreement.

The School leases their facilities from Charleston County School District, a related party. See Note 9.

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2019</u>
<b>Governmental activities</b>				
Capital assets				
Leasehold improvements	\$ 4,037,124	\$ 80,968	\$ -	\$ 4,118,092
Furniture and fixtures	40,890	-	-	40,890
Equipment	<u>1,765,784</u>	<u>128,231</u>	<u>-</u>	<u>1,894,015</u>
Total capital assets	<u>5,843,798</u>	<u>209,199</u>	<u>-</u>	<u>6,052,997</u>
Less accumulated depreciation				
Leasehold improvements	(1,823,452)	(292,264)	-	(2,115,716)
Furniture and fixtures	(40,890)	-	-	(40,890)
Equipment	<u>(1,606,934)</u>	<u>(105,840)</u>	<u>-</u>	<u>(1,712,774)</u>
Total accumulated depreciation	<u>(3,471,276)</u>	<u>(398,104)</u>	<u>-</u>	<u>(3,869,380)</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 2,372,522</u>	<u>\$ (188,905)</u>	<u>\$ -</u>	<u>\$ 2,183,617</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 291,354
Support services	<u>106,750</u>
Total depreciation expense	<u>\$ 398,104</u>

#### Note 9. Leases

The School entered into a Facilities Use Agreement on January 12, 2011 with CCSD. The lease is for the use of the premises containing 37.5 acres and it extends to June 30, 2028.

Provisions and restrictions under the lease are as follows:

1. Use of the property is restricted to that of a charter school for the educational and community purposes in accordance with the terms and provisions of the South Carolina Charter School Act of 1996, and as amended in May 2006.
2. The School is responsible for all utilities, maintenance and upkeep of the property.
3. CCSD is responsible for capital repairs and replacements of fixtures and systems.
4. The School may make alterations or improvements to the property necessary for its operations. No improvements shall be made without approval of CCSD that are permanent in nature or if the aggregate costs of such improvements exceed \$15,000. All such improvements or modifications will become the property of CCSD at the end of the lease.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 10. Fund Balances and Net Position**

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

##### ***Governmental fund financial statements***

Fund balances - Nonspendable - balances that by their nature are unable to be spent.

Fund balances - Restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation.

Fund balances - Committed - balances that can only be used for the specific purpose determined by the School's Board of Directors. The Board of Directors must take a formal action during one of its meetings to establish, modify, or commit funds under the committed classification.

Fund balances - Assigned - balances meant to be used for a specific purpose but don't meet the criteria as restricted or committed. For the School, the Board or any other governing authority above the Board may assign fund balances by formal action such as Board vote, ordinance or law.

Fund balances - Unassigned - balances that are spendable amounts not contained in other classifications.

##### ***Government-wide financial statements***

Net investment in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the School's capital assets.

Restricted - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments, or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the School's net position in government-wide activities.

#### **Note 11. Commitments and Contingencies**

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School expects such amounts, if any, to be immaterial.

The School is by law, a public school. The operations of the School are subject to administrative directives, rules and regulations of its federal and state funding services. Such directions and funding levels are subject to change with little notice. If the School's funding levels are significantly impacted by reductions in federal and state funding, it may adversely affect the School's ability to operate.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 11. Commitments and Contingencies, Continued**

CCSD operates the School's lunchroom providing breakfast and lunch service at no cost to the School on a year to year basis. The agreement automatically renews for an additional one year period unless the School or CCSD notifies the other party in writing of intentions not to renew the contract sixty days prior to the expiration of the contract. The School is responsible for providing adequate facilities and costs associated with renovation and upkeep of the lunchroom. Payments from the federal government and payments received from students for this program are paid to CCSD.

The School entered into an agreement with CCSD during the year ended June 30, 2019 for transportation services for the 2019/2020 school year. Total payments under this agreement are estimated to be approximately \$500,000 for the 2019/2020 school year. CCSD also provides payroll services to the School, the total payments of which are estimated to be approximately \$80,000 for the 2019/2020 school year.

The School entered into a one year contract for bookkeeping and consulting services commencing July 1, 2017 with automatic annual renewal commencing each year unless the School notifies the bookkeeper at least 30 days prior to the start of the new contract period that they will not be renewing. Total payments under this contract are estimated to be approximately \$95,000 for the 2019/2020 school year.

The School has other various commitments and contingencies for services and equipment. Future minimum commitments under contractual agreements, including the agreement for transportation, payroll, and bookkeeping services, are as follows as of June 30:

2020	\$ 728,120
2021	12,960
2022	12,960
2023	<u>8,640</u>
	<u>\$ 762,680</u>

#### **Note 12. Risk Management**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. The School pays premiums to a private insurance carrier for all forms of coverage. The insurance carrier promises to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There has been no significant reduction in coverage and amounts of settlements have not exceeded coverage in any of the last three years.

