

James Island Charter High School

Report on Financial Statements

For the Year Ended June 30, 2022

DRAFT

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of 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, 2022, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and each major fund of the School as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP; 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary 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 accompanying supplementary information and schedule of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information are 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 are 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, 2022** 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* in considering the School's internal control over financial reporting and compliance.

Charleston, South Carolina

October 28, 2022

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James Island Charter High School

Management's Discussion and Analysis

June 30, 2022

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, 2022. 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 2021-2022 45-day average daily membership (ADM) was 1,627.
- The 2021-2022 135-day ADM was 1,597.

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, 2022 by \$20,487,590 (**net deficit**).
- Governmental activities increased the School's net position by \$740,433 for the year ended June 30, 2022.

Fund Financial Statements

- As of June 30, 2022, the School's governmental funds reported combined ending fund balances of \$9,546,791.
- As of June 30, 2022, the unassigned fund balance in the general fund was \$7,397,737.

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, 2022

Overview of the Financial Statements, continued:

Basic Financial Statements:

Government-Wide Financial Statements - Pages 10 and 11

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 12 through 13

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

Notes to the Basic Financial Statements - Pages 14 through 40

The **Notes to the Basic 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, 2022

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 \$20,487,590 as of June 30, 2022. \$4,241,021 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. \$452,106 of net position is restricted for student activities. The remaining net position deficit balance of (\$25,180,717) 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 purchases of equipment for instruction and maintenance equipment.
- Long-term liabilities increased over the prior year primarily due to the change in the School's proportionate share of the pension and other postemployment benefits (OPEB) liabilities.
- Current assets increased due to the increase in cash generated from operations.
- Current liabilities increased due primarily to the increase in due to Charleston County School District for services provided and unpaid at June 30, 2022, including maintenance, transportation, and the students in special programs billing from CCSD.

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 12 for further details. Also, note that deferred outflows and inflows related to OPEB fluctuate based on similar criteria. See Note 13 for further details.

James Island Charter High School

Management's Discussion and Analysis

June 30, 2022

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

James Island Charter High School's Net Position

	<u>2022</u>	<u>2021</u>
Current assets	\$ 12,914,884	\$ 10,576,493
Capital assets, net of accumulated depreciation	<u>4,241,021</u>	<u>3,457,438</u>
Total assets	<u>17,155,905</u>	<u>14,033,931</u>
Deferred outflows of resources	<u>10,708,570</u>	<u>8,855,502</u>
Current liabilities	3,437,673	3,154,256
Long-term liabilities	<u>41,067,100</u>	<u>39,382,932</u>
Total liabilities	<u>44,504,773</u>	<u>42,537,188</u>
Deferred inflows of resources	<u>3,847,292</u>	<u>1,580,268</u>
Net position		
Net investment in capital assets	4,241,021	3,457,438
Restricted – student activities	452,106	249,439
Unrestricted	<u>(25,180,717)</u>	<u>(24,934,900)</u>
Total net position	<u>\$ (20,487,590)</u>	<u>\$ (21,228,023)</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 2021/2022 was 1,627 compared to 1,591 for 2020/2021. The 135th day ADM for 2021/2022 was 1,597 compared to 1,572 for 2020/2021. This was an average increase of 31 students.
- The School had an increase of approximately \$4,010,000 in state and federal revenues from the prior year primarily due to the School receiving ESSER II, ESSER III, and COVID funding.

James Island Charter High School

Management's Discussion and Analysis

June 30, 2022

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

James Island Charter High School's Changes in Net Position

	<u>2022</u>	<u>2021</u>
Local revenues	\$ 981,192	\$ 454,108
State and federal revenues	<u>24,433,716</u>	<u>20,423,273</u>
Total revenues	<u>25,414,908</u>	<u>20,877,381</u>
Instruction	14,713,596	11,967,175
Support services	<u>9,960,879</u>	<u>9,480,656</u>
Total expenditures	<u>24,674,475</u>	<u>21,447,831</u>
Increase (Decrease) in net position	740,433	(570,450)
Net position, beginning of year	<u>(21,228,023)</u>	<u>(20,657,573)</u>
Net position, June 30	<u>\$ (20,487,590)</u>	<u>\$ (21,228,023)</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, 2022, totaled \$4,241,021 (net of accumulated depreciation). Capital assets include leasehold improvements, furniture and fixtures, and equipment and construction in progress.

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

	<u>Balance</u> <u>July 1, 2021</u>	<u>Governmental</u> <u>Activities</u> <u>2022</u>	<u>Balance</u> <u>June 30, 2022</u>
Leasehold improvements	\$ 1,543,926	\$ 243,147	\$ 1,787,073
Furniture & Equipment	388,687	310,671	699,358
Construction in progress	<u>1,524,825</u>	<u>229,765</u>	<u>1,754,590</u>
Total	<u>\$ 3,547,438</u>	<u>\$ 783,5583</u>	<u>\$ 4,241,021</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, 2022

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, 2022, unassigned fund balance of the General Fund was \$7,397,737.

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

General fund budgetary highlights:

The negative variance in revenue of \$330,749 is primarily due to the School over budgeting for local revenues and a loss on investments.

