

James Island Charter High School

Report on Financial Statements

For the Year Ended June 30, 2021

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 and each major fund 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, 2021, 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 and each major fund of James Island Charter High School as of June 30, 2021, 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 28, 2021 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 28, 2021

James Island Charter High School

Management's Discussion and Analysis

June 30, 2021

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, 2021. 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 2020-2021 45-day average daily membership (ADM) was 1,591.
- The 2020-2021 135-day ADM was 1,572.

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, 2021 by \$21,228,023 (**net position**).
- Governmental activities decreased the School's net position by \$570,450 for the year ended June 30, 2021.

Fund Financial Statements

- As of June 30, 2021, the School's governmental funds reported combined ending fund balances of \$7,476,095.
- As of June 30, 2021, the unassigned fund balance in the general fund was \$5,693,234.

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.

James Island Charter High School

Management's Discussion and Analysis

June 30, 2021

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 12

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.

Notes to the Financial Statements - Pages 13 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***.

James Island Charter High School

Management's Discussion and Analysis

June 30, 2021

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 \$21,228,023 as of June 30, 2021. \$3,457,438 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. \$249,439 of net position is restricted for student activities. The remaining net position deficit balance of (\$24,934,900) is unrestricted.

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

- Capital assets, net of accumulated depreciation, increased over the prior year primarily due to the addition of new 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.
- Current assets increase is due to the increase in cash generated from operations.
- Current liabilities increase is due primarily to the increase in due to Charleston County School District and student groups.

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, 2021

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

James Island Charter High School's Net Position

| | <u>2021</u> | <u>2020</u> |
|---|------------------------|------------------------|
| Current assets | \$ 10,576,493 | \$ 9,107,838 |
| Capital assets, net of accumulated depreciation | <u>3,457,438</u> | <u>1,976,430</u> |
| Total assets | <u>14,033,931</u> | <u>11,084,268</u> |
| Deferred outflows of resources | <u>8,855,502</u> | <u>5,716,898</u> |
| Current liabilities | 3,154,256 | 2,678,388 |
| Long-term liabilities | <u>39,382,932</u> | <u>32,595,880</u> |
| Total liabilities | <u>42,537,188</u> | <u>35,274,268</u> |
| Deferred inflows of resources | <u>1,580,268</u> | <u>2,458,135</u> |
| Net position | | |
| Net investment in capital assets | 3,457,438 | 1,976,430 |
| Restricted – student activities | 249,439 | - |
| Unrestricted | <u>(24,934,900)</u> | <u>(22,907,667)</u> |
| Total net position | <u>\$ (21,228,023)</u> | <u>\$ (20,931,237)</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 45th and 135th day ADM. The 45th day ADM for 2020/2021 was 1,591 compared to 1,520 for 2019/2020. The 135th day ADM for 2020/2021 was 1,572 compared to 1,507 for 2019/2020. This was an average decrease of 68 students.
- The School had an increase of approximately \$1,777,000 in state and federal revenues from the prior year primarily due to the School receiving ESSER CARES Act and COVID funding.

James Island Charter High School

Management's Discussion and Analysis

June 30, 2021

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

James Island Charter High School's Changes in Net Position

| | <u>2021</u> | <u>2020</u> |
|---|------------------------|------------------------|
| Local revenues | \$ 454,108 | \$ 377,565 |
| State and federal revenues | <u>20,423,273</u> | <u>18,645,655</u> |
| Total revenues | <u>20,877,381</u> | <u>19,023,220</u> |
| Instruction | 11,967,175 | 10,884,760 |
| Support services | <u>9,480,656</u> | <u>6,152,447</u> |
| Total expenditures | <u>21,447,831</u> | <u>17,037,207</u> |
| Increase (Decrease) in net position | (570,450) | 1,986,013 |
| Net position, July 1 as originally stated | (20,931,237) | (22,917,250) |
| Student activity funds' net position (GASB 84 – see Note 1.F) | <u>273,664</u> | <u>-</u> |
| Net position, beginning of year as restated | <u>(20,657,573)</u> | <u>(22,917,250)</u> |
| Net position, June 30 | <u>\$ (21,228,023)</u> | <u>\$ (20,931,237)</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, 2021, totaled \$3,457,438 (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, 2020</u> | <u>Governmental Activities 2021</u> | <u>Balance June 30, 2021</u> |
|--------------------------|---------------------------------|---|----------------------------------|
| Leasehold improvements | \$ 1,854,230 | \$ (310,304) | \$ 1,543,926 |
| Equipment | 122,200 | 266,487 | 388,687 |
| Construction in progress | - | <u>1,524,825</u> | <u>1,524,825</u> |
| Total | <u>\$ 1,976,430</u> | <u>\$ 1,481,008</u> | <u>\$ 3,457,438</u> |

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

James Island Charter High School

Management's Discussion and Analysis

June 30, 2021

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, 2021, unassigned fund balance of the General Fund was \$5,693,234.

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

General fund budgetary highlights:

The positive variance in revenue of approximately \$75,000 is primarily due to the School over budgeting for local revenues offset by under budgeted state revenue.

The positive variance in instruction expenses of approximately \$1,555,000 and support services of approximately \$668,000 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, 2021

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Current assets | |
| Cash | \$ 7,187,589 |
| Investments | 3,044,616 |
| Due from other governmental units | 110,866 |
| Prepaid items | 233,422 |
| Total current assets | 10,576,493 |
| Non-current assets | |
| Capital assets - net of accumulated depreciation | 3,457,438 |
| Total non-current assets | 3,457,438 |
| Total assets | 14,033,931 |
| Deferred outflows of resources | |
| Pension | 4,002,614 |
| OPEB | 4,852,888 |
| Total deferred outflows of resources | 8,855,502 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 217,808 |
| Accrued liabilities | 213,477 |
| Due to Charleston County School District | 2,628,879 |
| Accrued compensated absences, current portion | 53,858 |
| Unearned revenues | 40,234 |
| Total current liabilities | 3,154,256 |
| Long-term liabilities | |
| Pension obligation | 20,508,411 |
| OPEB obligation | 18,827,332 |
| Accrued compensated absences | 47,189 |
| Total long-term liabilities | 39,382,932 |
| Total liabilities | 42,537,188 |
| Deferred inflows of resources | |
| Pension | 332,390 |
| OPEB | 1,247,878 |
| Total deferred inflows of resources | 1,580,268 |
| Net position | |
| Net investment in capital assets | 3,457,438 |
| Restricted - student activities | 249,439 |
| Unrestricted | (24,934,900) |
| Total net position | \$ (21,228,023) |

See Notes to Financial Statements

James Island Charter High School**Statement of Activities****For the year ended June 30, 2021**

| | | Program revenues | Net (expense) |
|---|----------------------|--------------------------|------------------------|
| | | Operating grants | revenue and |
| | | and contributions | changes in net |
| | Expenses | | position |
| | | | Governmental |
| | | | activities |
| Functions/Programs: | | | |
| Governmental activities: | | | |
| Instruction | \$ 11,967,175 | \$ 20,423,273 | \$ 8,456,098 |
| Support services | 9,480,656 | - | (9,480,656) |
| Total governmental activities | <u>\$ 21,447,831</u> | <u>\$ 20,423,273</u> | <u>(1,024,558)</u> |
| General revenues: | | | |
| Other pupil activity income | | | 311,504 |
| Contributions and donations | | | 94,210 |
| Miscellaneous local revenues | | | 48,394 |
| Total general revenues | | | <u>454,108</u> |
| Decrease in net position | | | (570,450) |
| Net position, beginning of year as originally stated | | | (20,931,237) |
| Student activity funds' net position (GASB 84 - see Note 1.F) | | | <u>273,664</u> |
| Net position, beginning of year as restated | | | <u>(20,657,573)</u> |
| Net position, end of year | | | <u>\$ (21,228,023)</u> |