The School obtains its employee health and life insurance through the CCSD, which insures through the State Fiscal Accountability Authority, Office of Insurance Services, which represents all state agencies in South Carolina joined together in a public entity risk pool. The School pays a portion of monthly premiums based upon each participating employee. There were no significant reductions in coverage during the year ended June 30, 2019.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

June 30, 2019

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#### **Note 13. Pension Plans**

##### Description of the Entity:

The School participates in the State retirement programs. The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012 and governed by an 11-member Board, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems; five defined benefit pension plans. The Retirement Funding and Administration Act of 2017, which became effective July 1, 2017, increased the employer and employee contribution rates, established a ceiling on the SCRS and PORS employee contribution rates, lowered the assumed rate of return, required a scheduled reduction of the funding periods, and addressed various governance issues including the assignment of the PEBA Board as custodian of the retirement trust funds and assignment of the RSIC and PEBA as co-trustees of the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

##### Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 13. Pension Plans, Continued**

##### Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

**SCRS** - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**State ORP** - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with the ORP vendor for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

##### Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for the system is presented below.

**SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five-or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

# James Island Charter High School

## Notes to the Basic Financial Statements

June 30, 2019

### Note 13. Pension Plans, Continued

#### Contributions:

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the board, are insufficient to maintain the amortization period set in statute, the board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent for SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization schedule.

Required employee contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2019<sup>1</sup></u>	<u>Fiscal Year 2018<sup>1</sup></u>
<b>SCRS</b>		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
<b>State ORP</b>		
Employee	9.00%	9.00%

Required employer contribution rates<sup>1</sup> are as follows:

	<u>Fiscal Year 2019<sup>1</sup></u>	<u>Fiscal Year 2018<sup>1</sup></u>
<b>SCRS</b>		
Employer Class Two	14.41%	13.41%
Employer Class Three	14.41%	13.41%
Employer Incidental Death Benefit	.15%	.15%
<b>State ORP</b>		
Employer Contribution <sup>2</sup>	14.41%	13.41%
Employer Incidental Death Benefit	.15%	.15%

1 Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

2 Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 13. Pension Plans, Continued

##### Contributions, continued:

Contributions to the SCRS and ORP pension plans from the School were \$1,228,698 for the year ended June 30, 2019.

##### Net Pension Liability:

At June 30, 2019, the School reported a liability of \$17,337,066 for its proportionate share of the SCRS net pension liability ("NPL"). The NPL was measured as of June 30, 2018, and the total pension liability ("TPL") used to calculate the NPL was determined by an actuarial valuation as July 1, 2017 and projected forward. The School's proportionate share of the NPL was based on a projection of the School's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the School's proportionate share of the SCRS plan was .07737 percent.

##### Non-employer Contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly funded 1 percent of the SCRS contribution increases for fiscal year 2018. The State budget appropriated these funds directly to PEBA and a credit was issued for each employer to use when submitting their quarterly remittances to PEBA. For the year ended June 30, 2018 measurement period, PEBA provided non-employer contributions to the School in the amount of \$90,246 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2019, which are presented on the economic resources measurement focus and accrual basis of accounting.

##### Pension expense:

For the year ended June 30, 2019, the School recognized pension expense for the SCRS plan of \$1,404,602.

##### Deferred inflows of resources and deferred outflows of resources:

At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 31,296	\$ 102,024
Changes of assumptions	687,838	-
Net difference between projected and actual earnings on pension plan investments	858,429	583,029
Changes in proportion and differences between School contributions and proportionate share of contributions	790,074	1,010,194
School contributions subsequent to the measurement date	1,228,698	-
Total	<u>\$ 3,596,334</u>	<u>\$ 1,695,247</u>



## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 13. Pension Plans, Continued

##### Deferred inflows of resources and deferred outflows of resources, continued:

The \$1,228,698 reported as of June 30, 2019 as deferred outflows of resources related to pensions resulting from School contributions subsequent to the measurement date for the SCRS plan will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

##### Year ended June 30:

2020	\$ 539,573
2021	172,671
2022	(27,254)
2023	(12,601)
	<u>\$ 672,389</u>

##### Actuarial assumptions and methods:

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

The June 30, 2018, TPL, NPL, and sensitivity information shown in this report were determined by the Systems' consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2017. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2018.

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return <sup>1</sup>	7.28%
Projected salary increases	3.0% to 12.5% (varies by service) <sup>1</sup>
Benefit adjustments	lesser of 1% or \$500 annually

<sup>1</sup> Includes inflation at 2.25%

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 13. Pension Plans, Continued

##### Actuarial assumptions and methods, continued:

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Assumptions used in the determination of the June 30, 2018, TPL are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

##### Net Pension Liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2018, for SCRS is presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.1%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the System's notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

##### Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments is based upon 30 year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 13. Pension Plans, Continued

##### Long-term Expected Rate of Return, continued:

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the next page. For actuarial purposes, the 7.28 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.03 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
<b>Global Equity:</b>			
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
<b>Real Assets:</b>			
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic:</b>			
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
<b>Diversified Credit:</b>			
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debts	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
<b>Conservative Fixed Income:</b>			
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
<b>Total Expected Real Return</b>	<b>100.0%</b>		<b>5.03%</b>
Inflation for Actuarial Purposes			2.25%
<b>Total Expected Nominal Return</b>			<b>7.28%</b>

##### Discount rate:

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the 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 TPL.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 13. Pension Plans, Continued

##### Sensitivity analysis:

The following table presents the collective NPL of the School calculated using the discount rate of 7.25 percent, as well as what the School's NPL would be if it were calculated using a discount rate that is 1.00 percent lower (6.25 percent) or 1.00 percent higher (8.25 percent) than the current rate.