The positive variance in instruction expenses of \$2,482,463 and support services of approximately \$589,102 is primarily due to the School budgeting almost all salaries and employee benefits in the general fund as well as line items for instructional equipment 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 Education Finance Act (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, 2022**

	Governmental Activities
Assets	
Current assets	
Cash	\$ 8,913,264
Investments	2,959,134
Due from other governmental units	802,538
Prepaid items	239,948
Total current assets	<u>12,914,884</u>
Non-current assets	
Capital assets	
Nondepreciable	1,754,590
Depreciable - net of accumulated depreciation	2,486,431
Total non-current assets	<u>4,241,021</u>
Total assets	<u>17,155,905</u>
Deferred outflows of resources	
Pension	3,984,900
OPEB	6,723,670
Total deferred outflows of resources	<u>10,708,570</u>
Liabilities	
Current liabilities	
Accounts payable	1,290,651
Accrued liabilities	1,167,822
Due to Charleston County School District	866,382
Due to state	1,375
Accrued compensated absences, current portion	69,580
Unearned revenues	41,863
Total current liabilities	<u>3,437,673</u>
Long-term liabilities	
Pension obligation	18,604,043
OPEB obligation	22,401,354
Accrued compensated absences	61,703
Total long-term liabilities	<u>41,067,100</u>
Total liabilities	<u>44,504,773</u>
Deferred inflows of resources	
Pension	2,727,591
OPEB	1,119,701
Total deferred inflows of resources	<u>3,847,292</u>
Net position	
Net investment in capital assets	4,241,021
Restricted - student activities	452,106
Unrestricted	(25,180,717)
Total net position	<u>\$ (20,487,590)</u>

See Notes to Basic Financial Statements

James Island Charter High School**Statement of Activities****For the year ended June 30, 2022**

		Program revenues	Net (expense)
		Operating grants	revenue and
		and contributions	changes in net
	Expenses		position
Functions/Programs:			Governmental
			activities
Governmental activities:			
Instruction	\$ 14,713,596	\$ 24,433,716	\$ 9,720,120
Support services	9,960,879	-	(9,960,879)
Total governmental activities	<u>\$ 24,674,475</u>	<u>\$ 24,433,716</u>	<u>(240,759)</u>
General revenues:			
Other pupil activity income			617,119
Contributions and donations			163,524
Miscellaneous local revenues			<u>200,549</u>
Total general revenues			<u>981,192</u>
Increase in net position			740,433
Net position, beginning of year			<u>(21,228,023)</u>
Net position, end of year			<u><u>\$ (20,487,590)</u></u>

See Notes to Basic Financial Statements

James Island Charter High School**Balance Sheet - Governmental Funds****As of June 30, 2022**

	Special Revenue Funds			Total Governmental Funds
	General Fund	Special Projects	Education Improvement Act	
Assets				
Cash	\$ 8,461,158	\$ 452,106	\$ -	\$ 8,913,264
Investments	2,959,134	-	-	2,959,134
Due from other governmental units	2,100	663,289	137,149	802,538
Due from other funds	1,020,159	161,428	32,910	1,214,497
Prepaid items	239,948	-	-	239,948
Total assets	<u>\$ 12,682,499</u>	<u>\$ 1,276,823</u>	<u>\$ 170,059</u>	<u>\$ 14,129,381</u>
Liabilities				
Accounts payable	\$ 1,290,651	\$ -	\$ -	\$ 1,290,651
Accrued liabilities	1,167,822	-	-	1,167,822
Due to Charleston County School District	866,382	-	-	866,382
Due to state	-	-	1,375	1,375
Due to other funds	262,959	799,052	152,486	1,214,497
Unearned revenues	-	25,665	16,198	41,863
Total liabilities	<u>3,587,814</u>	<u>824,717</u>	<u>170,059</u>	<u>4,582,590</u>
Fund balances				
Nonspendable	239,948	-	-	239,948
Restricted	-	452,106	-	452,106
Committed	1,457,000	-	-	1,457,000
Unassigned	7,397,737	-	-	7,397,737
Total fund balances	<u>9,094,685</u>	<u>452,106</u>	<u>-</u>	<u>9,546,791</u>
Total liabilities and fund balances	<u>\$ 12,682,499</u>	<u>\$ 1,276,823</u>	<u>\$ 170,059</u>	<u>\$ 14,129,381</u>

Total governmental fund balance \$ 9,546,791

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 \$9,168,250 and the accumulated depreciation is \$4,927,229. 4,241,021

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 (131,283)

Net deferred inflows/outflows or resources for amortization of pension items (199,648)

Net deferred inflows/outflows or resources for amortization of OPEB items 5,013,347

Contributions to the pension plan in the current fiscal year 1,456,957

Contributions to the OPEB plan in the current fiscal year 590,622

Pension obligation (18,604,043)

OPEB obligation (22,401,354)

Net position of governmental activities \$ (20,487,590)

See Notes to Basic Financial Statements

James Island Charter High School

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

For the year ended June 30, 2022

	Special Revenue Funds			
	General Fund	Special Projects	Education Improvement Act	Total Governmental Funds
Revenues				
Local	\$ 326,106	\$ 655,087	\$ -	\$ 981,193
Intergovernmental	19,441,711	3,624,470	1,367,535	24,433,716
Total revenues	19,767,817	4,279,557	1,367,535	25,414,909
Expenditures				
Instruction	10,394,414	846,431	1,331,966	12,572,811
Support services	6,866,716	960,565	21,097	7,848,378
Capital outlay	638,658	2,269,894	14,472	2,923,024
Total expenditures	17,899,788	4,076,890	1,367,535	23,344,213
Excess of revenues over expenditures	1,868,029	202,667	-	2,070,696
Fund balances, beginning of year	7,226,656	249,439	-	7,476,095
Fund balances, end of year	\$ 9,094,685	\$ 452,106	\$ -	\$ 9,546,791
Total net change in fund balances - governmental funds				\$ 2,070,696

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.

(30,236)

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 (\$1,163,125) exceeds depreciation expense (\$379,542) in the period.

783,583

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

1,456,957

A 1% contribution made by the State on the employer's behalf 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.

90,127

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

590,622

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.