See Notes to Financial Statements

James Island Charter High School**Balance Sheet - Governmental Funds****As of June 30, 2021**

| | General Fund | Special Revenue Funds | | Total Governmental Funds |
|--|----------------------|-----------------------|---------------------------------|--------------------------------|
| | | Special Projects | Education Improvement Act | |
| Assets | | | | |
| Cash | \$ 6,901,766 | \$ 285,823 | \$ - | \$ 7,187,589 |
| Investments | 3,044,616 | - | - | 3,044,616 |
| Accounts receivable | - | - | - | - |
| Due from other governmental units | - | 110,866 | - | 110,866 |
| Due from other funds | 123,025 | 24,897 | 15,337 | 163,259 |
| Prepaid items | 233,422 | - | - | 233,422 |
| Total assets | <u>\$ 10,302,829</u> | <u>\$ 421,586</u> | <u>\$ 15,337</u> | <u>\$ 10,739,752</u> |
| Liabilities | | | | |
| Accounts payable | \$ 217,808 | \$ - | \$ - | \$ 217,808 |
| Accrued liabilities | 213,477 | - | - | 213,477 |
| Due to Charleston County School District | 2,628,879 | - | - | 2,628,879 |
| Due to other funds | 16,009 | 147,250 | - | 163,259 |
| Unearned revenues | - | 24,897 | 15,337 | 40,234 |
| Total liabilities | <u>3,076,173</u> | <u>172,147</u> | <u>15,337</u> | <u>3,263,657</u> |
| Fund balances | | | | |
| Nonspendable | 233,422 | - | - | 233,422 |
| Restricted | - | 249,439 | - | 249,439 |
| Committed | 1,300,000 | - | - | 1,300,000 |
| Unassigned | 5,693,234 | - | - | 5,693,234 |
| Total fund balances | <u>7,226,656</u> | <u>249,439</u> | <u>-</u> | <u>7,476,095</u> |
| Total liabilities and fund balances | <u>\$ 10,302,829</u> | <u>\$ 421,586</u> | <u>\$ 15,337</u> | <u>\$ 10,739,752</u> |

Total governmental fund balance \$ 7,476,095

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 \$8,005,125 and the accumulated depreciation is \$4,547,687. | 3,457,438 |
| 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 | (101,047) |
| Net deferred inflows/outflows or resources for amortization of pension items | 2,219,592 |
| Net deferred inflows/outflows or resources for amortization of OPEB items | 2,988,903 |
| Contributions to the pension plan in the current fiscal year | 1,450,632 |
| Contributions to the OPEB plan in the current fiscal year | 616,107 |
| Pension obligation | (20,508,411) |
| OPEB obligation | <u>(18,827,332)</u> |
| Net position of governmental activities | <u>\$ (21,228,023)</u> |

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, 2021**

| | Special Revenue Funds | | | |
|--|------------------------------|-------------------------|----------------------------------|---------------------------------|
| | General Fund | Special Projects | Education Improvement Act | Total Governmental Funds |
| Revenues | | | | |
| Local | \$ 201,861 | \$ 252,247 | \$ - | \$ 454,108 |
| Intergovernmental | 18,338,074 | 942,641 | 1,142,558 | 20,423,273 |
| Total revenues | 18,539,935 | 1,194,888 | 1,142,558 | 20,877,381 |
| Expenditures | | | | |
| Instruction | 9,360,935 | 409,898 | 1,122,649 | 10,893,482 |
| Support services | 6,314,902 | 573,119 | 16,193 | 6,904,214 |
| Capital outlay | 2,120,750 | 236,096 | 3,716 | 2,360,562 |
| Total expenditures | 17,796,587 | 1,219,113 | 1,142,558 | 20,158,258 |
| Excess of revenues over expenditures | 743,348 | (24,225) | - | 719,123 |
| Fund balances, beginning of year | 6,483,308 | 273,664 | - | 6,756,972 |
| Fund balances, end of year | \$ 7,226,656 | \$ 249,439 | \$ - | \$ 7,476,095 |
| Total net change in fund balances - governmental funds | | | | \$ 719,123 |

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. | 8,018 |
| 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 capital outlay (\$1,850,014) exceeds depreciation expense (\$369,006) in the period. | 1,481,008 |
| Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities. | 1,450,632 |
| A 1% contribution made by the State on employers' behalves directly to PEBA in the prior fiscal year is not reported as revenue in the governmental funds but is included on the Statement of Activities as the measurement date for fiscal year 2021 is a year in arrears. | 90,114 |
| Contributions to the OPEB plan in the current fiscal year are not included in the Statement of Activities. | 616,107 |
| Non-employer contributions related to OPEB made by PEBA on behalf of the School District in the prior fiscal year are not reported as revenue in the governmental funds but are included on the Statement of Activities as the measurement date for fiscal year 2021 is a year in arrears. | 139,093 |
| 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 | (2,935,975) |
| School's portion of net OPEB related expenses | (2,138,570) |
| Change in net position of governmental activities | \$ (570,450) |

See Notes to Financial Statements

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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 1,580 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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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. 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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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.

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.

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.

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:

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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 pupil activities, 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.

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. 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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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 \$40,234 at June 30, 2021.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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 \$101,047 in accrued compensated absences as of June 30, 2021 reported in the Statement of Net Position.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

D. Assets, liabilities and equity, continued

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.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 1. Summary of Significant Accounting Policies, Continued

D. Assets, liabilities and equity, continued

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.

F. New accounting pronouncements

In June 2018, the GASB issued Statement 87, Leases, which provides guidance for lease contracts for nonfinancial assets-including vehicles, heavy equipment, and buildings but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). Under the new standard, a lessee entity is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset. A lessor entity is required to recognize a lease receivable and a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The provisions of Statement 87 are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. The School is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

GASB issued Statement No. 84, Fiduciary Activities in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The School adopted the Statement effective July 1, 2020. As a result of the Statement and related implementation guidance, the funds for student activities for which the School has administrative involvement are now accounted for as special revenue funds rather than fiduciary funds.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 2. Cash, Continued

At June 30, 2021, the carrying amount of the School's deposits was \$7,187,589 and the bank balance was \$7,190,895.

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, 2021, the School had the following investments:

| Type of Investment | Fair Value | Maturity Dates | Interest Rates |
|-----------------------------------|--------------|-------------------|----------------|
| <u>Federal Obligations</u> | | | |
| U.S. Government and Agencies | \$ 3,044,616 | 9/15/21 – 6/15/24 | 0.125% - 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.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 3. Fair Value of Financial Instruments, Continued

As of June 30, 2021, the School's investments consisted of \$3,044,616 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, 2021:

| 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 | \$ 3,044,616 | \$ 971,559 | \$ 1,089,273 | \$ 983,784 |

Note 4. Due from Other Governmental Units

Intergovernmental receivables at June 30, 2021 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered fully collectible.