<b>Sensitivity of the Net Pension Liability to Changes in the Discount Rate</b>			
<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
<b>SCRS</b>	\$ 22,153,551	\$ 17,337,066	\$ 13,893,740

##### Additional Financial and Actuarial Information

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2018 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2018.

#### Note 14. Postemployment Benefits Other Than Pensions (OPEB)

##### General Information:

The School also participates in the State of South Carolina's employee insurance programs. As previously discussed, PEBA is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government (the "State"). The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority ("SFFA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and OPEB.

PEBA issues audited financial statements and required supplementary information for the South Carolina Retiree Health Insurance Trust Fund (SCRHITF). This information is publicly available through the Insurance Benefits' link on PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov) or a copy may be obtained by submitting a request to PEBA - Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina, and therefore, the financial information of the SCRHITF is also included in the comprehensive annual financial report of the State.

##### Plan description:

The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. In accordance with Act 195, the SCRHITF is administered by PEBA, Insurance Benefits. The State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

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## James Island Charter High School

### *Notes to the Basic Financial Statements*

*June 30, 2019*

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#### **Note 14. Postemployment Benefits Other Than Pensions (OPEB), Continued**

##### Plan description, continued:

The SCRHITF is a cost-sharing multiple-employer defined benefit plan. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary to insure the fiscal stability of the plan. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental benefits to retired State and school district employees and their covered dependents.

##### Benefits:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

##### Contributions:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment benefits to be funded through non-employer and employer contributions for active employees and retirees to PEBA, Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA, Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by the State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50 percent. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits' reserves and income generated from investments.

Employer contributions also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA - Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. It is also funded through investment income. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

Contributions to the SCRHITF plan from the School were \$499,555 for the year ended June 30, 2019.

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 14. Postemployment Benefits Other Than Pensions (OPEB), Continued

##### OPEB Liabilities and OPEB Expense:

At June 30, 2019, the School reported a liability of \$14,192,605 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2018. The net SCRHITF liability represents the Trust's total OPEB liability determined in accordance with GASB No. 74, less the Trust's fiduciary net position. The School's proportion of the net OPEB liability was determined using the School's payroll-related contributions over the measurement period. This method is expected to be reflective of the School's long-term contribution effort, as well as, be transparent to individual employers and their external auditors. At June 30, 2018, the School's proportionate share of the SCRHITF plan's net OPEB liability was .100155 percent, which was an increase of 5.1 percent from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of \$871,530 for the SCRHITF plan.

##### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At June 30, 2019, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SCRHITF	
	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 212,612	\$ 4,945
Changes of assumptions	-	1,155,707
Net difference between projected and actual earnings on OPEB plan investments	54,420	-
Changes in proportion and differences between School contributions and proportionate share of contributions	585,192	155
School contributions subsequent to the measurement date	499,555	-
Total	<u>\$ 1,351,779</u>	<u>\$ 1,160,807</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$499,555 resulting from School contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020.

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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 14. Postemployment Benefits Other Than Pensions (OPEB), Continued

##### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued:

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the School's OPEB expense as follows:

<u>Years ending June 30:</u>	<u>SCRHITF</u>
2019	\$ (75,139)
2020	(75,139)
2021	(75,139)
2022	(80,966)
2023	(90,200)
Thereafter	<u>88,000</u>
	<u>\$ (308,583)</u>

##### Actuarial assumptions:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liability was determined by actuarial valuations performed as of June 30, 2017. Update procedures were used to roll forward the total OPEB liability to June 30, 2018. The actuarial valuations were performed using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Additional information as of the latest actuarial valuation for SCRHITF:

##### **SCRHITF:**

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.62% as of June 30, 2018
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2015

## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

#### Note 14. Postemployment Benefits Other Than Pensions (OPEB), Continued

##### Actuarial assumptions, continued:

###### SCRHITF, continued:

Mortality:	For healthy retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-funded Premiums
Notes:	There were no benefit changes during the year. The discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018.

The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
<b>Total</b>	<b>100.00%</b>		<b>1.84%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>4.09%</b>
<b>Investment Return Assumption</b>			<b>4.00%</b>



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## James Island Charter High School

### Notes to the Basic Financial Statements

June 30, 2019

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#### Note 14. Postemployment Benefits Other Than Pensions (OPEB), Continued

##### Discount rate:

The Single Discount Rate of 3.62% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

##### Sensitivity analysis:

The following tables present the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.62%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher. In addition, regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher.