2,555

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

School's portion of net pension related expenses

(2,055,631)

School's portion of net OPEB related expenses

(2,168,240)

Change in net position of governmental activities

\$ 740,433

See Notes to Basic Financial Statements

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

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 1,600 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 provide the land, facilities, equipment and other identified items in the facility use agreement to the School for the term of the Agreement, (See Note 7).
7. As provided in the South Carolina Charter School Act of 1996, as amended, 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, 2022

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, 2022

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, 2022

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, 2022

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 \$41,863 at June 30, 2022.

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, 2022

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 \$131,283 in accrued compensated absences as of June 30, 2022 reported in the Statement of Net Position.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

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 "Accrued liabilities" 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, 2022

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 No. 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 No. 87 are effective for reporting periods beginning after June 15, 2021. The adoption of this standard had no material effect on the School's financial statements in the current fiscal year.

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); and
6. Repurchase agreements.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 2. Cash, Continued

At June 30, 2022, the carrying amount of the School's deposits was \$8,913,264 and the bank balance was \$8,461,882.

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, 2022, the School had the following investments:

Type of Investment	Fair Value	Maturity Dates	Interest Rates
<u>Federal Obligations</u>			
U.S. Government and Agencies	\$ 2,959,134	9/15/22 – 6/15/25	0.125% - 2.16%

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, 2022

Note 3. Fair Value of Financial Instruments, Continued

As of June 30, 2022, the School's investments consisted of \$2,959,134 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, 2022:

Investment Type	Fair and Carrying Value	Investment Maturities		
		Three Months or Less	Three to Twelve Months	More Than One Year
U.S. Government and Agencies	\$ 2,959,134	\$ 266,542	\$ 670,985	\$ 2,021,607

Note 4. Due from Other Governmental Units

Intergovernmental receivables at June 30, 2022 consisted of intergovernmental grants and reimbursements. All governmental receivables are considered fully collectible.

Due from Charleston County School District:

EIA Students at Risk of Failure	\$ 105,093
EIA Aid to Districts	32,056
Revenue from other state sources	2,100
ESSER III	<u>663,289</u>
	<u>\$ 802,538</u>

Note 5. Interfund Receivables and Payables

Interfund balances at June 30, 2022 consisted of the following individual fund receivables and payables:

	Receivable	Payable
General fund	\$ 1,020,159	\$ 262,959
Special projects fund	161,428	799,052
Education Improvement Act fund	<u>32,910</u>	<u>152,486</u>
Total governmental funds	<u>\$ 1,214,497</u>	<u>\$ 1,214,497</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 \$886,382 due to CCSD as of June 30, 2022. Amounts due to CCSD represented amounts owed by the School for services provided and unpaid at June 30, 2022, including maintenance, transportation, and the students in special programs billing from CCSD.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 7. Related Parties

CCSD also provides services to the School at no cost for food services and for the use of facilities. Beginning in the 2021/2022 school year, CCSD began providing the School's transportation services and the fee for those services was approximately \$460,000. See Note 10 for the future commitment related to this agreement.

The School entered into a Facilities Use Agreement on January 12, 2011 with CCSD. The agreement 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.

Provisions and restrictions under the agreement 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 agreement.

Note 8. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance,</u> <u>July 1, 2021</u>	<u>Additions/</u> <u>Transfers</u>	<u>Deletions/</u> <u>Transfers</u>	<u>Balance,</u> <u>June 30, 2022</u>
Governmental activities				
Capital assets				
Depreciable:				
Leasehold improvements	\$ 4,232,220	\$ 524,850	\$ -	\$ 4,757,070
Furniture and fixtures	40,890	-	-	40,890
Equipment	2,207,190	408,510	-	2,615,700
Non-Depreciable:				
Construction in progress	<u>1,524,825</u>	<u>229,765</u>	<u>-</u>	<u>1,754,590</u>
Total capital assets	<u>8,005,125</u>	<u>1,163,125</u>	<u>-</u>	<u>9,168,250</u>
Less accumulated depreciation				
Leasehold improvements	(2,688,294)	(281,703)	-	(2,969,997)
Furniture and fixtures	(40,890)	-	-	(40,890)
Equipment	<u>(1,818,503)</u>	<u>(97,839)</u>	<u>-</u>	<u>(1,916,342)</u>
Total accumulated depreciation	<u>(4,547,687)</u>	<u>(379,542)</u>	<u>-</u>	<u>(4,927,229)</u>
Governmental activities				
capital assets, net	<u>\$ 3,547,438</u>	<u>\$ 783,583</u>	<u>\$ -</u>	<u>\$ 4,241,021</u>

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 8. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 97,839
Support services	<u>281,703</u>
Total depreciation expense	<u>\$ 379,542</u>

Note 9. 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. The board committed \$1,457,000 for field turf, a weight room upgrade, and the purchase of two activity buses.

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, 2022

Note 10. 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, 2021 for transportation services for the 2021/2022 school year. Total payments under this agreement were approximately \$460,000 for the 2021/2022 school year. This agreement was extended through June 30, 2023.

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 \$160,000 for the 2022/2023 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:

2023	\$ 830,161
2024	680,749
2025	68,646
2026	68,755
2027	<u>1,253</u>
	<u>\$ 1,649,564</u>

Note 11. 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, 2022

Note 11. 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, 2022.

Note 12. 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 an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR 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 ACFR of the state.

Plan descriptions:

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 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, 2022

Note 12. 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, 2022

Note 12. 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 2022¹</u>	<u>Fiscal Year 2021¹</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 2022¹</u>	<u>Fiscal Year 2021¹</u>
SCRS		
Employer Class Two	16.41%	15.41%
Employer Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	16.41%	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 \$1,456,957 for the year ended June 30, 2022.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 12. 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 again provided funding for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2021 measurement period, PEBA provided non-employer contributions to the School in the amount of \$90,127 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2022 which are presented on the economic resources measurement focus and accrual basis of accounting.

