

**JAMES ISLAND CHARTER HIGH SCHOOL**

**CHARLESTON, SOUTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**June 30, 2023**

**(With Independent Auditors' Report Thereon)**

**JAMES ISLAND CHARTER HIGH SCHOOL  
 CHARLESTON, SOUTH CAROLINA  
 Annual Financial Report  
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 June 30, 2023**

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# MARTIN · SMITH

& COMPANY CPAs

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of James Island Charter High School (“the School”), a component unit of the Charleston County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School’s financial statements, as listed in the accompanying table of contents.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of James Island Charter High School at June 30, 2023, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of James Island Charter High 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 James Island Charter High 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.

### **Auditors' 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 auditors' report that includes our opinion. 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 and Government Auditing Standards 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 reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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, budgetary comparison information, pension liability and contribution schedules, other post-employment benefits liability and contribution schedules, and budgetary comparison information as listed in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a required part of the financial statements, is supplementary information required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in the 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 financial statements, and other knowledge we obtained during our audit of the 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 James Island Charter High School's financial statements. The Supplementary Information and Schedule of Expenditures 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, all of which can be located in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 to the 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the 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 31, 2023, 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 grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Martin Smith and Company CPAs PA*

**JAMES ISLAND CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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This discussion and analysis of James Island Charter High School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

## **FINANCIAL HIGHLIGHTS**

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

In the Statement of Net Position, the liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$19,620,994 (net deficit position). Of this amount, however, \$4,910,916 is invested in capital assets and \$222,979 is restricted for the School's student activity funds. Therefore, the School reported an unrestricted net deficit position of \$24,754,889.

The School's net position increased by \$866,596 during the current fiscal year, as compared to an increase of \$740,433 in the previous fiscal year.

The School's total capital assets, net of accumulated depreciation, were \$4,910,916.

### **Fund Financial Statements**

As of the close of the current fiscal year, the School's Governmental Funds reported a combined ending fund balance of \$9,721,926, compared to a fund balance of \$9,546,791 in the previous fiscal year.

During the 2023 fiscal year, the School's governmental fund-type revenues were \$26,703,864. The School reported governmental fund-type revenues of \$25,414,909 in the previous fiscal year.

During the current fiscal year, the School's governmental fund-type expenditures were \$26,528,729.

### **Overall**

The 135-day student count decreased by 23, from 1,597 students in the prior year to 1,574 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the Financial Statements, this report contains Required 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  
For the Year Ended June 30, 2023**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

**Government-Wide Financial Statements**

The Government-Wide Financial Statements provide a broad overview of the School's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods.

The Government-Wide Financial Statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). However, all activities of the School are governmental activities, which include instruction, supporting services, and debt service.

**Fund Financial Statements**

The remaining financial statements are Fund Financial Statements which focus on individual parts of the School, reporting the School's operations in more detail than the Government-Wide Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School are Governmental Funds.

Governmental Funds are used to account for essentially the same functions reported as Governmental Activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on near-term uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The School maintains three individual Governmental Funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Special Revenue Funds. The Governmental Funds Financial Statements can be found at Exhibits C, D, E, and F of this report.

**JAMES ISLAND CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found following Exhibit F of this report.

**Other Information**

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for this fund to demonstrate compliance with its budget.

**Major Features of James Island Charter High School  
Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements
		<i>Government Funds Only</i>
<b>Scope</b>	Entire school unit	The activities of the School that are not proprietary or fiduciary
<b>Required financial statements</b>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
<b>Type of inflow/outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after

**JAMES ISLAND CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by \$19,620,994 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2023 compared to 2022:

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Current and other assets	\$ 14,359,071	\$ 12,914,884
Capital assets	4,910,916	4,241,021
Total assets	19,269,987	17,155,905
<b>Deferred Outflows of Resources</b>	6,963,526	10,708,570
<b>Liabilities</b>		
Long-term liabilities	32,575,953	41,067,100
Other liabilities	4,637,144	3,437,673
Total liabilities	37,213,097	44,504,773
<b>Deferred Inflows of Resources</b>	8,641,410	3,847,292
<b>Net Position</b>		
Net investment in capital assets	4,910,916	4,241,021
Restricted	222,979	452,106
Unrestricted net position (deficit)	(24,754,889)	(25,180,717)
Total net position (deficit)	\$ (19,620,994)	\$ (20,487,590)

During the fiscal year, net position of the School's governmental activities increased by \$866,596. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of (\$24,754,889) at June 30, 2023.

**JAMES ISLAND CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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The following table shows the changes in net position for fiscal year 2023 and 2022:

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program revenue:		
Operating grants	\$ 26,414,466	\$ 24,433,716
Charges for services	210,468	617,119
General revenues:		
Other revenue	81,199	364,073
Total revenues	26,706,133	25,414,908
<b>Program Expenses</b>		
Instruction	14,909,832	14,713,596
Support services	10,927,435	9,960,879
Interest	2,270	-
Total expenses	25,839,537	24,674,475
Increase in net position	\$ 866,596	\$ 740,433

***Governmental Activities:***

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

**Governmental Funds**

For the year ended June 30, June 30, 2023, the School's Governmental Funds reported combined fund balances of \$9,721,926 as compared to \$9,546,791 for the prior year.

The Special Revenue Funds consists of various federal, state, local funds, and the Education Improvement Act funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The funds that were received during the year were expended during the current fiscal year; except for activity within the student activity funds; therefore, there was no fund balance except for student activity funds at the end of the previous or current year.

**General Fund Budgetary Highlights**

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2023, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**JAMES ISLAND CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2023**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2023, the School had \$4,910,916 net investment in capital assets. The year-end total of capital assets was \$10,621,895, with a total accumulated depreciation of \$5,710,979. The depreciation expense taken during the year was \$783,750, and capital asset additions were \$1,453,645.

The following table shows fiscal 2023 and 2022:

	<b>Capital Assets (Net of Depreciation)</b>	
	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Leasehold improvements	\$ 3,056,761	\$ 1,787,073
Equipment	724,465	471,469
Vehicles	508,545	227,889
Construction in progress	621,145	1,754,590
	<hr/>	<hr/>
Totals	<u>\$ 4,910,916</u>	<u>\$ 4,241,021</u>

**Long-term Debt**

At fiscal year-end, the School had \$98,170 in accrued compensated absences.