	<b>1% Decrease 2.62%</b>	<b>Current Discount Rate 3.62%</b>	<b>1% Increase 4.62%</b>
SCRHITF Net OPEB Liability	\$ 16,720,253	\$ 14,192,605	\$ 12,155,122
	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
SCRHITF Net OPEB Liability	\$ 11,678,223	\$ 14,192,605	\$ 17,443,236

##### OPEB plan fiduciary net position:

Detailed information about the SCRHITF's fiduciary net position is available in the separately issued PEBA financial report which can be obtained as noted above.

## James Island Charter High School

### *Schedule of the School's Proportionate Share of the Net Pension Liability*

*For the year ended June 30, 2019*

	SCRS	
	2019	2018
School's proportion of the net pension liability	0.07737%	0.07314%
School's proportionate share of the net pension liability	<u>\$ 17,337,066</u>	<u>\$ 16,464,540</u>
School's covered payroll during the measurement period	<u>\$ 8,610,804</u>	<u>\$ 8,750,213</u>
School's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.34%	188.16%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	53.3%

**James Island Charter High School**  
**Schedule of the School's Contributions - Pensions**  
**For the year ended June 30, 2019**

	SCRS									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,228,698	\$ 940,210	\$ 971,792	\$ 969,236	\$ 876,305	\$ 791,909	\$ 732,669	\$ 668,794	\$ 656,693	\$ 715,678
Contributions in relation to the contractually required contribution	1,228,698	940,210	971,792	969,236	876,305	791,909	732,669	668,794	656,693	715,678
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 9,087,206	\$ 8,610,804	\$ 8,750,213	\$ 8,824,603	\$ 8,203,616	\$ 7,617,637	\$ 7,044,893	\$ 6,905,460	\$ 6,883,576	\$ 7,621,700
Contributions as a percentage of covered-employee payroll	13.52%	10.92%	11.11%	10.98%	10.68%	10.40%	10.40%	9.69%	9.54%	9.39%

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**James Island Charter High School*****Schedule of the School's Proportionate Share of the Net OPEB Liability  
For the year ended June 30, 2019***

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	SCRHITF	
	2019	2018
School's proportion of the net OPEB liability	0.100155%	0.095277%
School's proportionate share of the net OPEB liability	<u>\$ 14,192,605</u>	<u>\$ 12,905,099</u>
School's covered payroll during the measurement period	<u>\$ 8,610,804</u>	<u>\$ 8,750,213</u>
School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	164.82%	147.48%
Plan fiduciary net position as a percentage of the total OPEB liability	7.9%	7.6%

**James Island Charter High School**  
**Schedule of the School's Contributions - OPEB**  
**For the year ended June 30, 2019**

	SCRHITF		
	2019	2018	2017
Contractually required contribution	\$ 499,555	\$ 473,362	\$ 466,386
Contributions in relation to the contractually required contribution	499,555	473,362	466,386
Contribution deficiency (excess)	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 9,087,206	\$ 8,610,804	\$ 8,750,213
Contributions as a percentage of covered-employee payroll	5.50%	5.50%	5.33%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for those years for which information is available.

SCRHITF:

Changes of assumptions: The discount rate changed from 3.59% as of June 30, 2017 to 3.62% as of June 30, 2018.