Pension expense:

For the year ended June 30, 2022, the School recognized pension expense for the SCRS plan of \$2,055,631.

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, 2019.

The June 30, 2021, 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, 2020. The TPL was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2021 legislative session that had a material change in the benefit provisions for any of the Systems. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00%, as provided by Section 9-16-335 in South Carolina State Code.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return ¹	7.0%
Projected salary increases	3.0% to 11.0% (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, 2022

Note 12. 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 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TPL are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

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, 2021, 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	\$ 55,131,579,363	\$33,490,305,970	\$21,641,273,393	60.7%

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, 2022, the School reported a liability of \$18,604,043 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, 2022, the School's proportionate share of the SCRS plan was 0.08597%, measured at June 30, 2021.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 12. Pension Plans, Continued

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2022, 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	\$ 316,898	\$ 25,109
Changes of assumptions	1,018,324	-
Net difference between projected and actual earnings on pension plan investments	-	2,702,482
Changes in proportion and differences between School contributions and proportionate share of contributions	1,192,721	-
School contributions subsequent to the measurement date	<u>1,456,957</u>	<u>-</u>
Total	<u>\$ 3,984,900</u>	<u>\$ 2,727,591</u>

The \$1,456,957 reported as of June 30, 2022 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, 2023.

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:

2023	\$ 416,609
2024	318,958
2025	76,020
2026	<u>(1,011,235)</u>
	<u>\$ (199,648)</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 2021 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 7.0 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 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, 2022

Note 12. 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
Public Equity ¹	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity ^{1,2}	9.0%	9.68%	0.87%
Private Debt ²	7.0%	5.47%	0.39%
Real Assets:			
Real Estate ²	9.0%	6.01%	0.54%
Infrastructure ²	3.0%	5.08%	0.15%
Total expected return³	100.0%		5.18%
Inflation for actuarial purposes			2.25%
			7.43%

¹The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

²Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

³Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

Discount rate:

The discount rate used to measure the TPL was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity analysis:

The following table presents the collective NPL of the School calculated using the discount rate of 7 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 percent) or 1.00 percent higher (8 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.00% Decrease (6.0%)	Discount Rate (7.0%)	1.00% Increase (8.0%)
SCRS	\$24,368,980	\$18,604,043	\$13,812,188

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 12. Pension Plans, Continued

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, 2021, and the accounting valuation report as of June 30, 2021. 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' ACFR.

Note 13. 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 ACFR of the State.

Plan description:

The SCRHITF was established by the State of South Carolina as Act 195, which became effective in May, 2008. 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.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 13. Postemployment Benefits Other Than Pensions (OPEB), Continued

Contributions and funding policy, continued:

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, 2021 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 consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2021 totaled \$585,482,183. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of \$2,619,984.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from non-employer contributing entities for purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue in the same manner as it classifies grants from other entities.

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 \$590,622 for the year ended June 30, 2022.

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.

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 13. Postemployment Benefits Other Than Pensions (OPEB), Continued

Net OPEB liability and OPEB expense, continued:

The following table represents the components of the net OPEB liability as of June 30, 2021, 2020, 2019, 2018, and 2017:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND				
Fiscal Year Ending	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
June 30, 2021	\$22,506,597,989	\$1,683,416,992	\$20,823,180,997	7.48%
June 30, 2020	\$19,703,745,672	\$1,652,299,185	\$18,051,446,487	8.39%
June 30, 2019	\$16,516,264,617	\$1,394,740,049	\$15,121,524,568	8.44%
June 30, 2018	\$15,387,115,010	\$1,216,530,062	\$14,170,584,948	7.91%
June 30, 2017	\$14,659,610,970	\$1,114,774,760	\$13,544,836,210	7.60%

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, 2022, the School reported a liability of \$22,401,354 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2021.

At June 30, 2022, the School's proportionate share of the SCRHITF plan's net OPEB liability was 0.107579 percent, measured as of June 30, 2021, which was an increase of .003 percent from its proportionate share measured as of June 30, 2020.

For the year ended June 30, 2022, the School recognized OPEB expense of \$2,168,240 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, 2022

Note 13. 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, 2020
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:	1.92% as of June 30, 2021
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ended June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational basis by 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% 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 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

The actuarial valuations were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

Single Discount Rate:

The Single Discount Rate of 1.92% 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, 2022

Note 13. 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 1.92%, 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 0.92%	Current Discount Rate 1.92%	1% Increase 2.92%
SCRHITF Net OPEB Liability	\$ 26,999,172	\$ 22,401,354	\$ 18,776,540
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	\$ 17,971,915	\$ 22,401,354	\$ 28,303,434

James Island Charter High School

Notes to the Basic Financial Statements

June 30, 2022

Note 13. Postemployment Benefits Other Than Pensions (OPEB), Continued

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

At June 30, 2022, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual liability experience	\$ 453,333	\$ 574,183
Changes of assumptions	4,554,302	539,395
Net difference between projected and actual earnings on OPEB plan investments	-	6,057
Changes in proportion and differences between School contributions and proportionate share of contributions	1,125,413	66
School contributions subsequent to the measurement date	<u>590,622</u>	<u>-</u>
Total	<u>\$ 6,723,670</u>	<u>\$ 1,119,701</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$590,622 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, 2022.