Due from Charleston County School District:

| | |
|---|-------------------|
| Education and Economic Development Act (EEDA) | \$ 94,306 |
| ROTC | 16,560 |
| | <u>\$ 110,866</u> |

Note 5. Interfund Receivables and Payables

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

| | Receivable | Payable |
|--------------------------------|-------------------|---------------------|
| General fund | \$ 123,025 | \$ (16,009) |
| Special projects fund | 24,897 | (147,250) |
| Education Improvement Act fund | 15,337 | - |
| Total governmental funds | <u>\$ 163,259</u> | <u>\$ (163,259)</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 \$2,628,879 due to CCSD as of June 30, 2021. Amounts due to CCSD represented amounts owed by the School for services provided and unpaid at June 30, 2021, including accrued salaries.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 7. Related Parties

The School leases their facilities from CCSD, a related party. See Note 9.

CCSD also 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 approximately \$80,000 for the year ended June 30, 2021. 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 2020/2021 school year, CCSD began providing the School's transportation services and the fee for those services was approximately \$460,000. See Note 11 for the future commitment related to this agreement.

Note 8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

| | <u>Balance, July 1, 2020</u> | <u>Additions/ Transfers</u> | <u>Deletions/ Transfers</u> | <u>Balance, June 30, 2021</u> |
|--|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|
| Governmental activities | | | | |
| Capital assets | | | | |
| Leasehold improvements | \$ 4,232,220 | \$ - | \$ - | \$ 4,232,220 |
| Furniture and fixtures | 40,890 | - | - | 40,890 |
| Equipment | 1,918,935 | 325,189 | (36,934) | 2,207,190 |
| Construction in progress | - | 1,524,825 | - | 1,524,825 |
| Total capital assets | <u>6,192,045</u> | <u>1,850,014</u> | <u>(36,934)</u> | <u>8,005,125</u> |
| Less accumulated depreciation | | | | |
| Leasehold improvements | (2,377,990) | (310,304) | - | (2,688,294) |
| Furniture and fixtures | (40,890) | - | - | (40,890) |
| Equipment | <u>(1,796,735)</u> | <u>(58,702)</u> | <u>36,934</u> | <u>(1,818,503)</u> |
| Total accumulated depreciation | <u>(4,215,615)</u> | <u>(369,006)</u> | <u>36,934</u> | <u>(4,547,687)</u> |
| Governmental activities capital assets, net | <u>\$ 1,976,430</u> | <u>\$ 1,481,008</u> | <u>\$ -</u> | <u>\$ 3,457,438</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|-------------------|
| Instruction | \$ 58,702 |
| Support services | 310,304 |
| Total depreciation expense | <u>\$ 369,006</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. There is no fee associated with this facilities use agreement.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 9. Leases, continued

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.

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. In August 2021, the board committed \$1,300,000 for field turf and a weight room upgrade.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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.

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, 2020 for transportation services for the 2020/2021 school year. Total payments under this agreement were approximately \$460,000 for the 2020/2021 school year. This agreement was extended through June 30, 2022.

The School entered into a one year contract for bookkeeping and consulting services commencing July 1, 2021 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 \$155,400 for the 2021/2022 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:

| | |
|------|-------------------|
| 2022 | \$ 621,909 |
| 2023 | 13,248 |
| 2024 | 4,608 |
| 2025 | <u>1,536</u> |
| | <u>\$ 641,301</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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 12. Risk Management, Continued

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, 2021.

Note 13. Pension Plans

Description of the entity:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, 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' (Systems) five defined benefit pension plans.

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, 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 CAFR 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 (State 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 South Carolina 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 the four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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, certain newly hired state, public school, and higher education employees and individuals first elected to the South Carolina General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider 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 each 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, 2021

Note 13. Pension Plans, Continued

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Employee contribution rates are capped at 9.00 percent for SCRS. Employer contribution rates are scheduled to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rate until the funded ratio is at least 85 percent.

Required employee contribution rates¹ are as follows:

| | <u>Fiscal Year 2021¹</u> | <u>Fiscal Year 2020¹</u> |
|----------------------|-------------------------------------|-------------------------------------|
| SCRS | | |
| Employee Class Two | 9.00% | 9.00% |
| Employee Class Three | 9.00% | 9.00% |
| State ORP | | |
| Employee | 9.00% | 9.00% |

Required employer contribution rates¹ are as follows:

| | <u>Fiscal Year 2021¹</u> | <u>Fiscal Year 2020¹</u> |
|------------------------------------|-------------------------------------|-------------------------------------|
| SCRS | | |
| Employer Class Two | 15.41% | 15.41% |
| Employer Class Three | 15.41% | 15.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |
| State ORP | | |
| Employer Contribution ² | 15.41% | 15.41% |
| Employer Incidental Death Benefit | 0.15% | 0.15% |

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 service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Contributions to the SCRS and ORP pension plans from the School were \$1,450,632 for the year ended June 30, 2021.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 13. Pension Plans, Continued

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 provided funding in fiscal years 2019, 2020 and 2021 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2020 measurement period, PEBA provided non-employer contributions to the School in the amount of \$90,114 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2021 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2021, the School recognized pension expense for the SCRS plan of \$2,935,975.

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 (NPL) 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, 2020, total pension liability (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, 2019. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2020, 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, 2020.

| | SCRS |
|--|--|
| Actuarial cost method | Entry age normal |
| Investment rate of return ¹ | 7.25% |
| Projected salary increases | 3.0% to 12.5% (varies by service) ¹ |
| Benefit adjustments | lesser of 1% or \$500 annually |

¹ Includes inflation at 2.25%

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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, 2020, 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, 2020, 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 | \$ 51,844,187,763 | \$26,292,418,682 | \$25,551,769,081 | 50.7% |

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 Systems' 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.

At June 30, 2021, the School reported a liability of \$20,508,411 for its proportionate share of the SCRS NPL. 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, 2020, the School's proportionate share of the SCRS plan was 0.08026%.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 13. Pension Plans, Continued

Deferred inflows of resources and deferred outflows of resources:

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

| | <u>Deferred outflows of resources</u> | <u>Deferred inflows of resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 236,640 | \$ 77,551 |
| Changes of assumptions | 25,126 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,728,208 | 219,642 |
| Changes in proportion and differences between School contributions and proportionate share of contributions | 562,008 | 35,197 |
| School contributions subsequent to the measurement date | <u>1,450,632</u> | <u>-</u> |
| Total | <u>\$ 4,002,614</u> | <u>\$ 332,390</u> |

The \$1,450,632 reported as of June 30, 2021 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, 2021.