**James Island Charter High School**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>				
1000 Revenue from local sources				
1500 Earnings on investments				
1510 Interest on investments	\$ 63,500	\$ 28,600	\$ 28,224	\$ (376)
1530 Gain/loss on investment	-	68,500	87,007	18,507
1700 Pupil activities				
1740 Student fees	-	195,000	181,744	(13,256)
1790 Other pupil activity income	-	350,000	66,575	(283,425)
1900 Other revenue from local sources				
1910 Rentals	28,000	28,000	732	(27,268)
1920 Contributions and donations from private sources	60,000	60,000	5,431	(54,569)
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	30,000	15,000	8,765	(6,235)
Total revenue from local sources	181,500	745,100	378,478	(366,622)
3000 Revenue from state sources				
3200 Unrestricted state grants				
3250 Medicaid match reimbursement	-	4,138	10,617	6,479
3300 Education Finance Act (EFA)				
3310 Full-time programs				
3314 High school	5,291,013	6,207,769	6,207,769	-
3315 Trainable mentally handicapped	73,401	65,806	65,806	-
3316 Speech handicapped	24,064	108,214	108,214	-
3317 Homebound	11,802	14,085	14,085	-
3320 Part-time programs				
3321 Emotionally handicapped	46,977	79,583	79,583	-
3322 Educable mentally handicapped	94,411	55,339	55,339	-
3323 Learning disabilities	732,127	782,667	782,667	-
3324 Hearing handicapped	18,494	19,780	19,780	-
3325 Visually handicapped	18,494	19,780	19,780	-
3326 Orthopedically handicapped	34,205	77,428	77,428	-
3327 Vocational	6,893,081	6,339,990	6,339,997	7
3330 Miscellaneous EFA programs				
3331 Autism	282,407	397,991	397,991	-
3332 High achieving students	737,835	771,584	771,584	-
3334 Limited English proficiency	54,475	52,876	52,876	-
3351 Academic Assistance	324,304	319,640	319,640	-
3352 Pupils in poverty	682,201	916,896	916,896	-
3353 Dual credit enrollment	50,496	63,266	63,266	-
Total revenue from state sources	15,369,787	16,296,832	16,303,318	6,486
Total revenue all sources	15,551,287	17,041,932	16,681,796	(360,136)
<b>Expenditures</b>				
100 Instruction				
110 General instruction				
114 High school programs				
100 Salaries	4,777,475	4,776,807	4,318,750	458,057
200 Employee benefits	1,859,132	1,929,737	1,776,092	153,645
300 Purchased services	99,833	277,333	245,075	32,258
400 Supplies and materials	297,958	295,189	221,717	73,472
500 Capital outlay	120,000	468,669	371,296	97,373
	7,154,398	7,747,735	6,932,930	814,805
115 Career and technology education programs				
100 Salaries	977,712	926,682	891,463	35,219
200 Employee benefits	386,776	401,154	381,324	19,830
300 Purchased services	19,255	19,255	3,047	16,208
400 Supplies and materials	125,000	125,000	85,258	39,742
500 Capital outlay	10,107	120,107	101,877	18,230
600 Other objects	4,043	6,000	205	5,795
	1,522,893	1,598,198	1,463,174	135,024

*Intergovernmental revenue is presented by category in the schedule herein,  
in accordance with State Department of Education requirements.*

**James Island Charter High School**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Expenditures, Continued</b>				
100 Instruction, continued				
120 Exceptional programs				
121 Educable mentally handicapped				
100 Salaries	213,505	229,085	211,541	17,544
200 Employee benefits	94,922	96,173	81,423	14,750
	<u>308,427</u>	<u>325,258</u>	<u>292,964</u>	<u>32,294</u>
122 Trainable mentally handicapped				
100 Salaries	73,830	73,830	75,702	(1,872)
200 Employee benefits	25,298	27,988	30,493	(2,505)
	<u>99,128</u>	<u>101,818</u>	<u>106,195</u>	<u>(4,377)</u>
126 Speech handicapped				
300 Purchased services	31,819	39,664	-	39,664
400 Supplies and materials	1,500	-	-	-
	<u>33,319</u>	<u>39,664</u>	<u>-</u>	<u>39,664</u>
127 Learning disabilities				
100 Salaries	485,537	511,537	363,433	148,104
200 Employee benefits	198,333	209,673	193,260	16,413
300 Purchased services	12,619	16,045	1,045	15,000
	<u>696,489</u>	<u>737,255</u>	<u>557,738</u>	<u>179,517</u>
140 Special programs				
143 Advanced placement				
300 Purchased service	72,175	72,175	50,663	21,512
400 Supplies and materials	25,000	25,000	29,463	(4,463)
	<u>97,175</u>	<u>97,175</u>	<u>80,126</u>	<u>17,049</u>
145 Homebound				
300 Purchased services	11,518	15,444	-	15,444
	<u>11,518</u>	<u>15,444</u>	<u>-</u>	<u>15,444</u>
149 Other special programs				
200 Employee benefits	-	-	5	(5)
300 Purchased services	-	-	18,764	(18,764)
	<u>-</u>	<u>-</u>	<u>18,769</u>	<u>(18,769)</u>
160 Other exceptional programs				
162 Limited English proficiency				
100 Salaries	14,294	14,294	11,895	2,399
200 Employee benefits	5,761	5,761	3,560	2,201
	<u>20,055</u>	<u>20,055</u>	<u>15,455</u>	<u>4,600</u>
170 Summer school programs				
173 High school summer school				
100 Salaries	15,000	24,400	5,273	19,127
200 Employee benefits	3,317	6,764	1,495	5,269
300 Purchased service	-	6,000	-	6,000
400 Supplies and materials	14,908	14,908	59	14,849
	<u>33,225</u>	<u>52,072</u>	<u>6,827</u>	<u>45,245</u>
Total instruction	<u>9,976,627</u>	<u>10,734,674</u>	<u>9,474,178</u>	<u>1,260,496</u>
200 Support services				
210 Pupil services				
212 Guidance services				
100 Salaries	652,140	679,004	551,118	127,886
200 Employee benefits	237,964	245,603	242,018	3,585
400 Supplies and materials	6,171	6,171	2,205	3,966
	<u>896,275</u>	<u>930,778</u>	<u>795,341</u>	<u>135,437</u>

*Intergovernmental revenue is presented by category in the schedule herein,  
in accordance with State Department of Education requirements.*