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

	<u>SCRHITF</u>
2023	\$ 868,499
2024	858,580
2025	1,030,693
2026	1,005,542
Thereafter	<u>1,250,033</u>
	<u>\$ 5,013,347</u>

Additional financial and actuarial information:

Information contained in these notes were compiled from the SCRHITF audited financial statements for the fiscal year ended June 30, 2021, and the accounting and financial reporting actuarial valuations as of June 30, 2021. Additional financial information is available in the SCRHITF audited financial statements.

James Island Charter High School***Notes to the Basic Financial Statements******June 30, 2022***

Note 14. 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 15. Subsequent Events

Subsequent to year end, the School received approximately \$4,000,000 in funding from Elementary and Secondary School Emergency Relief under the American Rescue Plan of 2021 which will be utilized to fund additional enhancements to instruction and school improvements to address the impact of COVID-19.

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James Island Charter High School***Schedule of the School's Proportionate Share of the Net Pension Liability******For the year ended June 30, 2022***

	SCRS							
	2022	2021	2020	2019	2018	2017	2016	2015
School's proportion of the net pension liability	0.08597%	0.08026%	0.07737%	0.73140%	0.08517%	0.09932%	0.08229%	0.08229%
School's proportionate share of the net pension liability	<u>\$ 18,604,043</u>	<u>\$ 20,508,411</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>\$ 10,031,155</u>	<u>\$ 9,222,758</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	185.46%	222.37%	201.34%	188.16%	206.16%	219.25%	185.98%	209.51%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	50.7%	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, 2022

	SCRS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,456,957	\$ 1,450,632	\$ 1,336,710	\$ 1,228,698	\$ 940,210	\$ 971,792	\$ 969,236	\$ 876,305	\$ 791,909	\$ 732,669
Contributions in relation to the contractually required contribution	1,456,957	1,450,632	1,336,710	1,228,698	940,210	971,792	969,236	876,305	791,909	732,669
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 9,394,172	\$ 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
Contributions as a percentage of covered-employee payroll	15.51%	14.46%	14.49%	13.52%	10.92%	11.11%	10.98%	10.68%	10.40%	10.40%

James Island Charter High School***Schedule of the School's Proportionate Share of the Net OPEB Liability******For the year ended June 30, 2022***

	SCRHITF					
	2022	2021	2020	2019	2018	2017
School's proportion of the net OPEB liability	0.107579%	0.104298%	0.099525%	0.100155%	0.095277%	0.095277%
School's proportionate share of the net OPEB liability	<u>\$ 22,401,354</u>	<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>\$ 10,031,155</u>	<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	223.32%	204.14%	165.61%	164.82%	147.48%	156.21%
Plan fiduciary net position as a percentage of the total OPEB liability	7.5%	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, 2022***

	SCRHITF					
	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 590,622	\$ 616,107	\$ 506,996	\$ 499,555	\$ 473,362	\$ 466,386
Contributions in relation to the contractually required contribution	590,622	616,107	506,996	499,555	473,362	466,386
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	\$ 9,394,172	\$ 10,031,155	\$ 9,222,758	\$ 9,087,206	\$ 8,610,804	\$ 8,750,213
Contributions as a percentage of covered-employee payroll	6.29%	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 2.45% as of June 30, 2020 to 2.48% as of June 30, 2021.

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James Island Charter High School
Budgetary Comparison Schedule - General Fund
For the year ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
1000 Revenue from local sources				
1500 Earnings on investments				
1510 Interest on investments	\$ 24,000	\$ 24,000	\$ 25,698	\$ 1,698
1530 Gain/loss on investment	10,000	10,000	(85,482)	(95,482)
1600 Vending				
1610 - Coastal Cantina	3,000	3,000	-	(3,000)
1612 - Pepsi Vending	10,000	10,000	-	(10,000)
1700 Pupil activities				
1740 Student fees	200,000	200,000	211,229	11,229
1790 Other pupil activity income	300,000	300,000	734	(299,266)
1900 Other revenue from local sources				
1910 Rentals	3,000	12,000	-	(12,000)
1920 Contributions and donations from private sources	15,000	30,000	2,460	(27,540)
1922 Fundraising	30,000	65,000	7,202	(57,798)
1990 Miscellaneous local revenue	1,000	7,000	164,265	157,265
Total revenue from local sources	596,000	661,000	326,106	(334,894)
3000 Revenue from state sources				
3200 Unrestricted state grants				
3250 Medicaid match reimbursement	-	-	2,045	2,045
3300 Education Finance Act (EFA)				
3310 Full-time programs				
3314 High school	8,108,830	8,108,830	8,108,830	-
3315 Trainable mentally handicapped	92,150	92,150	92,150	-
3316 Speech handicapped	90,158	90,158	90,158	-
3317 Homebound	3,621	3,621	3,621	-
3320 Part-time programs				
3321 Emotionally Handicapped	36,932	36,932	36,932	-
3322 Educable mentally handicapped	31,501	31,501	31,501	-
3323 Learning disabilities	1,272,176	1,272,176	1,272,176	-
3325 Visually handicapped	46,528	46,528	46,528	-
3326 Orthopedically handicapped	36,932	36,932	36,932	-
3327 Pre-career and career technology	6,826,335	6,826,335	6,826,335	-
3330 Miscellaneous EFA programs				
3331 Autism	411,054	411,054	411,054	-
3332 High achieving students	832,879	832,879	832,879	-
3334 Limited English proficiency	27,971	27,971	27,971	-
3351 Academic assistance	454,051	454,051	454,051	-
3352 Pupils in poverty	1,046,055	1,046,055	1,046,055	-
3353 Dual credit enrollment	120,392	120,392	120,392	-
3900 Other state revenue				
3999 Revenue From Other State Sources	-	-	2,101	2,101
Total revenue from state sources	19,437,565	19,437,566	19,441,711	4,146
Total revenue all sources	20,033,565	20,098,566	19,767,817	(330,749)
Expenditures				
100 Instruction				
110 General instruction				
114 High school programs				
100 Salaries	5,230,242	5,561,490	4,814,592	746,898
200 Employee benefits	1,955,156	2,156,622	2,176,829	(20,207)
300 Purchased services	114,100	68,500	428,263	(359,763)
400 Supplies and materials	342,709	354,476	282,137	72,339
500 Capital outlay	484,753	1,399,521	168,216	1,231,305
	8,126,960	9,540,609	7,870,037	1,670,572
115 Career and technology education programs				
100 Salaries	1,008,854	1,038,220	1,115,010	(76,790)
200 Employee benefits	445,026	465,166	435,846	29,320
300 Purchased services	20,000	20,000	7,465	12,535
400 Supplies and materials	150,000	150,000	75,166	74,834
500 Capital outlay	10,000	10,000	2,195	7,805
600 Other objects	7,000	5,000	725	4,275
	1,640,880	1,688,386	1,636,407	51,979