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:

| | |
|------|---------------------|
| 2022 | \$ 631,219 |
| 2023 | 652,237 |
| 2024 | 551,182 |
| 2025 | <u>384,954</u> |
| | <u>\$ 2,219,592</u> |

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates 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.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2020 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 below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5 percent real rate of return and a 2.25 percent inflation component.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

Note 13. Pension Plans, Continued

long-term expected rate of return, continued:

| Allocation/Exposure | Policy target | Expected arithmetic real rate of return | Long-term expected portfolio real rate of return |
|----------------------------------|---------------|---|--|
| Global Equity: | 51.0% | | |
| Global Public Equity | 35.0% | 7.81% | 2.73% |
| Private Equity | 9.0% | 8.91% | 0.80% |
| Equity Options Strategies | 7.0% | 5.09% | 0.36% |
| Real Assets: | 12.0% | | |
| Real Estate (Private) | 8.0% | 5.55% | 0.44% |
| Real Estate (REITs) | 1.0% | 7.78% | 0.08% |
| Infrastructure (Private) | 2.0% | 4.88% | 0.10% |
| Infrastructure (Public) | 1.0% | 7.05% | 0.07% |
| Opportunistic: | 8.0% | | |
| Global Tactical Asset Allocation | 7.0% | 3.56% | 0.25% |
| Other Opportunistic Strategies | 1.0% | 4.41% | 0.04% |
| Credit: | 15.0% | | |
| High Yield Bonds/Bank Loans | 4.0% | 4.21% | 0.17% |
| Emerging Markets Debt | 4.0% | 3.44% | 0.14% |
| Private Debt | 7.0% | 5.79% | 0.40% |
| Rate Sensitive: | 14.0% | | |
| Core Fixed Income | 13.0% | 1.60% | 0.21% |
| Cash and Short Duration (Net) | 1.0% | 0.56% | 0.01% |
| Total expected return | 100.0% | | 5.80% |
| Inflation for actuarial purposes | | | 2.25% |
| | | | 8.05% |

Discount rate:

The discount rate used to measure the TPL was 7.25 percent. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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.

| Sensitivity of the Net Pension Liability to Changes in the Discount Rate | | | |
|---|-----------------------------------|------------------------------|-----------------------------------|
| System | 1.00% Decrease (6.25%) | Discount Rate (7.25%) | 1.00% Increase (8.25%) |
| SCRS | \$25,417,661 | \$20,508,411 | \$16,409,128 |

Additional financial and actuarial information:

Information contained in this Note was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2020, and the accounting valuation report as of June 30, 2020. Additional financial information supporting the preparation of the Schedules of Employer and Nonemployer Allocations and Scheduled of Pension Amounts by Employer (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

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 – Insurance Benefits 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 considered a division of the State of South Carolina primary government (State), and therefore, the financial information of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) is also included in the CAFR 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 the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The SCRHITF is a cost-sharing multiple-employer defined benefit OPEB 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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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

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 and funding policy:

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 the 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, 2020 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF 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.

For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust, and additions to and deductions from the OPEB Trust fiduciary net position have been determined on the same basis as they were reported by the OPEB Trust. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Contributions to the SCRHITF plan from the School were \$616,107 for the year ended June 30, 2021.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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

Net OPEB liability and OPEB expense:

The Net OPEB Liability (NOL) represents the Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less the Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2020:

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability | Plan Fiduciary Net Position as a % of Total OPEB Liability |
|---------|-----------------------------|--|---------------------------|---|
| SCRHITF | \$ 19,703,745,672 | \$ 1,652,299,185 | \$ 18,051,446,487 | 8.39% |

The TOL is calculated by the Trust's actuary, and the Trust's fiduciary net position is reported in the Trust financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trust's notes to the financial statements and required supplementary information. Liability calculations performed by the Trust's actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trust's funding requirements.

At June 30, 2021, the School reported a liability of \$18,827,332 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2020.

At June 30, 2020, the School's proportionate share of the SCRHITF plan's net OPEB liability was .104298 percent, which was an increase of .005 percent from its proportionate share measured as of June 30, 2019.

For the year ended June 30, 2021, the School recognized OPEB expense of \$2,138,570 for the SCRHITF plan.

Actuarial assumptions and methods:

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.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the type of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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

Actuarial assumptions and methods, continued:

Additional information as of the latest actuarial valuation for SCRHITF:

SCRHITF:

| | |
|----------------------------|--|
| Valuation Date: | June 30, 2019 |
| Actuarial Cost Method: | Entry Age Normal |
| Inflation: | 2.25% |
| Investment Rate of Return: | 2.75%, net of OPEB Plan investment expense; including inflation |
| Single Discount Rate: | 2.45% as of June 30, 2020 |
| Demographic Assumptions: | Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2015 |
| 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 base tables based on gender and employment type. |
| Health Care Trend Rate: | Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.0% over a period of 15 years |
| 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: | The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020; updates were also made to the healthcare trend rate assumption, including an adjustment to reflect the repeal of the "Cadillac Tax". |

The actuarial valuations were performed as of June 30, 2019. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2020.

Single Discount Rate:

The Single Discount Rate of 2.45% 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).

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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

Long-term expected rate of return:

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% | 0.60% | 0.48% |
| Cash equivalents | 20.00% | 0.35% | 0.07% |
| Total | 100.00% | | 0.55% |
| Expected Inflation | | | 2.25% |
| Total Return | | | 2.80% |
| Investment Return Assumption | | | 2.75% |

Sensitivity analysis:

The following tables present the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 2.45%, 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.

| | 1% Decrease 1.45% | Current Discount Rate 2.45% | 1% Increase 3.45% |
|----------------------------|----------------------|---------------------------------------|----------------------|
| SCRHITF Net OPEB Liability | \$ 22,464,786 | \$ 18,827,332 | \$ 15,920,734 |
| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
| SCRHITF Net OPEB Liability | \$ 15,238,918 | \$ 18,827,332 | \$ 23,539,952 |

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2021

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

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

At June 30, 2021, 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 liability experience | \$ 538,479 | \$ 428,766 |
| Changes of assumptions | 2,801,742 | 749,801 |
| Net difference between projected and actual earnings on OPEB plan investments | 25,301 | 69,215 |
| Changes in proportion and differences between School contributions and proportionate share of contributions | 871,259 | 96 |
| School contributions subsequent to the measurement date | 616,107 | - |
| Total | <u>\$ 4,852,888</u> | <u>\$ 1,247,878</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$616,107 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, 2021.

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:

| | SCRHITF |
|------------|---------------------|
| 2022 | \$ 453,995 |
| 2023 | 447,926 |
| 2024 | 438,310 |
| 2025 | 605,175 |
| 2026 | 578,512 |
| Thereafter | 464,985 |
| | <u>\$ 2,988,903</u> |

Additional financial and actuarial information:

Information contained in these notes were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2020, and the accounting and financial reporting actuarial valuations as of June 30, 2020. Additional financial information is available in the OPEB Trust Funds audited financial statements.

James Island Charter High School***Notes to the Basic Financial Statements******June 30, 2021***

Note 15. COVID-19

The 2019 novel coronavirus (or “COVID-19”) has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. It is unknown the extent to which COVID-19 may spread, and may adversely affect the School’s business, financial condition, and results of operations. Further, COVID-19 may result in health or other government authorities requiring the closure of the School’s operations or other businesses of the School’s suppliers and funding agencies. The extent of the adverse impact of the COVID-19 outbreak on the School cannot be predicted at this time.

Note 16. Subsequent Events

In August 2021, the School Board and the District have approved the purchase of an air quality system in the amount of \$443,156.