**James Island Charter High School**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Expenditures, Continued</b>				
200 Support services, continued				
210 Pupil services, continued				
213 Health services				
100 Salaries	115,338	115,338	102,038	13,300
200 Employee benefits	32,425	37,369	34,287	3,082
400 Supplies and materials	1,590	6,000	4,641	1,359
	<u>149,353</u>	<u>158,707</u>	<u>140,966</u>	<u>17,741</u>
220 Instructional staff services				
222 Library and media services				
100 Salaries	126,119	126,119	122,102	4,017
200 Employee benefits	39,831	40,524	39,734	790
300 Purchased services	5,200	5,200	3,000	2,200
400 Supplies and materials	26,850	31,850	29,389	2,461
500 Capital outlay	5,000	-	-	-
	<u>203,000</u>	<u>203,693</u>	<u>194,225</u>	<u>9,468</u>
224 Improvement of instruction inservice and staff				
300 Purchased services	105,000	105,000	136,713	(31,713)
	<u>105,000</u>	<u>105,000</u>	<u>136,713</u>	<u>(31,713)</u>
230 General and administrative services				
231 Board of education				
318 Audit services	23,600	23,600	20,275	3,325
319 Legal services	15,000	15,000	4,680	10,320
600 Other objects	11,500	15,579	12,079	3,500
	<u>50,100</u>	<u>54,179</u>	<u>37,034</u>	<u>17,145</u>
232 Office of the superintendent				
100 Salaries	-	111,600	161,799	(50,199)
200 Employee benefits	-	31,538	38,672	(7,134)
	<u>-</u>	<u>143,138</u>	<u>200,471</u>	<u>(57,333)</u>
233 School administration				
100 Salaries	930,609	935,604	947,939	(12,335)
200 Employee benefits	383,630	388,749	380,662	8,087
300 Purchased services	93,618	93,618	90,511	3,107
400 Supplies and materials	72,696	95,000	94,704	296
500 Capital outlay	11,515	27,000	18,034	8,966
600 Other objects	100,899	100,899	18,431	82,468
	<u>1,592,967</u>	<u>1,640,870</u>	<u>1,550,281</u>	<u>90,589</u>
250 Finance and operations services				
252 Fiscal services				
100 Salaries	55,469	57,313	57,329	(16)
200 Employee benefits	20,195	20,500	20,994	(494)
300 Purchased services	125,424	185,000	184,843	157
600 Other objects	12,000	16,500	17,474	(974)
	<u>213,088</u>	<u>279,313</u>	<u>280,640</u>	<u>(1,327)</u>
253 Facilities acquisition and construction				
500 Capital outlay	-	-	110,654	(110,654)
	<u>-</u>	<u>-</u>	<u>110,654</u>	<u>(110,654)</u>
254 Operation and maintenance of plant				
100 Salaries	303,650	316,243	321,903	(5,660)
200 Employee benefits	109,366	128,325	129,198	(873)
300 Purchased services (exclude energy costs)	774,022	847,022	727,172	119,850
321 Public utilities	115,000	115,000	126,219	(11,219)
400 Supplies and materials	26,991	26,991	29,905	(2,914)
470 Energy	460,000	360,000	340,108	19,892
500 Capital outlay	-	-	33,433	(33,433)
	<u>1,789,029</u>	<u>1,793,581</u>	<u>1,707,938</u>	<u>85,643</u>

*Intergovernmental revenue is presented by category in the schedule herein,  
in accordance with State Department of Education requirements.*



**James Island Charter High School**  
**Budgetary Comparison Schedule - General Fund**  
**For the year ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>Expenditures, Continued</b>				
200 Support services, continued				
250 Finance and operations services, continued				
255 Student transportation (state mandated)				
300 Purchased services	530,000	700,000	731,137	(31,137)
	530,000	700,000	731,137	(31,137)
258 Security				
100 Salaries	76,730	70,730	54,068	16,662
200 Employee benefits	26,109	28,169	21,420	6,749
400 Supplies and materials	-	1,760	1,760	-
	102,839	100,659	77,248	23,411
270 Support services - pupil activity				
271 Pupil service activities				
200 Employee benefits	-	33,913	25,107	8,806
300 Purchased services	-	656,570	577,990	78,580
400 Supplies and materials	-	340,000	162,693	177,307
500 Capital outlay	-	-	37,123	(37,123)
600 Other objects	7,500	83,507	25,833	57,674
	7,500	1,113,990	828,746	285,244
Total support services	5,639,151	7,223,908	6,791,394	432,514
Total expenditures	15,615,778	17,958,582	16,265,572	1,693,010
400 Other charges				
410 Intergovernmental expenditures				
414-720 Medicaid Payments to SDE	-	-	10,617	(10,617)
Total other charges	-	-	10,617	(10,617)
Total expenditures and other charges	15,615,778	17,958,582	16,276,189	1,682,393
Excess (deficit) of revenues over (under) expenditures and other charges	\$ (64,491)	\$ (916,650)	405,607	\$ (1,322,257)
<b>Fund balance, beginning of year</b>			3,991,555	
<b>Fund balance, end of year</b>			<u>\$ 4,397,162</u>	