**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, 2022

	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	246,588	247,930	(1,342)
200 Employee benefits	114,600	111,785	100,774	11,011
	367,025	358,373	348,704	9,669
122 Trainable mentally handicapped				
100 Salaries	75,270	80,998	47,704	33,294
200 Employee benefits	27,015	29,986	37,431	(7,445)
	102,285	110,984	85,135	25,849
126 Speech handicapped				
300 Purchased services	40,000	40,000	-	40,000
	40,000	40,000	-	40,000
127 Learning disabilities				
100 Salaries	586,896	690,279	217,891	472,388
200 Employee benefits	213,572	285,886	254,473	31,413
300 Purchased services	26,500	55,000	-	55,000
400 Supplies and materials	-	-	766	(766)
	826,968	1,031,165	473,130	558,035
140 Special programs				
143 Advanced placement				
300 Purchased services	110,001	-	-	-
400 Supplies and materials	42,007	-	-	-
	152,008	-	-	-
144 International Baccalaureate				
300 Purchased services	-	110,001	77,478	32,523
400 Supplies and materials	-	42,007	38,937	3,070
	-	152,008	116,415	35,593
145 Homebound				
300 Purchased services	15,000	15,000	16,396	(1,396)
	15,000	15,000	16,396	(1,396)
160 Other exceptional programs				
162 Limited English proficiency				
100 Salaries	16,068	16,952	-	16,952
200 Employee benefits	6,172	6,648	-	6,648
	22,240	23,599	-	23,599
170 Summer school programs				
173 High school summer school				
100 Salaries	24,400	59,400	12,960	46,440
200 Employee benefits	6,764	6,764	3,961	2,803
300 Purchased service	6,000	6,000	1,680	4,320
400 Supplies and materials	15,000	15,000	-	15,000
	52,164	87,164	18,601	68,563
Total instruction	11,345,530	13,047,288	10,564,825	2,482,463
200 Support services				
210 Pupil services				
212 Guidance services				
100 Salaries	620,460	765,786	555,510	210,276
200 Employee benefits	246,412	312,624	255,055	57,569
400 Supplies and materials	6,200	6,200	3,010	3,190
500 Capital outlay	-	50,000	-	50,000
	873,072	1,134,609	813,575	321,034

**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, 2022

	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	115,490	117,462	(1,972)
200 Employee benefits	43,618	47,827	57,365	(9,538)
400 Supplies and materials	8,543	10,000	1,489	8,511
	<u>159,139</u>	<u>173,317</u>	<u>176,316</u>	<u>(2,999)</u>
220 Instructional staff services				
222 Library and media services				
100 Salaries	137,904	150,147	160,142	(9,995)
200 Employee benefits	50,269	55,875	53,889	1,986
300 Purchased services	5,200	5,200	1,600	3,600
400 Supplies and materials	31,850	31,850	29,237	2,613
	<u>225,223</u>	<u>243,072</u>	<u>244,868</u>	<u>(1,796)</u>
224 Improvement of instruction inservice and staff				
300 Purchased services	135,000	135,000	49,233	85,767
400 Supplies and materials	-	-	779	(779)
	<u>135,000</u>	<u>135,000</u>	<u>50,012</u>	<u>84,988</u>
230 General administrative services				
231 Board of education				
300 Purchased services	-	-	180	(180)
318 Audit services	25,600	26,880	25,250	1,630
319 Legal services	20,000	20,000	23,139	(3,139)
600 Other objects	15,000	15,750	15,561	189
	<u>60,600</u>	<u>62,630</u>	<u>64,130</u>	<u>(1,500)</u>
233 School administration				
100 Salaries	918,866	1,007,940	977,548	30,392
200 Employee benefits	402,032	423,769	392,451	31,318
300 Purchased services	99,000	151,600	45,515	106,085
400 Supplies and materials	90,000	90,000	114,394	(24,394)
500 Capital outlay	27,000	27,000	10,505	16,495
600 Other objects	94,250	98,713	102,734	(4,022)
	<u>***** ###</u>	<u>1,799,022</u>	<u>1,643,147</u>	<u>155,875</u>
250 Finance and operations services				
252 Fiscal services				
100 Salaries	59,581	66,373	68,914	(2,541)
200 Employee benefits	24,235	27,173	26,045	1,128
300 Purchased services	190,000	159,700	175,418	(15,718)
600 Other objects	25,000	20,000	17,901	2,099
	<u>298,816</u>	<u>273,246</u>	<u>288,278</u>	<u>(15,032)</u>
253 Facilities acquisition and construction				
500 Capital outlay	1,580,000	-	417,048	(417,048)
	<u>***** ###</u>	<u>-</u>	<u>417,048</u>	<u>(417,048)</u>
254 Operation and maintenance of plant				
100 Salaries	378,470	378,052	307,272	70,780
200 Employee benefits	126,834	142,062	124,273	17,789
300 Purchased services	912,500	946,900	826,360	120,540
321 Public utilities	144,000	144,000	142,343	1,657
400 Supplies and materials	68,718	88,718	48,505	40,213
470 Energy	400,000	400,000	410,879	(10,879)
500 Capital outlay	-	46,000	12,069	33,931
	<u>***** ###</u>	<u>2,145,732</u>	<u>1,871,701</u>	<u>274,031</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, 2022