**Economic Factors**

The following key economic indicators reflect the operations of the School:

- The School continues to see community support as evidenced by 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.

**Contacting the School’s Financial Management**

This financial report is designed to provide interested parties with a general overview of the School’s finances and to show the School’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School’s business office located at 1000 Fort Johnson Road, Charleston, South Carolina 29412.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Statement of Net Position  
June 30, 2023**

	<u>Governmental Activities</u>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 10,830,236
Investments	2,977,626
Due from other governmental units	515,216
Prepaid expenses	35,993
Capital assets	10,621,895
Less accumulated depreciation and amortization	<u>(5,710,979)</u>
Total capital assets, net of depreciation	<u>4,910,916</u>
Total assets	<u>19,269,987</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB charges	<u>6,963,526</u>
Total deferred outflows of resources	<u>6,963,526</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	2,081,948
Revenue collected in advance	2,270,670
Due to other governmental units	1,925
Due to Charleston County School District	282,601
Long-term liabilities:	
Pension liability	17,938,914
OPEB Obligation	14,538,869
Accrued compensated absences	<u>98,170</u>
Total liabilities	<u>37,213,097</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB credits	<u>8,641,410</u>
Total deferred inflows of resources	<u>8,641,410</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	4,910,916
Restricted	222,979
Unrestricted net position (deficit)	<u>(24,754,889)</u>
Total net position (deficit)	<u>\$ (19,620,994)</u>

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Statement of Activities  
For the Year Ended June 30, 2023**

<b>Functions / Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net Revenue (Expense) and Change in Net Position</b>
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental activities:				
Instruction	\$ 14,909,832	\$ -	\$ 15,241,574	\$ 331,742
Support services	10,927,435	-	11,170,571	243,136
Interest and other charges	2,270	210,468	2,321	210,519
Total governmental activities	25,839,537	210,468	26,414,466	785,397
<b>Total</b>	<b>\$ 25,839,537</b>	<b>\$ 210,468</b>	<b>\$ 26,414,466</b>	<b>785,397</b>
General revenues:				
				46,298
				34,901
				81,199
				866,596
				(20,487,590)
				\$ (19,620,994)

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Balance Sheet - Governmental Funds  
June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 10,830,236	\$ -	\$ -	\$ 10,830,236
Investments	2,977,626	-	-	2,977,626
Due from other governmental units	-	-	515,216	515,216
Due from other funds	493,438	2,473,796	-	2,967,234
Prepaid expenses	35,992	-	-	35,992
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	\$ <u>14,337,292</u>	\$ <u>2,473,796</u>	\$ <u>515,216</u>	\$ <u>17,326,304</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 2,081,948	\$ -	\$ -	\$ 2,081,948
Due to other funds	2,473,796	-	493,438	2,967,234
Due to other governmental units	-	1,925	-	1,925
Due to Charleston County School District	282,601	-	-	282,601
Unearned revenue	-	2,248,892	21,778	2,270,670
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	4,838,345	2,250,817	515,216	7,604,378
Fund balances:				
Nonspendable	35,992	-	-	35,992
Restricted	-	222,979	-	222,979
Unassigned	9,462,955	-	-	9,462,955
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	9,498,947	222,979	-0-	9,721,926
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	\$ <u>14,337,292</u>	\$ <u>2,473,796</u>	\$ <u>515,216</u>	\$ <u>17,326,304</u>

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2023**

Total fund balances - governmental funds	\$	9,721,926
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 assets is \$10,621,895 and the accumulated depreciation is \$5,710,979.		4,910,916
Long-term liabilities, including pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		(17,938,913)
Long-term liabilities, including OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		(14,538,869)
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		(98,170)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		6,963,526
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		<u>(8,641,410)</u>
Net position of governmental activities	\$	<u><u>(19,620,994)</u></u>

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local	\$ 381,818	\$ 621,629	\$ -	\$ 1,003,447
State	21,894,109	151,958	656,388	22,702,455
Federal	-	2,997,962	-	2,997,962
Intergovernmental	-	-	-	-
	<u>22,275,927</u>	<u>3,771,549</u>	<u>656,388</u>	<u>26,703,864</u>
Total revenues all sources				
<b>EXPENDITURES</b>				
Current:				
Instruction	12,966,062	660,042	654,949	14,281,053
Support services	7,710,031	1,296,360	1,439	9,007,830
Community services	-	-	-	-
Intergovernmental	-	2,270	-	2,270
Capital outlay	1,195,572	2,042,004	-	3,237,576
	<u>21,871,665</u>	<u>4,000,676</u>	<u>656,388</u>	<u>26,528,729</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>404,262</u>	<u>(229,127)</u>	<u>-</u>	<u>175,135</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	404,262	(229,127)	-0-	175,135
<b>FUND BALANCE, July 1, 2022</b>	<u>9,094,685</u>	<u>452,106</u>	<u>-0-</u>	<u>9,546,791</u>
<b>FUND BALANCE, June 30, 2023</b>	<u>\$ 9,498,947</u>	<u>\$ 222,979</u>	<u>\$ -0-</u>	<u>\$ 9,721,926</u>

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Reconciliation of Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2023**

Total net change in fund balances - governmental funds	\$ 175,135
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,453,645), less disposals, exceeds depreciation (\$783,750) in the period.</p>	669,895
<p>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. This year, sick leave and vacation earned exceeded the amount used.</p>	33,113
<p>Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense. This is the amount by which the costs of benefits earned (\$2,523,042) exceeds employee contributions (\$2,509,225).</p>	(13,817)
<p>Non-employer contributions related to OPEB made by PEBA on behalf of the School 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 2022 is a year in arrears.</p>	<u>2,270</u>
Change in net position of governmental activities	<u><u>\$ 866,596</u></u>

The notes to the financial statements are an integral part of this statement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of James Island Charter High School (“the School”) conform to accounting principles generally accepted in the United States of America (“GAAP”) as applicable to governments. The Government 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 accounting policies:

**A. Reporting Entity**

James Island Charter High School is a nonprofit organization incorporated in the State of South Carolina and organized under the South Carolina Charter School Act (“the Act”). The School was initially formed in October 2002 and began operations in July 2003. The School operates within the Charleston County School District (“the District”). The School serves approximately 1,575 students from grade nine through grade twelve in Charleston County, 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 activities in a safe, nurturing environment supported by the faculty, parents, and community.