*Intergovernmental revenue is presented by category in the schedule herein  
in accordance with State Department of Education requirements.*

**James Island Charter High School****Special Projects Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance****For the year ended June 30, 2019**

	IDEA (203)	Occupational Education (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s)	Total
<b>Revenues</b>					
3000 Revenues from state sources					
3100 Restricted state funding					
3110 Occupational education					
3118 EEDA career specialists	\$ -	\$ -	\$ 94,306	\$ -	\$ 94,306
Total revenue from state sources	-	-	94,306	-	94,306
4000 Revenue from federal sources					
4200 Occupational education					
4210 Perkins Aid, Title I - Career and technology education programs - basic grants to states	-	25,674	-	-	25,674
4500 Programs for children with disabilities					
4510 Individuals with Disabilities Education Act (IDEA)	208,877	-	-	-	208,877
4900 Other federal sources					
4990 Other federal revenue					
4999 Revenue from other federal sources	-	-	-	59,684	59,684
Total revenue from federal sources	208,877	25,674	-	59,684	294,235
Total revenue all sources	208,877	25,674	94,306	59,684	388,541
<b>Expenditures</b>					
100 Instruction					
110 General instruction					
114 High school programs					
100 Salaries	-	-	-	49,131	49,131
200 Employee benefits	-	-	-	10,553	10,553
	-	-	-	59,684	59,684
115 Career and technology education programs					
300 Purchased services	-	9,696	-	-	9,696
400 Supplies and materials	-	9,054	-	-	9,054
600 Other objects	-	4,210	-	-	4,210
	-	22,960	-	-	22,960
120 Exceptional programs					
121 Educable mentally handicapped					
100 Salaries	21,270	-	-	-	21,270
200 Employee benefits	9,938	-	-	-	9,938
	31,208	-	-	-	31,208
127 Learning disabilities					
100 Salaries	149,391	-	-	-	149,391
200 Employee benefits	28,278	-	-	-	28,278
	177,669	-	-	-	177,669
Total instruction	208,877	22,960	-	59,684	291,521

*Intergovernmental revenue is presented by category in the schedule herein  
in accordance with State Department of Education requirements.*

**James Island Charter High School****Special Projects Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance****For the year ended June 30, 2019**

	IDEA (203)	Occupational Education (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s)	Total
<b>Expenditures, Continued</b>					
200 Support services					
210 Pupil services					
212 Guidance services					
100 Salaries	-	-	94,306	-	94,306
	-	-	94,306	-	94,306
220 Instructional staff service					
224 Improvement of instruction inservice and staff training					
300 Purchased services	-	2,714	-	-	2,714
	-	2,714	-	-	2,714
Total support services	-	2,714	94,306	-	97,020
Total expenditures	208,877	25,674	94,306	59,684	388,541
Excess of revenues over expenditures	-	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ -

*Intergovernmental revenue is presented by category in the schedule herein  
in accordance with State Department of Education requirements.*

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## James Island Charter High School

### Education Improvement Act

#### Schedule of Revenues, Expenditures and Changes in Fund Balance

For the year ended June 30, 2019

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#### Revenues

3000 Revenue from state sources	
3500 Education Improvement Act	
3529 Career and technology education	\$ 77,377
3532 National board salary supplement	121,847
3535 Reading coaches	62,284
3538 Students at risk of school failure	101,911
3550 Teacher salary increase	387,360
3555 Teacher salary fringe	109,468
3577 Teacher supplies	31,350
3597 Aid to districts	54,277
Total revenue from state sources	<u>945,874</u>
Total revenue all sources	<u>945,874</u>

#### Expenditures

100 Instruction	
110 General instruction	
114 High school programs	
100 Salaries	497,620
200 Employee benefits	178,422
400 Supplies and materials	61,966
500 Capital outlay	75,133
	<u>813,141</u>
115 Career and technology education programs	
100 Salaries	15,000
200 Employee benefits	4,262
400 Supplies and materials	1,788
	<u>21,050</u>
120 Exceptional programs	
121 Educable mentally handicapped	
100 Salaries	7,500
200 Employee benefits	2,124
	<u>9,624</u>
126 Speech handicapped	
300 Purchased services	39,277
	<u>39,277</u>
127 Learning disabilities	
300 Purchased services	15,000
	<u>15,000</u>

*Intergovernmental revenue is presented by category in the schedule herein  
in accordance with State Department of Education requirements.*

**(Continued)**

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**James Island Charter High School****Education Improvement Act****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2019**