James Island Charter High School***Schedule of the School's Proportionate Share of the Net Pension Liability******For the year ended June 30, 2021***

| | SCRS | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| School's proportion of the net pension liability | 0.08026% | 0.07660% | 0.07737% | 0.73140% | 0.08517% | 0.09932% | 0.08229% | 0.08229% |
| School's proportionate share of the net pension liability | <u>\$ 20,508,411</u> | <u>\$ 17,490,935</u> | <u>\$ 17,337,066</u> | <u>\$ 16,464,540</u> | <u>\$ 18,192,565</u> | <u>\$ 17,986,216</u> | <u>\$ 14,167,570</u> | <u>\$ 14,759,859</u> |
| School's covered payroll during the measurement period | <u>\$ 9,222,758</u> | <u>\$ 9,087,206</u> | <u>\$ 8,610,804</u> | <u>\$ 8,750,213</u> | <u>\$ 8,824,603</u> | <u>\$ 8,203,616</u> | <u>\$ 7,617,637</u> | <u>\$ 7,044,893</u> |
| School's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 222.37% | 192.48% | 201.34% | 188.16% | 206.16% | 219.25% | 185.98% | 209.51% |
| Plan fiduciary net position as a percentage of the total pension liability | 50.7% | 54.4% | 54.1% | 53.3% | 52.9% | 57.0% | 59.9% | 56.4% |

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.

James Island Charter High School
Schedule of the School's Contributions - Pensions
For the year ended June 30, 2021

| | SCRS | | | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| Contractually required contribution | \$ 1,450,632 | \$ 1,336,710 | \$ 1,228,698 | \$ 940,210 | \$ 971,792 | \$ 969,236 | \$ 876,305 | \$ 791,909 | \$ 732,669 | \$ 668,794 |
| Contributions in relation to the contractually required contribution | 1,450,632 | 1,336,710 | 1,228,698 | 940,210 | 971,792 | 969,236 | 876,305 | 791,909 | 732,669 | 668,794 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's covered-employee payroll | \$ 10,031,155 | \$ 9,222,758 | \$ 9,087,206 | \$ 8,610,804 | \$ 8,750,213 | \$ 8,824,603 | \$ 8,203,616 | \$ 7,617,637 | \$ 7,044,893 | \$ 6,905,460 |
| Contributions as a percentage of covered-employee payroll | 14.46% | 14.49% | 13.52% | 10.92% | 11.11% | 10.98% | 10.68% | 10.40% | 10.40% | 9.69% |

James Island Charter High School

Schedule of the School's Proportionate Share of the Net OPEB Liability For the year ended June 30, 2021

| | SCRHITF | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| School's proportion of the net OPEB liability | 0.104298% | 0.099525% | 0.100155% | 0.095277% | 0.095277% |
| School's proportionate share of the net OPEB liability | <u>\$ 18,827,332</u> | <u>\$ 15,049,738</u> | <u>\$ 14,192,605</u> | <u>\$ 12,905,099</u> | <u>\$ 13,785,262</u> |
| School's covered payroll during the measurement period | <u>\$ 9,222,758</u> | <u>\$ 9,087,206</u> | <u>\$ 8,610,804</u> | <u>\$ 8,750,213</u> | <u>\$ 8,824,603</u> |
| School's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 204.14% | 165.61% | 164.82% | 147.48% | 156.21% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 8.4% | 8.4% | 7.9% | 7.6% | 6.6% |

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.

James Island Charter High School***Schedule of the School's Contributions - OPEB******For the year ended June 30, 2021***

| | SCRHITF | | | | |
|--|---------------|--------------|--------------|--------------|--------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Contractually required contribution | \$ 616,107 | \$ 506,996 | \$ 499,555 | \$ 473,362 | \$ 466,386 |
| Contributions in relation to the contractually required contribution | 616,107 | 506,996 | 499,555 | 473,362 | 466,386 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| School's covered-employee payroll | \$ 10,031,155 | \$ 9,222,758 | \$ 9,087,206 | \$ 8,610,804 | \$ 8,750,213 |
| Contributions as a percentage of covered-employee payroll | 6.14% | 5.50% | 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 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020.

James Island Charter High School
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance from Final Budget |
|---|--------------------|-----------------|------------|----------------------------------|
| Revenues | | | | |
| 1000 Revenue from local sources | | | | |
| 1500 Earnings on investments | | | | |
| 1510 Interest on investments | \$ 9,600 | \$ 9,600 | \$ 23,989 | \$ 14,389 |
| 1530 Gain/loss on investment | 60,000 | 60,000 | (6,128) | (66,128) |
| 1700 Pupil activities | | | | |
| 1740 Student fees | 230,000 | 230,000 | 141,412 | (88,588) |
| 1790 Other pupil activity income | 250,000 | 250,000 | 17,842 | (232,158) |
| 1900 Other revenue from local sources | | | | |
| 1910 Rentals | 28,000 | 28,000 | - | (28,000) |
| 1920 Contributions and donations from private sources | 45,000 | 45,000 | 466 | (44,534) |
| 1950 Refund of prior year's expenditures | - | - | 23,445 | 23,445 |
| 1990 Miscellaneous local revenue | | | | |
| 1999 Revenue from other local sources | 15,000 | 15,000 | 835 | (14,165) |
| Total revenue from local sources | 637,600 | 637,600 | 201,861 | (435,739) |
| 3000 Revenue from state sources | | | | |
| 3200 Unrestricted state grants | | | | |
| 3250 Medicaid match reimbursement | 7,500 | 7,500 | 1,078 | (6,422) |
| 3300 Education Finance Act (EFA) | | | | |
| 3310 Full-time programs | | | | |
| 3314 High school | 17,820,066 | 17,820,066 | 7,554,684 | (10,265,382) |
| 3315 Trainable mentally handicapped | - | - | 115,300 | 115,300 |
| 3316 Speech handicapped | - | - | 148,243 | 148,243 |
| 3320 Part-time programs | | | | |
| 3322 Educable mentally handicapped | - | - | 49,935 | 49,935 |
| 3323 Learning disabilities | - | - | 1,275,846 | 1,275,846 |
| 3325 Visually handicapped | - | - | 31,382 | 31,382 |
| 3326 Orthopedically handicapped | - | - | 53,055 | 53,055 |
| 3327 Pre-career and career technology | - | - | 6,435,144 | 6,435,144 |
| 3330 Miscellaneous EFA programs | | | | |
| 3331 Autism | - | - | 393,928 | 393,928 |
| 3332 High achieving students | - | - | 731,247 | 731,247 |
| 3334 Limited English proficiency | - | - | 32,856 | 32,856 |
| 3351 Academic assistance | - | - | 364,367 | 364,367 |
| 3352 Pupils in poverty | - | - | 1,033,801 | 1,033,801 |
| 3353 Dual credit enrollment | - | - | 117,208 | 117,208 |
| Total revenue from state sources | 17,827,566 | 17,827,566 | 18,338,074 | 510,508 |
| Total revenue all sources | 18,465,166 | 18,465,166 | 18,539,935 | 74,769 |
| Expenditures | | | | |
| 100 Instruction | | | | |
| 110 General instruction | | | | |
| 114 High school programs | | | | |
| 100 Salaries | 5,230,242 | 4,821,494 | 4,768,901 | 52,593 |
| 200 Employee benefits | 1,955,156 | 1,955,156 | 1,793,033 | 162,123 |
| 300 Purchased services | 114,100 | 494,100 | 57,208 | 436,892 |
| 400 Supplies and materials | 342,709 | 317,200 | 226,541 | 90,659 |
| 500 Capital outlay | 484,753 | 407,200 | 262,110 | 145,090 |
| | 8,126,960 | 7,995,150 | 7,107,793 | 887,357 |
| 115 Career and technology education programs | | | | |
| 100 Salaries | 1,008,854 | 1,008,854 | 971,289 | 37,565 |
| 200 Employee benefits | 445,026 | 445,026 | 391,515 | 53,511 |
| 300 Purchased services | 20,000 | 20,000 | 1,931 | 18,069 |
| 400 Supplies and materials | 150,000 | 150,000 | 85,921 | 64,079 |
| 500 Capital outlay | 10,000 | 10,000 | 10,425 | (425) |
| 600 Other objects | 7,000 | 7,000 | 75 | 6,925 |
| | 1,640,880 | 1,640,880 | 1,461,156 | 179,724 |