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

- 1) The School shall adopt the admission policies as defined in the Act, as amended.
- 2) Students attending the School shall meet South Carolina and District guidelines.
- 3) Employee policy manuals and hiring practices will be consistent with the District.
- 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 District budgetary guidelines and will adhere to the same financial audits, audit procedures, and audit requirements as are required pursuant to the Act, as amended.
- 6) The District will provide the land, facilities, equipment and other identified items in the facility use agreement to the School for the term of the agreement.
- 7) As provided in the Act, as amended, the District will proportionately distribute funding to the School for operations, capital outlays, and maintenance.

The Board of Directors (“the Board”) of the School determined 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.

A charter school is an independent public school, governed by an independent Board of Directors (“the Board”). To encourage innovation, charter schools operate free from a number of state laws and regulations. An initial charter is granted for a five-year period, renewable every five to ten years thereafter.

Charter schools are funded similarly to other public schools in that state and local funds are allocated for each enrolled student. Charter schools may charge for selected additional costs consistent with those permitted by school districts. Because charter schools receive local, state, and federal funds they may not charge tuition.

The School is considered a component unit of the Charleston County School District. A component unit, although a legally separate entity, is, in substance, part of the District's operations. The School has no component units for which it is considered to be financially accountable.

**JAMES ISLAND CHARTER HIGH SCHOOL**  
**CHARLESTON, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2023**

**B. Government-Wide and Fund Financial Statements**

The Government-Wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on the School as a whole, except for fiduciary funds, if any. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges paid by the recipient of goods or services offered by the program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements report detailed information about the School. The focus of Governmental Financial Statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds, if any, are aggregated and presented in a single column.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Funds Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major Governmental Funds:

- The General Fund is the School's primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund. All general revenues and other receipts that are not allocated by law or contractual agreement to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balance is considered a resource available for use.
- The Special Revenue Fund accounts for specific revenue sources that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.
- The Special Revenue - Education Improvement Act ("EIA") Fund is used to account for the revenue from the South Carolina Education Improvement Act of 1984 which is legally required by the state to be accounted for as a specific revenue source.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance**

**1) Deposits and Investments**

The School's cash and cash equivalents are considered to be cash on hand, cash held in local financial institutions, and certificates of deposit.

**2) Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-Wide and Fund Financial Statements.

**3) 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, due from other governmental units, accounts payable or "due from other funds" or "due to other funds". The transactions between funds are eliminated in the Governmental Activities' column of the Statement of Net Position.

**4) Capital Assets**

Capital assets include leasehold, furniture and fixtures, and equipment. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over an estimated useful life of three to thirty years.

**5) 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. Payments made within sixty days after year end are considered to have been made with current available financial resources.

In the Government-Wide Financial Statements long-term debt and long-term obligations are reported as liabilities in the applicable Governmental Activities Statement of Net Position. In the Fund Financial Statements, governmental fund types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

**6) Unearned revenue**

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue.

**7) Compensated Absences**

The School reports compensated absences in accordance with internal policy. Full-time employees may accumulate and accrue vacation leave on a twelve-month basis. The School has \$98,170 in accrued compensated absences at June 30, 2023 reported in the Statement of Net Position.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued**

**8) Pension Plan**

In Government-Wide Financial Statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The School recognizes a net pension liability (“NPL”), which represents the School’s proportionate share of the excess of the total pension liability (“TPL”) over the fiduciary net position of the qualified pension plan, measured as of the School’s fiscal year-end. Changes in the NPL during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in NPL that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

**9) Postemployment Benefits Other Than Pensions**

In Government-Wide Financial Statements, postemployment benefits other than pensions (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the modified accrual basis of accounting. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**10) Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. School contributions to the pension and OPEB plans subsequent to the measurement date and the net difference between expected and actual experience in the pension and OPEB plans are included as deferred outflows of resources. These deferred charges are either (a) recognized in the subsequent period as a reduction of the net pension and OPEB liability (which includes pension and OPEB contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension and OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension and OPEB plan investments are included as deferred inflows of resources. These deferred credits are amortized in a systematic and rational way as a reduction to pension and OPEB expense in future periods in accordance with GAAP.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued**

**11) Fund Equity**

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the Governmental Funds. Individual Governmental Funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the School's Board through motions passed at School Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School's administration. The School has no assigned fund balance amounts.

**Nonspendable Fund Balance** - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

**Restricted Fund Balance** - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation. The School has \$222,979 in fund balances restricted for its student activities.

**Committed Fund Balance** - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the School's Board.

**Assigned Fund Balance** - includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are established by the School's administration.

**Unassigned Fund Balance** - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other Governmental Funds, it may be necessary to report a negative unassigned fund balance.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**C. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued**

**12) Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**13) Fair Value**

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School can access at the measurement date.

**Level 2** – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3** – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

**14) Use of Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures, or expenses during the reporting period. Actual results could differ from those estimates.

**JAMES ISLAND CHARTER HIGH SCHOOL**  
**CHARLESTON, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2023**

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets for all Governmental Funds are adopted on the modified accrual basis for accounting, which is consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end and the School does not employ encumbrance accounting.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without the approval of the School's Board. The legal level of control is at the fund level. During the year, the School revised the budget. The administration has discretionary authority to make transfers between appropriation accounts.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At June 30, 2023, the School's carrying amount of deposits was \$8,529,765 and the bank balance was \$8,533,814, all of which was covered by the Federal Deposit Insurance Corporation ("FDIC") or collateralized.

Custodial credit risk for cash deposits and investments is the risk that, in the event of a bank failure, the School's deposits or investments might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the state of South Carolina.

The School is authorized to invest in securities as allowed by South Carolina statute. Those investments are restricted to:

- 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 that the same are secured by the 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, of a market value not less than the amount of the certificates 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 law); and
- 6) Repurchase agreements.

The School does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

The School places no limit on the amount the School may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. government and investments in mutual funds are exempt from concentration of credit risk disclosures.