	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	620,000	538,863	81,137
500 Capital outlay	275,000	-	-	-
	<u>885,000</u>	<u>620,000</u>	<u>538,863</u>	<u>81,137</u>
258 Security				
100 Salaries	63,514	70,848	71,166	(318)
200 Employee benefits	25,993	27,193	31,350	(4,157)
400 Supplies and materials	-	15,000	-	15,000
	<u>89,507</u>	<u>113,041</u>	<u>102,516</u>	<u>10,525</u>
270 Support services - pupil activity				
271 Pupil service activities				
200 Employee benefits	97,202	97,202	77,703	19,499
300 Purchased services	689,945	689,945	692,622	(2,677)
400 Supplies and materials	362,250	362,250	295,399	66,851
500 Capital outlay	-	-	28,625	(28,625)
600 Other objects	66,429	75,000	30,160	44,840
	<u>##### ###</u>	<u>1,224,396</u>	<u>1,124,509</u>	<u>99,887</u>
Total support services	<u>9,183,853</u>	<u>7,924,065</u>	<u>7,334,963</u>	<u>589,102</u>
Total expenditures	<u>20,529,383</u>	<u>20,971,353</u>	<u>17,899,788</u>	<u>3,071,565</u>
Excess (deficit) of revenues over (under) expenditures	<u>\$ (495,817)</u>	<u>\$ (872,787)</u>	1,868,029	<u>\$ 2,740,816</u>
Fund balance, beginning of year			7,226,656	
Fund balance, end of year			<u>\$ 9,094,685</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, 2022

	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	\$ -	\$ -	\$ -	\$ -	\$ 1,038	\$ 1,038
1600 Food services						
1610 Lunch sales to pupils	-	-	-	-	16,818	16,818
1700 Pupil activities						
1740 Student fees	-	-	-	-	30,294	30,294
1790 Other pupil activity income	-	-	-	-	358,044	358,044
1900 Other revenue from local sources						
1910 Rentals	-	-	-	-	16,399	16,399
1920 Contributions and donations from private sources	-	-	-	-	153,862	153,862
1999 Revenue from other local sources	-	-	-	-	78,632	78,632
Total revenues from local sources	-	-	-	-	655,087	655,087
3000 Revenues from state sources						
3110 Occupational education						
3118 EEDA career specialists	-	-	94,306	-	-	94,306
Total revenue from state sources	-	-	94,306	-	-	94,306
4000 Revenue from federal sources						
4200 Occupational education						
4210 Perkins Aid, Title I - Career and technology education - basic grants to states	-	25,232	-	-	-	25,232
4500 Programs for children with disabilities						
4510 Individuals with Disabilities Education Act (IDEA)	320,761	-	-	-	-	320,761
4900 Other federal sources						
4974 ESSER III	-	-	-	663,289	-	663,289
4977 ESSER II	-	-	-	2,469,939	-	2,469,939
4999 Revenue from other federal sources	-	-	-	50,943	-	50,943
Total revenue from federal sources	320,761	25,232	-	3,184,171	-	3,530,164
Total revenue all sources	320,761	25,232	94,306	3,184,171	655,087	4,279,557
Expenditures						
100 Instruction						
110 General instruction						
114 High school programs						
100 Salaries	-	-	-	358,832	-	358,832
200 Employee benefits	-	-	-	24,741	-	24,741
400 Supplies and materials	-	-	-	22,163	-	22,163
500 Capital outlay	-	-	-	1,119,932	-	1,119,932
	-	-	-	1,525,668	-	1,525,668

*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, 2022

	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						
300 Purchased services	-	1,754	-	-	-	1,754
400 Supplies and materials	-	21,626	-	-	-	21,626
	-	23,380	-	-	-	23,380
120 Exceptional programs						
127 Learning disabilities						
100 Salaries	320,761	-	-	62,000	-	382,761
300 Purchased services	-	-	-	34,174	-	34,174
	320,761	-	-	96,174	-	416,935
173 High School Summer School						
300 Purchased services	-	380	-	-	-	380
	-	380	-	-	-	380
Total instruction	320,761	23,760	-	1,621,842	-	1,966,363
200 Support services						
210 Pupil services						
212 Guidance services						
100 Salaries	-	-	94,306	-	-	94,306
300 Purchased services	-	-	-	578	-	578
400 Supplies and materials	-	-	-	38,082	-	38,082
500 Capital outlay	-	-	-	15,370	-	15,370
	-	-	94,306	54,030	-	148,336
220 Instructional staff service						
224 Improvement of instruction inservice and staff training						
300 Purchased services	-	427	-	-	4,799	5,226
	-	427	-	-	4,799	5,226
230 General administrative services						
233 School administration						
300 Purchased services	-	-	-	34,126	-	34,126
	-	-	-	34,126	-	34,126
250 Finance and operations services						
252 Fiscal Services:						
600 Other objects	-	-	-	-	4,605	4,605
	-	-	-	-	4,605	4,605
253 Facilities Acquisition and Construction						
500 Capital outlay	-	-	-	721,159	-	721,159
	-	-	-	721,159	-	721,159
254 Operations and maintenance of plant						
300 Purchased services	-	-	-	69,815	-	69,815
400 Supplies and materials	-	-	-	280,691	-	280,691
500 Capital outlay	-	-	-	402,508	-	402,508
	-	-	-	753,014	-	753,014