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**Expenditures, Continued**

100 Instruction

140 Special programs

143 Advanced placement

300 Purchased services

32,124

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32,124

Total instruction

---

930,216

200 Support services

210 Pupil services

212 Guidance services

100 Salaries

12,188

200 Employee benefits

3,470

---

15,658

Total support services

---

15,658

Total expenditures

---

945,874

Excess of revenues over expenditures

-

**Fund balance, beginning of year**

-

**Fund balance, end of year**

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\$

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-

*Intergovernmental revenue is presented by category in the schedule herein  
in accordance with State Department of Education requirements.*

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**James Island Charter High School*****Special Projects Fund******Summary Schedule for Designated State Restricted Grants******For the year ended June 30, 2019***

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<b>Subfund</b>	<b>Revenue</b>	<b>Programs</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers In/ (Out)</b>	<b>Unearned Revenue</b>
928	3118	EEDA career specialists	\$ 94,306	\$ 94,306	\$ -	\$ -
			<u>\$ 94,306</u>	<u>\$ 94,306</u>	<u>\$ -</u>	<u>\$ -</u>

**James Island Charter High School****Education Improvement Act****Summary Schedule by Program****For the year ended June 30, 2019**

	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers Out/ (In)</b>	<b>Unearned Revenue</b>
3500 Education Improvement Act				
3529 Career and technology education	\$ 77,377	\$ 77,377	\$ -	\$ 9,969
3532 National board salary supplement	121,847	121,847	-	-
3535 Reading coaches	62,284	62,284		
3538 Students at risk of school failure	101,911	101,911	-	-
3550 Teacher salary increase	387,360	387,360	-	-
3555 Teacher salary fringe	109,468	109,468	-	-
3577 Teacher supplies	31,350	31,350	-	-
3597 Aid to districts	54,277	54,277	-	-
Totals	<u>\$ 945,874</u>	<u>\$ 945,874</u>	<u>\$ -</u>	<u>\$ 9,969</u>

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**James Island Charter High School****Pupil Activity Fund****Schedule of Receipts, Disbursements, and Changes in Due to Student Groups****For the year ended June 30, 2019**

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**Receipts**

1000 Revenue from local sources	
1500 Earnings on investments	
1510 Interest on investments	\$ 766
1600 Food services	
1610 Lunch sales to pupils	15,269
1700 Pupil activities	
1740 Student fees	21,750
1790 Other pupil activity income	285,783
1900 Other revenue from local sources	
1910 Rentals	35,424
1920 Contributions and donations from private sources	28,654
Total revenues from local sources	<u>387,646</u>
Total revenues	<u>387,646</u>

**Disbursements**

100 Instruction	
110 General instruction	
114 High school programs	
300 Purchased services	2,490
400 Supplies and materials	16,005
	<u>18,495</u>
115 Career and technology education programs	
300 Purchased services	122
400 Supplies and materials	1,394
600 Other objects	1,228
	<u>2,744</u>
170 Summer school programs	
173 High school summer school	
400 Supplies and materials	5,130
	<u>5,130</u>
Total instruction	<u>26,369</u>
200 Support services	
210 Pupil service	
213 Health services	
400 Supplies and materials	1,420
	<u>1,420</u>
230 General administrative services	
233 School administration	
400 Supplies and materials	752
	<u>752</u>
250 Finance and operations services	
252 Fiscal services	
600 Other objects	75
	<u>75</u>



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**James Island Charter High School*****Pupil Activity Fund******Schedule of Receipts, Disbursements, and Changes in Due to Student Groups******For the year ended June 30, 2019***

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***Disbursements, continued***

200 Support services, continued	
250 Finance and operations services, continued	
254 Operation and maintenance of plant	
300 Purchased services (exclude energy costs)	5,218
	<u>5,218</u>
270 Support services pupil activity	
271 Pupil service activities	
300 Purchased services	59,289
400 Supplies and materials	173,806
600 Other objects	33,690
	<u>266,785</u>
Total support services	<u>274,250</u>
Total disbursements	<u>300,619</u>
Excess of receipts over disbursements	87,027
<b><i>Due to student groups, beginning of year</i></b>	<u>162,748</u>
<b><i>Due to student groups, end of year</i></b>	<u><u>\$ 249,775</u></u>

## James Island Charter High School

*Detailed Schedule of Due to State Department of Education/Federal Government  
For the year ended June 30, 2019*

Program	Grant or project number	Revenue code	Description	Amount due	Status of amount due
None					

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed In Accordance With  
*Government Auditing Standards***

To the Board of Directors  
James Island Charter High School  
Charleston, 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 governmental activities, each major fund and the aggregate remaining fund information of James Island Charter High School (the School) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 8, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Elliott Davis, LLC". The signature is written in a cursive, flowing style.

Charleston, South Carolina  
October 8, 2019

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## **James Island Charter High School**

### ***Schedule of Findings and Responses***

***For the year ended June 30, 2019***

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#### **A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements were disclosed during the audit.
3. No material weaknesses relating to the audit of the financial statements were disclosed during the audit.
4. No instances of noncompliance related to the financial statements were disclosed during the audit.

#### **B. Findings - Financial Statement Audit**

None

#### **C. Findings - Compliance**

None