At June 30, the School held investments in U. S. Government Treasury Notes with a fair value of \$2,977,626, with maturity dates ranging from September 30, 2023 to June 30, 2026.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,754,590	\$ 737,501	\$ (1,870,946)	\$ 621,145
	<u>1,754,590</u>	<u>737,501</u>	<u>(1,870,946)</u>	<u>621,145</u>
Capital assets, being depreciated:				
Leasehold improvements	4,757,070	1,878,081	-	6,635,151
Furniture and fixtures	40,890	-	-	40,890
Equipment	2,236,978	393,169	-	2,630,147
Vehicles	378,722	315,840	-	694,562
	<u>7,413,660</u>	<u>2,587,090</u>	<u>-0-</u>	<u>10,000,750</u>
Less accumulated depreciation for:				
Leasehold improvements	2,969,997	606,332	2,061	3,578,390
Furniture and fixtures	40,890	-	-	40,890
Equipment	1,765,509	140,173	-	1,905,682
Vehicles	150,833	35,184	-	186,017
	<u>4,927,229</u>	<u>781,689</u>	<u>2,061</u>	<u>5,710,979</u>
Total capital assets being depreciated, net	<u>2,486,431</u>	<u>1,805,401</u>	<u>-</u>	<u>4,289,771</u>
Governmental Activities capital assets, net	<u>\$ 4,241,021</u>	<u>\$ 2,542,902</u>	<u>\$ (1,873,007)</u>	<u>\$ 4,910,916</u>

Depreciation was charged to functions/programs as follows:

Governmental Activities:		
Instruction	\$ 625,351	
Support	156,338	
Total depreciation expense - Governmental Activities	<u>\$ 781,689</u>	

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**C. Due to/From Other Funds**

Interfund balances at June 30, 2023, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 493,438	\$ 2,473,796
Special Revenue Funds:		
Special Projects Fund	2,473,796	-
Education Improvement Act Fund	-	493,438
	\$ 2,967,234	\$ 2,967,234

The General Fund receivable is a result of the EIA Fund owing the General Fund for claims that were filed but not yet received. The General Fund payable is a result of the General Fund owing the Special Revenue Fund for amounts received for federal claims on behalf of the Special Revenue Fund.

**D. Relayed Party Transactions with Charleston County School District**

The School owes the District \$282,601 as of June 30, 2023. Amounts due the District represent amounts due for maintenance, transportation and other services provided by the District and unpaid as of June 30, 2023.

The District operates the School's lunchroom providing breakfast and lunch services at no cost to the School on a year-to-year basis. 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 the District.

The District also provides transportation services to the School and the fees for these services were approximately \$505,000 during the year ended June 30, 2023.

The School entered into a Facilities Use Agreement with the District in June 2011. The agreement is for the use of the premises containing 37.5 acres and extends to June 30, 2028. There is no fee associated with the facilities use agreement. The agreement requires the property be used by a charter school for educational and community purposes. The School is responsible for all utilities, maintenance, and upkeep of the property. The District is responsible for capital improvements and replacements of fixtures and systems. The School may make alterations or improvements to the property necessary for its operations. All such improvements or modifications will become the property of the District at the end of the agreement.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**IV. OTHER INFORMATION**

**A. Risk Management**

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains a general liability policy and an errors and omissions policy with a commercial carrier.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

**B. Employee Retirement Systems and Pension Plans**

The School participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("the PEBA Board") appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the trust funds. The Retirement System Investment Commission, created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member Board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the NPL, 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 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 PEBA's website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

**Plan Descriptions** – The South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan, was established 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 and participating charter schools, public higher education institutions, other participating local subdivisions of government, and first-term individuals elected to the South Carolina General Assembly.

The State Optional Retirement Program ("State ORP") is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third-party service providers.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Plan 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 first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

**State ORP** – As an alternative to membership in SCRS, newly hired state, public higher education institution, and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly 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%). 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.

**Plan 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 1% or \$500 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.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Funding Policy** – 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. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (“UAAL”) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to rise by 1 percentage point each year until reaching 18.56% for SCRS and 21.24% for PORS but may be increased further if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The Board shall increase the employer contribution rates as necessary to meet the amortization period set in the statute.

Pension reform legislation modified the statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, Under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

As noted above, both employees and the School are required to contribute to the plans at rates established and as amended by the PEBA. The School’s contributions are actuarially determined but are communicated to and paid by the School as a percentage of the employees’ annual eligible compensation.

**Contribution Summary** – Required employer and employee contribution rates for the past three years are as follows:

	<b>SCRS and State ORP Rates</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employer Contribution Rate: <sup>^</sup>			
Retirement*	17.41%	16.41%	15.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
	<u>17.56%</u>	<u>16.56%</u>	<u>15.56%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>

<sup>^</sup> Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

\* Of the rate for the State ORP Plan, 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.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Contribution Summary, continued**

The required contributions and percentages of amounts contributed by the School to the plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2023	\$ 1,545,204	100%	\$ 276,472	100%
2022	1,235,838	100%	221,119	100%
2021	1,230,473	100%	220,159	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly (“State”) funded 1 percent of the SCRS contribution increases for the year ended June 30, 2021. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System Trust Fund. The amount of funds appropriated by the State (non-employer contributing entity) for the year ended June 30, 2022, (measurement date) to the School was approximately \$90,127 for the SCRS.

The School recognized contributions (on-behalf benefits) from the State of approximately \$90,127 for the year ended June 30, 2022. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the School’s governmental fund financial statements.

Eligible payrolls of the School covered under the plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2023	\$ 8,799,568	\$ 2,201,210	\$ 11,000,778
2022	7,515,338	1,878,834	9,394,172
2021	8,024,924	2,006,231	10,031,155

**Actuarial Assumptions** – Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, TPL, NPL, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2021. 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 2022 legislative session that had a material change in the benefit provisions for any of the systems.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Actuarial Assumptions, continued**

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2022:

	<u>SCRS</u>
Actuarial Cost Method	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	3.0% to 11.0% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually

\*Includes inflation at 2.25%

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, 2022, TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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%

**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 rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investments fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 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 following table. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Long-Term Expected Rate of Return, continued**

<u>Allocation / Exposure</u>	<u>Policy Target</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.50%	0.42%
<b>Real Assets:</b>			
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
<b>Total Expected Return</b>	<u>100.0%</u>		<u>4.79%</u>
<b>Inflation for Actuarial Purposes</b>			<u>2.25%</u>
<b>Total Expected Nominal Return</b>			<u>7.04%</u>

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – 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, 2022, for SCRS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 56,454,779,872	\$ 32,212,626,932	\$ 24,242,152,940	57.1%

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the requirement of GASB No. 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.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