***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, 2021

| | Original Budget | Final Budget | Actual | Variance from Final Budget |
|------------------------------------|--------------------|-------------------|------------------|----------------------------------|
| Expenditures, Continued | | | | |
| 100 Instruction, continued | | | | |
| 120 Exceptional programs | | | | |
| 121 Educable mentally handicapped | | | | |
| 100 Salaries | 252,425 | 252,425 | 218,544 | 33,881 |
| 200 Employee benefits | 114,600 | 114,600 | 85,067 | 29,533 |
| | <u>367,025</u> | <u>367,025</u> | <u>303,611</u> | <u>63,414</u> |
| 122 Trainable mentally handicapped | | | | |
| 100 Salaries | 75,270 | 75,270 | 80,933 | (5,663) |
| 200 Employee benefits | 27,015 | 27,015 | 29,951 | (2,936) |
| | <u>102,285</u> | <u>102,285</u> | <u>110,884</u> | <u>(8,599)</u> |
| 126 Speech handicapped | | | | |
| 300 Purchased services | 40,000 | 40,000 | 4,212 | 35,788 |
| | <u>40,000</u> | <u>40,000</u> | <u>4,212</u> | <u>35,788</u> |
| 127 Learning disabilities | | | | |
| 100 Salaries | 586,896 | 571,896 | 364,615 | 207,281 |
| 200 Employee benefits | 213,572 | 213,572 | 202,379 | 11,193 |
| 300 Purchased services | 26,500 | 16,500 | - | 16,500 |
| | <u>826,968</u> | <u>801,968</u> | <u>566,994</u> | <u>234,974</u> |
| 140 Special programs | | | | |
| 143 Advanced placement | | | | |
| 300 Purchased services | 110,001 | 110,001 | 23,464 | 86,537 |
| 400 Supplies and materials | 42,007 | 42,007 | 25,655 | 16,352 |
| | <u>152,008</u> | <u>152,008</u> | <u>49,119</u> | <u>102,889</u> |
| 145 Homebound | | | | |
| 300 Purchased services | 15,000 | 15,000 | 3,659 | 11,341 |
| | <u>15,000</u> | <u>15,000</u> | <u>3,659</u> | <u>11,341</u> |
| 149 Other special programs | | | | |
| 300 Purchased services | - | - | 154 | (154) |
| | <u>-</u> | <u>-</u> | <u>154</u> | <u>(154)</u> |
| 160 Other exceptional programs | | | | |
| 162 Limited English proficiency | | | | |
| 100 Salaries | 16,068 | 16,068 | 12,501 | 3,567 |
| 200 Employee benefits | 6,172 | 6,172 | 3,709 | 2,463 |
| | <u>22,240</u> | <u>22,240</u> | <u>16,210</u> | <u>6,030</u> |
| 170 Summer school programs | | | | |
| 173 High school summer school | | | | |
| 100 Salaries | 24,400 | 24,400 | 7,455 | 16,945 |
| 200 Employee benefits | 6,764 | 6,764 | 2,223 | 4,541 |
| 300 Purchased service | 6,000 | 6,000 | - | 6,000 |
| 400 Supplies and materials | 15,000 | 15,000 | - | 15,000 |
| | <u>52,164</u> | <u>52,164</u> | <u>9,678</u> | <u>42,486</u> |
| Total instruction | <u>11,345,530</u> | <u>11,188,720</u> | <u>9,633,470</u> | <u>1,555,250</u> |
| 200 Support services | | | | |
| 210 Pupil services | | | | |
| 212 Guidance services | | | | |
| 100 Salaries | 620,460 | 620,460 | 526,952 | 93,508 |
| 200 Employee benefits | 246,412 | 246,412 | 228,629 | 17,783 |
| 400 Supplies and materials | 6,200 | 6,200 | 1,563 | 4,637 |
| | <u>873,072</u> | <u>873,072</u> | <u>757,144</u> | <u>115,928</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, 2021

| | Original Budget | Final Budget | Actual | Variance from Final Budget |
|--|----------------------------|-------------------------|------------------|---|
| Expenditures, Continued | | | | |
| 200 Support services, continued | | | | |
| 210 Pupil services, continued | | | | |
| 213 Health services | | | | |
| 100 Salaries | 106,978 | 106,978 | 110,003 | (3,025) |
| 200 Employee benefits | 43,618 | 43,618 | 47,412 | (3,794) |
| 300 Purchased services | - | - | 675 | (675) |
| 400 Supplies and materials | 8,543 | 2,500 | 1,591 | 909 |
| | <u>159,139</u> | <u>153,096</u> | <u>159,681</u> | <u>(6,585)</u> |
| 220 Instructional staff services | | | | |
| 222 Library and media services | | | | |
| 100 Salaries | 137,904 | 137,904 | 136,076 | 1,828 |
| 200 Employee benefits | 50,269 | 50,269 | 44,586 | 5,683 |
| 300 Purchased services | 5,200 | 5,200 | 450 | 4,750 |
| 400 Supplies and materials | 31,850 | 31,850 | 29,725 | 2,125 |
| | <u>225,223</u> | <u>225,223</u> | <u>210,837</u> | <u>14,386</u> |
| 224 Improvement of instruction inservice and staff | | | | |
| 300 Purchased services | 135,000 | 105,000 | 23,828 | 81,172 |
| | <u>135,000</u> | <u>105,000</u> | <u>23,828</u> | <u>81,172</u> |
| 230 General administrative services | | | | |
| 231 Board of education | | | | |
| 318 Audit services | 25,600 | 25,600 | 22,825 | 2,775 |
| 319 Legal services | 20,000 | 20,000 | 9,400 | 10,600 |
| 600 Other objects | 15,000 | 15,000 | 15,155 | (155) |
| | <u>60,600</u> | <u>60,600</u> | <u>47,380</u> | <u>13,220</u> |
| 233 School administration | | | | |
| 100 Salaries | 918,866 | 918,866 | 1,167,708 | (248,842) |
| 200 Employee benefits | 402,032 | 402,032 | 400,152 | 1,880 |
| 300 Purchased services | 99,000 | 99,000 | 59,565 | 39,435 |
| 400 Supplies and materials | 90,000 | 90,000 | 35,767 | 54,233 |
| 500 Capital outlay | 27,000 | 27,000 | 30,010 | (3,010) |
| 600 Other objects | 94,250 | 94,250 | 92,043 | 2,207 |
| | <u>1,631,148</u> | <u>1,631,148</u> | <u>1,785,245</u> | <u>(154,097)</u> |
| 250 Finance and operations services | | | | |
| 252 Fiscal services | | | | |
| 100 Salaries | 59,581 | 59,581 | 61,813 | (2,232) |
| 200 Employee benefits | 24,235 | 24,235 | 23,186 | 1,049 |
| 300 Purchased services | 190,000 | 190,000 | 103,836 | 86,164 |
| 600 Other objects | 25,000 | 25,000 | 11,356 | 13,644 |
| | <u>298,816</u> | <u>298,816</u> | <u>200,191</u> | <u>98,625</u> |
| 253 Facilities acquisition and construction | | | | |
| 500 Capital outlay | 1,580,000 | 1,580,000 | 1,524,825 | 55,175 |
| | <u>1,580,000</u> | <u>1,580,000</u> | <u>1,524,825</u> | <u>55,175</u> |
| 254 Operation and maintenance of plant | | | | |
| 100 Salaries | 378,470 | 327,470 | 275,284 | 52,186 |
| 200 Employee benefits | 126,834 | 126,834 | 115,738 | 11,096 |
| 300 Purchased services | 912,500 | 809,000 | 727,801 | 81,199 |
| 321 Public utilities | 144,000 | 144,000 | 116,449 | 27,551 |
| 400 Supplies and materials | 68,718 | 35,000 | 23,930 | 11,070 |
| 470 Energy | 400,000 | 400,000 | 359,499 | 40,501 |
| | <u>2,030,522</u> | <u>1,842,304</u> | <u>1,618,701</u> | <u>223,603</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, 2021