**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, 2022**

	IDEA (203)	Occupational Education (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s)	Pupil Activity Funds (700s)	Total
270 Support services pupil activity						
271 Pupil service activities						
300 Purchased services	-	1,045	-	-	67,084	68,129
400 Supplies and materials	-	-	-	-	315,989	315,989
500 Capital outlay	-	-	-	-	10,925	10,925
600 Other objects	-	-	-	-	49,018	49,018
	-	1,045	-	-	443,016	444,061
Total support services	-	1,472	94,306	1,562,329	452,420	2,110,527
Total expenditures	320,761	25,232	94,306	3,184,171	452,420	4,076,890
Excess of revenues over expenditures	-	-	-	-	202,667	202,667
Fund balance, beginning of year	-	-	-	-	249,439	249,439
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 452,106</u>	<u>452,106</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, 2022

Revenues

3000 Revenue from state sources	
3500 Education Improvement Act	
3519 Career ready assessments	\$ 23,443
3529 Career and technology education	40,727
3532 National board salary supplement	114,153
3536 Student health & fitness	21,097
3538 Students at risk of school failure	105,093
3550 Teacher salary increase	736,248
3555 Teacher salary fringe	224,261
3577 Teacher supplies	31,350
3597 Aid to districts	71,163
Total revenue from state sources	1,367,535
Total revenue all sources	1,367,535

Expenditures

100 Instruction, continued	
110 General instruction	
114 High school programs	
100 Salaries	1,036,369
200 Employee benefits	143,386
400 Supplies and materials	54,793
	1,234,548
115 Career and technology education programs	
400 Supplies and materials	26,255
500 Capital outlay	14,472
	40,727
122 Trainable mentally handicapped	
100 Salaries	54,453
	54,453
126 Speech handicapped	
300 Purchased services	16,710
	16,710
Total instruction	1,346,438
200 Support services	
210 Pupil services	
213 Health services	
100 Salaries	21,097
	21,097
Total support services	21,097
Total expenditures	1,367,535
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 Other Designated State Restricted Grants**For the year ended June 30, 2022*

<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>

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James Island Charter High School

Education Improvement Act

Summary Schedule by Program

For the year ended June 30, 2022

	Revenues	Expenditures	Transfers Out/ (In)	Unearned Revenue
3500 Education Improvement Act				
3519 Career ready assessments	\$ 23,443	\$ 23,443	\$ -	\$ -
3529 Career and technology education	40,727	40,727	-	16,198
3532 National board salary supplement	114,153	114,153	-	-
3536 Student health & fitness	21,097	21,097	-	-
3538 Students at risk of school failure	105,093	105,093	-	-
3550 Teacher salary increase	736,248	736,248	-	-
3555 Teacher salary fringe	224,261	224,261	-	-
3577 Teacher supplies	31,350	31,350	-	-
3597 Aid to districts	71,163	71,163	-	-
Totals	<u>\$ 1,367,535</u>	<u>\$ 1,367,535</u>	<u>\$ -</u>	<u>\$ 16,198</u>

James Island Charter High School*Detailed Schedule of Due to State Department of Education/Federal Government**For the year ended June 30, 2022*

Program	Grant or project number	Revenue code	Description	Amount due	Status of amount due
Teacher supplies	N/A	377/3577	Unspent allocation	\$ 1,375	Unpaid

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James Island Charter High School**Schedule of Expenditures of Federal Awards****For the year ended June 30, 2022**

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Grantor's Number	Federal Expenditures
U.S. Department of Education				
Passed through Charleston County School District				
Individuals with Disabilities Education Act (IDEA) Cluster:				
203	IDEA	84.027	22 IDEA	\$ 256,749
230	COVID-19, IDEA - American Rescue Plan	84.027X	22 ARP - IDEA	64,012
	Total IDEA Cluster			<u>320,761</u>
207	Perkins Aid, Title I Basic Grants	84.048	22 CATE	<u>25,232</u>
Education Stabilization Fund (ESF):				
225	COVID-19, ESSER II	84.425D	21 ESSER II	2,469,939
218	COVID-19, ESSER III	84.425U	21 ESSER III	663,289
	Total ESF			<u>3,133,228</u>
	Total U.S. Department of Education			<u>3,479,221</u>
U.S. Department of Defense				
Passed through Charleston County School District				
299	The Naval Reserve Officers Training Corps (NROTC)	12.000	N/A	<u>50,943</u>
	Total U.S. Department of Defense			<u>50,943</u>
	Total expenditures of federal awards			<u>\$ 3,530,164</u>

James Island Charter High School

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

I. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of James Island Charter High School (the "School") under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

II. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the auditing standards generally accepted in the United States of America basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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**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, 2022, 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**, 2022.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charleston, South Carolina

October 28, 2022

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**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited James Island Charter High School's (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance, Continued

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Charleston, South Carolina

October 14, 2022

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James Island Charter High School
Schedule of Findings and Questioned Costs
June 30, 2022

Summary of Auditor's Results

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None identified
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None identified

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
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Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
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84.425D	Elementary and Secondary School Emergency Relief Fund (ESSER II)
84.425U	American Rescue Plan ESSER (ESSER III)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	No
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II. Findings - Relating to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

None

III. Findings - Compliance

None

IV. Findings and Questioned Costs Relating to Federal Awards

None