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

At June 30, 2023, the School reported a liability of \$17,938,914 for its proportionate share of the PEBA's NPL. The NPL was measured as of June 30, 2022, and the TPL used to calculate the NPL was determined based on the most recent actuarial valuation report as of July 1, 2021, that was projected forward to the measurement date. The School's proportion of the NPL was based on a projection of the School's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022, measurement date, the School's proportion was 0.073999%, which was a decrease of 0.011971% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized pension expense of \$1,505,322 for its proportionate share of the PEBA's pension expense. At June 30, 2023, the School reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Net difference between expected and actual experience	\$ 155,856	\$ 78,177
Assumption changes	575,343	-
Net difference between projected and actual earnings on pension plan investments	1,045,236	2,611,400
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	-
School contributions subsequent to the measurement date	<u>1,821,676</u>	<u>-</u>
	<b><u>\$ 3,598,111</u></b>	<b><u>\$ 2,689,577</u></b>

\$1,821,676 reported as deferred outflows of resources related to pensions resulting from School contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<b><u>Year Ended June 30</u></b>	<b><u>Deferred Outflows (Inflows) of Resources</u></b>
2024	\$ 536,131
2025	320,666
2026	(570,510)
2027	<u>626,855</u>
	<b><u>\$ 913,142</u></b>

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Discount Rate** – The discount rate used to measure the TPL was 7.00%. 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.

**Pension Liability Sensitivity** - The following table presents the School’s proportionate share of NPL, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School’s proportionate share of the NPL would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Asset Class</u>	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School's proportionate share of the Net Pension Liability	\$ 22,999,901	\$ 17,938,914	\$ 13,731,360

**Pension Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the SCRS. The ACFR is publicly available through the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**C. Other Post-Employment Benefits Trust Funds**

The PEBA is the state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trusts, and retirement systems.

The Laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of the PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits (“OPEB”). See Note IV. B. for more details on the PEBA and the SFAA.

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

**Plan Descriptions** – The Other Post-Employment Benefits Trust Funds (“OPEB Trusts”) collectively refers to the South Carolina Retiree Health Insurance Trust Fund (“SCRHITF”) and the South Carolina Long-Term Disability Insurance Trust Fund (“SCLTDITF”), which were 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. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Plan Descriptions, continued**

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The PEBA Board has been designated as the Trustee.

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

**Plan 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.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability (“NOL”) and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School, no SCLTDITF OPEB amounts have been recorded in these financial statements, and only limited note disclosures have been provided related to these benefits.

**Funding Policy** – Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by 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, 2022, was 6.25%. 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 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.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Funding Policy, continued**

The covered payroll surcharge rates for the past three years were as follows:

	<b>Year Ended June 30,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
Employer Contribution Rate:^	6.25%	6.25%	6.25%

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

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School covered by the SCRHITF for the past three years were as follows:

<b>Year Ended June 30,</b>	<b>Contributions</b>		<b>Eligible Payroll</b>
	<b>Required</b>	<b>% Contributed</b>	
2023	\$ 687,549	100%	\$ 11,000,778
2022	590,622	100%	9,394,172
2021	616,107	100%	10,031,155

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School approximately \$2,271 for the year ended June 30, 2022 (measurement period). The contributions from these non-employer contributing entities are recognized as state revenues and intergovernmental expenditures in the School’s governmental fund financial statements.

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 NOL 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 NOL, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. 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.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Actuarial Assumptions** – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of the School’s Contributions, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about the School’s NOL, funded status of the OPEB Plan, and the School’s contributions to the OPEB Plan.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types 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.

The total OPEB liability (“TOL”), NOL, and sensitivity information were determined by the consulting actuary and are based on an actuarial valuation performed as of June 30, 2021. The TOL was rolled-forward from the valuation date to the OPEB plan’s fiscal year ended June 30, 2022, using generally accepted actuarial principles.

Additional information as of the latest actuarial valuation for SCRHITF:

<b>Valuation Date:</b>	June 30, 2021
<b>Actuarial Cost Method:</b>	Individual Entry - Age Normal
<b>Inflation:</b>	2.25%
<b>Investment Rate of Return:</b>	2.75%, net of OPEB Plan investment expense; including inflation
<b>Single Discount Rate:</b>	3.69% as of June 30, 2022
<b>Demographic Assumptions:</b>	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
<b>Mortality:</b>	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of ultimate rates of Scale MP-2019 to account for future mortality improvements.
<b>Health Care Trend Rate:</b>	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
<b>Aging Factors:</b>	Based on plan specific experience.
<b>Retiree Participation:</b>	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
<b>Notes:</b>	The discount rate changed from 1.92% as of June 30, 2021, to 3.69% as of June 30, 2022.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Long-term Expected Rate of Return** – The long-term expected rate of return represents 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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash	20.00%	0.35%	0.07%
<b>Total</b>	<b>100.00%</b>		<b>0.83%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>3.08%</b>
<b>Investment Return Assumption</b>			<b>2.75%</b>

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – The NOL is calculated separately for each system and represents that particular system’s TOL determined in accordance with GASB No. 74, less its fiduciary net position.

The following table represents the components of the NOL as of the June 30, 2022, measurement date, as well as the five prior years:

<b>SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND</b>				
<u>Fiscal Year Ending</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2022	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
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 Trusts’ actuary, and each Trust’s fiduciary net position is reported in the Trust’s financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts’ notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts’ actuary are for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts’ funding requirements.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued**

At June 30, 2023, the School reported a liability of \$14,538,869 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2022, and the TOL for the SCRHITF used to calculate the NOL was determined by an actuarial valuation as of June 30, 2021, that was projected forward to the measurement date. The School's proportion of the NOL was based on a projection of the School's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2022, measurement date, the School's proportion was 0.095576%, which was a decrease of 0.012003% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School recognized OPEB expense of \$1,017,723 for its proportionate share of the PEBA's OPEB expense for SCRHITF. At June 30, 2023, the School reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to SCRHITF from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Net difference between expected and actual experience	\$ 312,059	\$ 1,278,376
Assumption changes	2,222,358	4,673,457
Net difference between projected and actual earnings on OPEB plan investments	114,318	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	-
School contributions subsequent to the measurement date	<u>687,549</u>	<u>-</u>
	<b><u>\$ 3,336,284</u></b>	<b><u>\$ 5,951,833</u></b>

\$687,549 reported as deferred outflows of resources related to the School's contributions subsequent to the measurement date to the SCRHITF will be recognized as a reduction of the NOL in the year ended June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the SCRHITF will be recognized in OPEB expense as follows:

<b><u>Year Ended June 30</u></b>	<b><u>Deferred Outflows (Inflows) of Resources</u></b>
2024	\$ (614,906)
2025	(627,302)
2026	(604,564)
2027	(504,269)
Thereafter	<u>(952,057)</u>
	<b><u>\$ (3,303,098)</u></b>

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Discount Rate** – The single discount rate of 3.69% was used to measure the TOL 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).