| | Original Budget | Final Budget | Actual | Variance from Final Budget |
|--|----------------------------|-------------------------|---------------------|---|
| Expenditures, continued | | | | |
| 200 Support services, continued | | | | |
| 250 Finance and operations services, continued | | | | |
| 255 Student transportation | | | | |
| 300 Purchased services | 610,000 | 610,000 | 470,714 | 139,286 |
| 500 Capital outlay | 275,000 | 275,000 | 262,880 | 12,120 |
| | <u>885,000</u> | <u>885,000</u> | <u>733,594</u> | <u>151,406</u> |
| 256 Food services | | | | |
| 100 Salaries | - | - | 10,466 | (10,466) |
| 200 Employee benefits | - | - | 811 | (811) |
| | <u>-</u> | <u>-</u> | <u>11,277</u> | <u>(11,277)</u> |
| 258 Security | | | | |
| 100 Salaries | 63,514 | 63,514 | 66,029 | (2,515) |
| 200 Employee benefits | 25,993 | 25,993 | 26,996 | (1,003) |
| | <u>89,507</u> | <u>89,507</u> | <u>93,025</u> | <u>(3,518)</u> |
| 270 Support services - pupil activity | | | | |
| 271 Pupil service activities | | | | |
| 200 Employee benefits | 97,202 | 97,202 | 95,799 | 1,403 |
| 300 Purchased services | 689,945 | 689,945 | 637,678 | 52,267 |
| 400 Supplies and materials | 362,250 | 362,250 | 210,065 | 152,185 |
| 500 Capital outlay | - | - | 30,500 | (30,500) |
| 600 Other objects | 66,429 | 66,429 | 23,347 | 43,082 |
| | <u>1,215,826</u> | <u>1,215,826</u> | <u>997,389</u> | <u>218,437</u> |
| Total support services | <u>9,183,853</u> | <u>8,959,592</u> | <u>8,163,117</u> | <u>807,752</u> |
| Total expenditures | <u>20,529,383</u> | <u>20,148,312</u> | <u>17,796,587</u> | <u>2,363,002</u> |
| Excess (deficit) of revenues over (under) expenditures | <u>\$ (2,064,217)</u> | <u>\$ (1,683,146)</u> | <u>743,348</u> | <u>\$ 2,426,494</u> |
| Fund balance, beginning of year | | | 6,483,308 | |
| Fund balance, end of year | | | <u>\$ 7,226,656</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, 2021**

| | IDEA (203) | Occupational Education (207) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s) | Pupil Activity Funds (700s) | Total |
|---|---------------|------------------------------------|---|--|--------------------------------------|-----------|
| Revenues | | | | | | |
| 1000 Revenue from local sources | | | | | | |
| 1500 Earnings on investments | | | | | | |
| 1510 Interest on investments | \$ - | \$ - | \$ - | \$ - | \$ 748 | \$ 748 |
| 1600 Food services | | | | | | |
| 1610 Lunch sales to pupils | - | - | - | - | 4,331 | 4,331 |
| 1700 Pupil activities | | | | | | |
| 1740 Student fees | - | - | - | - | 26,310 | 26,310 |
| 1790 Other pupil activity income | - | - | - | - | 121,609 | 121,609 |
| 1900 Other revenue from local sources | | | | | | |
| 1910 Rentals | - | - | - | - | 5,485 | 5,485 |
| 1920 Contributions and donations from private sources | - | - | - | - | 93,744 | 93,744 |
| 1999 Revenue from other local sources | - | - | - | - | 20 | 20 |
| Total revenues from local sources | - | - | - | - | 252,247 | 252,247 |
| 3000 Revenues from state sources | | | | | | |
| 3100 Restricted state funding | | | | | | |
| 3110 Occupational education | | | | | | |
| 3118 EEDA career specialists | - | - | 94,306 | - | - | 94,306 |
| 3900 Other state revenue | | | | | | |
| 3995 LEAP funding | - | - | - | 160,700 | - | 160,700 |
| Total revenue from state sources | - | - | 94,306 | 160,700 | - | 255,006 |
| 4000 Revenue from federal sources | | | | | | |
| 4200 Occupational education | | | | | | |
| 4210 Perkins Aid, Title I - Career and technology education - basic grants to states | - | 21,592 | - | - | - | 21,592 |
| 4500 Programs for children with disabilities | | | | | | |
| 4510 Individuals with Disabilities Education Act (IDEA) | 219,907 | - | - | - | - | 219,907 |
| 4900 Other federal sources | | | | | | |
| 4975 Coronavirus Aid, Relief and Economic Security Act (CARES Act) | - | - | - | 381,757 | - | 381,757 |
| 4999 Revenue from other federal sources | - | - | - | 64,379 | - | 64,379 |
| Total revenue from federal sources | 219,907 | 21,592 | - | 446,136 | - | 687,635 |
| Total revenue all sources | 219,907 | 21,592 | 94,306 | 606,836 | 252,247 | 1,194,888 |
| Expenditures | | | | | | |
| 100 Instruction | | | | | | |
| 110 General instruction | | | | | | |
| 114 High school programs | | | | | | |
| 100 Salaries | - | - | - | 64,379 | - | 64,379 |
| 200 Employee benefits | 463 | - | - | 859 | - | 1,322 |
| 400 Supplies and materials | - | 322 | - | 22,834 | - | 23,156 |
| 500 Capital outlay | - | - | - | 46,819 | - | 46,819 |
| | 463 | 322 | - | 134,891 | - | 135,676 |