**OPEB Liability Sensitivity** – The following table presents the School’s proportionate share of the SCRHITF’s NOL calculated using a single discount rate of 3.69%, as well as what the School’s NOL would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	<b>1% Decrease (2.69%)</b>	<b>Discount Rate (3.69%)</b>	<b>1% Increase (4.69%)</b>
School's proportionate share of the SCRHITF net OPEB liability	\$ 17,188,875	\$ 14,538,869	\$ 12,409,229

Regarding the sensitivity of the SCRHITF’s NOL to changes in the healthcare cost trend rates, the following table presents the School’s proportionate share of the SCRHITF’s NOL, calculated using the assumed trend rates as well as what the School’s NOL would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
School's proportionate share of the SCRHITF net OPEB liability	\$ 11,956,799	\$ 14,538,869	\$ 17,553,577

**OPEB Plan Fiduciary Net Position** – Detailed information regarding the fiduciary net position of the OPEB Plans administered by PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post-Employment Benefits Trust Funds. This information is publicly available through the Insurance Benefits’ link on the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2023**

**IV. OTHER INFORMATION, Continued**

**D. Commitments and Contingencies**

The School participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures that may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the School's management believes such disallowances, if any, would be immaterial.

**E. Other Matter**

In December 2019, an outbreak of novel coronavirus ("COVID-19") originated in China and spread to other countries, including the U.S. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. In response to the pandemic, Congress passed the Coronavirus Aid, Relief, and Economic Security Act ("the CARES Act") which introduced aid to affected organizations. Follow-up legislation to the CARES Act provides funding to state schools and other entities for COVID-19 related expenditures. The School determined its eligibility for funding under various programs, applied for, and received additional funding through several programs, including ESSER III.

**F. Subsequent Events**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through October 31, 2023, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2023.

**JAMES ISLAND CHARTER HIGH SCHOOL**  
**CHARLESTON, SOUTH CAROLINA**  
**Schedule of the Proportionate Share of the Net Pension Liability**  
**June 30, 2023**

<u>Year</u>	<u>School's proportion of the net pension liability</u>	<u>School's proportionate share of the net pension liability</u>	<u>School's covered-employee payroll</u>	<u>School's proportionate share of the net pension liability as a percentage of the covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	0.073990%	\$ 17,938,914	\$ 9,394,172	190.96%	57.10%
2022	0.085970%	\$ 18,604,043	\$ 10,031,155	185.46%	60.70%
2021	0.080260%	\$ 20,508,411	\$ 9,222,758	222.37%	50.70%
2020	0.077370%	\$ 17,337,066	\$ 8,310,804	208.61%	54.10%
2019	0.073140%	\$ 16,464,540	\$ 8,750,213	188.16%	53.30%
2018	0.085170%	\$ 18,192,565	\$ 8,824,603	206.16%	52.90%
2017	0.099320%	\$ 17,986,216	\$ 8,203,616	219.25%	57.00%
2016	0.082290%	\$ 14,167,570	\$ 7,617,637	185.98%	59.90%
2015	0.082290%	\$ 14,759,859	\$ 7,044,893	209.51%	56.40%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

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

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of School Contributions  
June 30, 2023**

<b>Year</b>	<b>Contractually required contributions</b>	<b>Contributions in relation to the contractually required contributions</b>	<b>Contribution deficiency (excess)</b>	<b>School's covered- employee payroll</b>	<b>Contributions as percentage of covered- employee payroll</b>
2023	\$ 1,821,676	\$ 1,821,676	\$ -0-	\$ 11,000,778	16.56%
2022	\$ 1,456,957	\$ 1,456,957	\$ -0-	\$ 9,394,172	15.51%
2021	\$ 1,450,632	\$ 1,450,632	\$ -0-	\$ 10,031,155	14.46%
2020	\$ 1,336,710	\$ 1,336,710	\$ -0-	\$ 9,222,758	14.49%
2019	\$ 1,228,698	\$ 1,228,698	\$ -0-	\$ 9,187,206	13.37%
2018	\$ 940,210	\$ 940,210	\$ -0-	\$ 8,600,804	10.93%
2017	\$ 971,792	\$ 971,792	\$ -0-	\$ 8,750,213	11.11%
2016	\$ 968,236	\$ 968,236	\$ -0-	\$ 8,824,603	10.97%
2015	\$ 876,305	\$ 876,305	\$ -0-	\$ 8,203,616	10.68%
2014	\$ 791,909	\$ 791,909	\$ -0-	\$ 7,617,637	10.40%
2013	\$ 792,669	\$ 792,669	\$ -0-	\$ 7,044,898	11.25%

**Note to Schedule:**

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

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA**  
Schedule of the Proportionate Share of the Net OPEB Liability  
June 30, 2023

<u>SCRHITF</u>	School's proportion of the net OPEB liability	School's proportionate share of the net OPEB liability	School's covered- employee payroll	School's proportionate share of the net OPEB liability as a percentage of the covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
Year					
2023	0.095576%	\$ 14,538,869	\$ 9,394,172	154.76%	9.64%
2022	0.107579%	\$ 22,401,354	\$ 10,031,155	223.32%	7.50%
2021	0.104298%	\$ 18,827,332	\$ 9,222,758	204.14%	8.40%
2020	0.099525%	\$ 15,049,738	\$ 9,087,206	165.61%	8.40%
2019	0.100155%	\$ 14,192,605	\$ 8,610,304	164.83%	7.90%
2018	0.095277%	\$ 12,905,099	\$ 8,750,213	147.48%	7.60%
2017	0.095277%	\$ 13,785,262	\$ 8,824,603	156.21%	6.60%

**Notes to Schedule:**

The amounts presented for each fiscal year were determined as of June 30th of the preceding year (measurement date).

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

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of School Contributions - OPEB Plan  
June 30, 2023**

<u>SCRHITF</u> Year	Contractually required contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	School's covered- employee payroll	Contributions as percentage of covered-employee payroll
2023	\$ 687,549	\$ 687,549	\$ -0-	\$ 11,000,778	6.25%
2022	\$ 590,622	\$ 590,622	\$ -0-	\$ 9,394,172	6.29%
2021	\$ 616,017	\$ 616,017	\$ -0-	\$ 10,031,155	6.14%
2020	\$ 506,996	\$ 506,996	\$ -0-	\$ 9,222,758	5.50%
2019	\$ 499,555	\$ 499,555	\$ -0-	\$ 9,087,206	5.50%
2018	\$ 473,362	\$ 473,362	\$ -0-	\$ 8,610,804	5.50%
2017	\$ 466,386	\$ 466,386	\$ -0-	\$ 8,750,213	5.33%

**Note to Schedule:**

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

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 24,000	\$ 34,901	\$ 10,901
1530 Gain or loss on sale of investments	-	16,589	16,589
1600 Food services			
1610 Vending	19,000	-	(19,000)
1700 Pupil activities			
1740 Student fees	240,000	210,468	(29,532)
1790 Other pupil activity income	330,000	69,340	(260,660)
1900 Other revenue from local sources			
1910 Rentals	21,000	-	(21,000)
1920 Contributions and donations from private sources	115,000	6,492	(108,508)
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	50,000	44,028	(5,972)
Total local sources	<u>799,000</u>	<u>381,818</u>	<u>(417,182)</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3103 State aid to classrooms	22,058,801	21,894,109	(164,692)
Total state sources	<u>22,058,801</u>	<u>21,894,109</u>	<u>(164,692)</u>
Total revenues all sources	<u>22,857,801</u>	<u>22,275,927</u>	<u>(581,874)</u>

**EXPENDITURES**

100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	5,715,953	6,299,226	(583,273)
200 Employee benefits	2,546,766	2,885,371	(338,605)
300 Purchased services	68,500	47,317	21,183
400 Supplies and materials	539,952	607,731	(67,779)
500 Capital outlay	129,000	81,981	47,019

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
115 Career and Technology Education programs			
100 Salaries	\$ 1,004,611	\$ 1,037,847	\$ (33,236)
200 Employee benefits	423,074	466,119	(43,045)
300 Purchased services	20,000	7,265	12,735
400 Supplies and materials	150,000	68,995	81,005
500 Capital outlay	21,210	11,210	10,000
600 Other objects	5,000	-	5,000
120 Exceptional programs			
121 Educable mentally handicapped			
100 Salaries	266,300	279,374	(13,074)
200 Employee benefits	81,342	114,364	(33,022)
122 Trainable mentally handicapped			
100 Salaries	110,233	148,338	(38,105)
200 Employee benefits	72,533	75,800	(3,267)
126 Speech handicapped			
300 Purchased services	40,000	38,420	1,580
127 Learning disabilities			
100 Salaries	788,474	437,747	350,727
200 Employee benefits	296,314	294,239	2,075
300 Purchased services	30,000	30,000	-
400 Supplies and materials	2,000	1,041	959
140 Special programs			
144 International baccalaureate			
300 Purchased services	110,001	77,521	32,480
400 Supplies and materials	42,469	31,680	10,789
145 Homebound			
100 Salaries	-	5,186	(5,186)
200 Employee benefits	-	2,389	(2,389)
300 Purchased services	15,000	10,092	4,908
	<u>12,478,732</u>	<u>13,059,253</u>	<u>(580,521)</u>

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support services			
210 Pupil services			
211 Attendance and social work services			
200 Employee benefits	\$ -	\$ 279,269	\$ (279,269)
212 Guidance services			
100 Salaries	785,004	607,533	177,471
200 Employee benefits	290,148	745	289,403
400 Supplies and materials	6,200	1,930	4,270
213 Health services			
100 Salaries	148,420	116,306	32,114
200 Employee benefits	76,519	70,374	6,145
300 Purchased services	3,000	1,834	1,166
400 Supplies and materials	18,000	795	17,205
214 Psychological services			
100 Salaries	-	41,573	(41,573)
200 Employee benefits	-	19,100	(19,100)
220 Instructional staff services			
222 Library and media services			
100 Salaries	108,040	156,436	(48,396)
200 Employee benefits	38,390	61,314	(22,924)
300 Purchased services	5,200	3,450	1,750
400 Supplies and materials	31,850	17,511	14,339
224 Improvement of instruction inserv and staff training			
300 Purchased services	155,000	97,984	57,016
400 Supplies and materials	1,000	1,836	(836)
230 General administrative services			
231 Board of education			
300 Purchased services	90,000	59,785	30,215
318 Audit services	28,224	22,375	5,849
400 Supplies and materials	2,000	1,316	684
600 Other objects	22,000	11,362	10,638

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
233 School administration			
100 Salaries	\$ 1,316,555	\$ 1,054,141	\$ 262,414
200 Employee benefits	465,826	474,678	(8,852)
300 Purchased services	138,000	38,707	99,293
400 Supplies and materials	90,000	135,306	(45,306)
500 Capital outlay	75,000	2,815	72,185
600 Other objects	98,712	76,851	21,861
250 Finance and operations services			
252 Fiscal services			
100 Salaries	67,626	67,656	(30)
200 Employee benefits	28,210	29,813	(1,603)
300 Purchased services	180,000	188,663	(8,663)
600 Other objects	25,000	19,348	5,652
253 Facilities acquisition and construction			
400 Supplies and materials	-	137	(137)
500 Capital outlay			
520 Construction services	156,000	516,674	(360,674)
540 Equipment	120,000	86,520	33,480
545 Technology equipment and software	100,000	29,900	70,100
550 Vehicles	320,000	315,840	4,160
254 Operation and maintenance of plant			
100 Salaries	400,475	400,264	211
200 Employee benefits	166,012	174,956	(8,944)
300 Purchased services	1,064,214	1,094,379	(30,165)
321 Public util (excl gas, oil, elect & oth heating fuels)	170,000	185,551	(15,551)
400 Supplies and materials	116,579	254,515	(137,936)
470 Energy (incl gas, oil, elect & oth heating fuels)	497,000	531,436	(34,436)
500 Capital outlay	46,000	42,306	3,694
255 Student transportation (state mandated)			
100 Salaries	-	3,728	(3,728)
200 Employee benefits	-	1,294	(1,294)
300 Purchased services	620,000	519,599	100,401