***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, 2021

| | IDEA (203) | Occupational Education (207) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s) | Pupil Activity Funds (700s) | Total |
|---|---------------|------------------------------------|---|--|--------------------------------------|-----------|
| Expenditures, Continued | | | | | | |
| 110 General instruction | | | | | | |
| 115 Career and technology education programs | | | | | | |
| 100 Salaries | - | - | - | 7,111 | - | 7,111 |
| 200 Employee benefits | - | - | - | 2,102 | - | 2,102 |
| 300 Purchased services | - | 4,038 | - | - | - | 4,038 |
| 400 Supplies and materials | - | 17,034 | - | - | - | 17,034 |
| 600 Other objects | - | 123 | - | - | 30 | 153 |
| | - | 21,195 | - | 9,213 | 30 | 30,438 |
| 120 Exceptional programs | | | | | | |
| 127 Learning disabilities | | | | | | |
| 100 Salaries | 189,988 | - | - | 51,725 | - | 241,713 |
| 200 Employee benefits | 29,456 | - | - | 19,434 | - | 48,890 |
| | 219,444 | - | - | 71,159 | - | 290,603 |
| Total instruction | 219,907 | 21,517 | - | 215,263 | 30 | 456,717 |
| 200 Support services | | | | | | |
| 210 Pupil services | | | | | | |
| 212 Guidance services | | | | | | |
| 100 Salaries | - | - | 94,306 | 9,900 | - | 104,206 |
| 200 Employee benefits | - | - | - | 2,926 | - | 2,926 |
| | - | - | 94,306 | 12,826 | - | 107,132 |
| 213 Health services | | | | | | |
| 400 Supplies and materials | - | - | - | 6,058 | - | 6,058 |
| | - | - | - | 6,058 | - | 6,058 |
| 220 Instructional staff service | | | | | | |
| 224 Improvement of instruction inservice and staff training | | | | | | |
| 300 Purchased services | - | 75 | - | - | - | 75 |
| | - | 75 | - | - | - | 75 |
| 230 General administrative services | | | | | | |
| 233 School administration | | | | | | |
| 300 Purchased services | - | - | - | 29,449 | - | 29,449 |
| 400 Supplies and materials | - | - | - | 17,454 | 690 | 18,144 |
| | - | - | - | 46,903 | 690 | 47,593 |
| 250 Finance and operations services | | | | | | |
| 254 Operations and maintenance of plant | | | | | | |
| 300 Purchased services | - | - | - | 75,819 | - | 75,819 |
| 400 Supplies and materials | - | - | - | 60,690 | 4,236 | 64,926 |
| 500 Capital outlay | - | - | - | 189,277 | - | 189,277 |
| | - | - | - | 325,786 | 4,236 | 330,022 |
| 270 Support services pupil activity | | | | | | |
| 271 Pupil service activities | | | | | | |
| 300 Purchased services | - | - | - | - | 39,648 | 39,648 |
| 400 Supplies and materials | - | - | - | - | 193,777 | 193,777 |
| 600 Other objects | - | - | - | - | 38,091 | 38,091 |
| | - | - | - | - | 271,516 | 271,516 |
| Total support services | - | 75 | 94,306 | 391,573 | 276,442 | 762,396 |
| Total expenditures | 219,907 | 21,592 | 94,306 | 606,836 | 276,472 | 1,219,113 |
| Excess of revenues over expenditures | - | - | - | - | (24,225) | (24,225) |

**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, 2021*

| | IDEA (203) | Occupational Education (207) | Other Designated Restricted State Grants (900s) | Other Special Revenue Programs (200s) | Pupil Activity Funds (700s) | Total |
|--|---------------|------------------------------------|---|--|--------------------------------------|-------------------|
| <i>Fund balance, beginning of year as originally stated</i> | - | - | - | - | - | - |
| <i>Student activity funds' fund balance (GASB 84 - see Note 1.F)</i> | | | | | 273,664 | 273,664 |
| <i>Fund balance, beginning of year as restated</i> | | | | | 273,664 | 273,664 |
| <i>Fund balance, end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 249,439</u> | <u>\$ 249,439</u> |

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

James Island Charter High School**Education Improvement Act****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2021**

Revenues

| | |
|---|------------------|
| 3000 Revenue from state sources | |
| 3500 Education Improvement Act | |
| 3519 Career ready assessments | \$ 22,967 |
| 3529 Career and technology education | 13,267 |
| 3532 National board salary supplement | 126,224 |
| 3538 Students at risk of school failure | 88,898 |
| 3550 Teacher salary increase | 625,798 |
| 3555 Teacher salary fringe | 184,360 |
| 3577 Teacher supplies | 31,350 |
| 3597 Aid to districts | 49,694 |
| Total revenue from state sources | <u>1,142,558</u> |
| Total revenue all sources | <u>1,142,558</u> |

Expenditures

| | |
|--|------------------|
| 100 Instruction, continued | |
| 110 General instruction | |
| 114 High school programs | |
| 100 Salaries | 719,859 |
| 200 Employee benefits | 262,710 |
| 400 Supplies and materials | 31,350 |
| | <u>1,013,919</u> |
| 115 Career and technology education programs | |
| 100 Salaries | 12,979 |
| 200 Employee benefits | 3,837 |
| 400 Supplies and materials | 9,552 |
| 500 Capital outlay | 3,716 |
| | <u>30,084</u> |
| 120 Exceptional programs | |
| 121 Educable mentally handicapped | |
| 100 Salaries | 7,500 |
| 200 Employee benefits | 2,201 |
| | <u>9,701</u> |
| 126 Speech handicapped | |
| 300 Purchased services | 19,694 |
| | <u>19,694</u> |
| 127 Learning disabilities | |
| 300 Purchased services | 30,000 |
| | <u>30,000</u> |

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

James Island Charter High School**Education Improvement Act****Schedule of Revenues, Expenditures and Changes in Fund Balance****For the year ended June 30, 2021**

Expenditures, Continued

100 Instruction

140 Special programs

143 Advanced placement

300 Purchased services

22,967

22,967

Total instruction

1,126,365

200 Support services

210 Pupil services

212 Guidance services

100 Salaries

12,500

200 Employee benefits

3,693

16,193

Total support services

16,193

Total expenditures

1,142,558

Excess of revenues over expenditures

-

Fund balance, beginning of year

-**Fund balance, end of year**

\$ -

*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

Summary Schedule for Designated State Restricted Grants

For the year ended June 30, 2021

| <u>Subfund</u> | <u>Revenue</u> | <u>Programs</u> | <u>Revenues</u> | <u>Expenditures</u> | <u>Transfers In/ (Out)</u> | <u>Unearned Revenue</u> |
|----------------|----------------|-------------------------|------------------|---------------------|------------------------------------|-----------------------------|
| 928 | 3118 | EEDA career specialists | <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, 2021

| | Revenues | Expenditures | Transfers Out/ (In) | Unearned Revenue |
|---|---------------------|---------------------|---------------------------|---------------------|
| 3500 Education Improvement Act | | | | |
| 3519 Career ready assessments | \$ 22,967 | \$ 22,967 | \$ - | \$ - |
| 3529 Career and technology education | 13,267 | 13,267 | - | 15,337 |
| 3532 National board salary supplement | 126,224 | 126,224 | - | - |
| 3538 Students at risk of school failure | 88,898 | 88,898 | - | - |
| 3550 Teacher salary increase | 625,798 | 625,798 | - | - |
| 3555 Teacher salary fringe | 184,360 | 184,360 | - | - |
| 3577 Teacher supplies | 31,350 | 31,350 | - | - |
| 3597 Aid to districts | 49,694 | 49,694 | - | - |
| Totals | <u>\$ 1,142,558</u> | <u>\$ 1,142,558</u> | <u>\$ -</u> | <u>\$ 15,337</u> |

James Island Charter High School***Detailed Schedule of Due to State Department of Education/Federal Government******For the year ended June 30, 2021***

| 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 and each major fund of James Island Charter High School (the School) as of and for the year ended June 30, 2021, 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 28, 2021.

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 28, 2021

James Island Charter High School

Schedule of Findings and Responses

For the year ended June 30, 2021

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