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual  
For Fiscal Year Ended June 30, 2023**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
258 Security			
100 Salaries	\$ 77,819	\$ 80,583	\$ (2,764)
200 Employee benefits	32,060	36,481	(4,421)
400 Supplies and materials	15,000	30	14,970
500 Capital outlay	35,000	31,491	3,509
270 Support services - pupil activity			
271 Pupil service activities			
300 Purchased services	574,944	468,543	106,401
400 Supplies and materials	405,000	274,420	130,580
500 Capital outlay	25,375	74,006	(48,631)
600 Other objects	141,250	28,953	112,297
Total support services	9,376,652	8,812,412	564,240
Total expenditures	21,855,384	21,871,665	(16,281)
 <b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	-	-	-
421-710 Transfer to Special Revenue Fund	-	-	-
Total other financing sources (uses)	-	-	-
 <b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	 <b>\$ 1,002,417</b>	 <b>404,262</b>	 <b>\$ (598,155)</b>
 <b>FUND BALANCE, July 1, 2022</b>		 <b>9,094,685</b>	
 <b>FUND BALANCE, June 30, 2023</b>		 <b>\$ 9,498,947</b>	

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education* (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Student Activity Funds (700s)</u>	<u>Total</u>
<b>REVENUES</b>									
1000 Revenue from local sources									
1500 Earnings on investments									
1510 Interest on investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,279	\$ 1,279
1600 Food services									
1610 Lunch sales to pupils	-	-	-	-	-	-	-	15,325	15,325
1700 Pupil activities									
1740 Student fees	-	-	-	-	-	-	-	26,833	26,833
1790 Other pupil activity income	-	-	-	-	-	-	-	388,206	388,206
1900 Other revenue from local sources									
1910 Rentals	-	-	-	-	-	-	-	16,947	16,947
1920 Contrib and donations from private sources	-	-	-	-	-	-	-	163,450	163,450
1990 Miscellaneous local revenue									
1999 Revenue from other local sources	-	-	-	-	-	-	9,589	-	9,589
Total local sources	-	-	-	-	-	-	9,589	612,040	621,629
3000 Revenue from state sources									
3100 Restricted state funding									
3110 Occupational education									
3118 EEDA career specialists	-	-	-	-	-	94,306	-	-	94,306
3130 Special programs									
3136 Student health/fitness - nurses	-	-	-	-	-	21,182	-	-	21,182
3187 Teacher supplies (no carryover)	-	-	-	-	-	34,200	-	-	34,200
3900 Other state revenue									
3994 PEBA nonemployer contributions	-	-	-	-	-	2,270	-	-	2,270
Total state sources	-	-	-	-	-	151,958	-	-	151,958

\* See Schedule 7 for a listing of LEA subfund codes for each program

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education* (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Student Activity Funds (700s)</u>	<u>Total</u>
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins, Title I-CATE-basic state grants	\$ -	\$ -	\$ -	\$ 27,029	\$ -	\$ -	\$ -	\$ -	\$ 27,029
4500 Programs for children with disabilities									
4510 Individ with Disabil Educ Act (IDEA)	-	239,793	-	-	-	-	-	-	239,793
4900 Other federal sources									
4974 ESSER III	-	-	-	-	-	-	2,657,757	-	2,657,757
4999 Revenue from other federal sources	-	-	-	-	-	-	73,383	-	73,383
Total federal sources	<u>-</u>	<u>239,793</u>	<u>-</u>	<u>27,029</u>	<u>-</u>	<u>-</u>	<u>2,731,140</u>	<u>-</u>	<u>2,997,962</u>
Total revenues all sources	<u>-</u>	<u>239,793</u>	<u>-</u>	<u>27,029</u>	<u>-</u>	<u>151,958</u>	<u>2,740,729</u>	<u>612,040</u>	<u>3,771,549</u>

**EXPENDITURES**

100 Instruction									
110 General instruction									
111 Kindergarten programs									
400 Supplies and materials	-	-	-	-	-	34,200	-	-	34,200
114 High school programs									
100 Salaries	-	-	-	-	-	-	73,383	-	73,383
400 Supplies and materials	-	-	-	-	-	-	117,462	-	117,462
500 Capital outlay	-	-	-	-	-	-	14,460	-	14,460
115 Career and Technology Educ programs									
300 Purchased services	-	-	-	3,219	-	-	-	-	3,219
400 Supplies and materials	-	-	-	23,093	-	-	-	-	23,093
600 Other objects	-	-	-	600	-	-	-	-	600

\* See Schedule 7 for a listing of LEA subfund codes for each program

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Student Activity Funds (700s)</u>	<u>Total</u>
120 Exceptional programs									
127 Learning disabilities									
100 Salaries	\$ -	\$ 239,793	\$ -	\$ -	\$ -	\$ -	\$ 129,838	\$ -	\$ 369,631
200 Employee benefits	-	-	-	-	-	-	38,454	-	38,454
Total instruction	<u>-</u>	<u>239,793</u>	<u>-</u>	<u>26,912</u>	<u>-</u>	<u>34,200</u>	<u>373,597</u>	<u>-</u>	<u>674,502</u>
200 Support services									
212 Guidance services									
100 Salaries	-	-	-	-	-	94,306	72,260	-	166,566
200 Employee benefits	-	-	-	-	-	-	22,648	-	22,648
213 Health services									
100 Salaries	-	-	-	-	-	21,182	-	-	21,182
600 Other objects	-	-	-	-	-	-	9,589	-	9,589
220 Instructional staff services									
224 Improvement of instruction inserv and staff training									
300 Purchased services	-	-	-	117	-	-	-	723	840
230 General administrative services									
231 Board of education									
100 Salaries	-	-	-	-	-	-	95,962	-	95,962
200 Employee benefits	-	-	-	-	-	-	33,457	-	33,457
250 Finance and operations services									
252 Fiscal services									
600 Other objects	-	-	-	-	-	-	-	6,193	6,193
253 Facilities acquisition and construction									
500 Capital outlay	-	-	-	-	-	-	12,250	-	12,250
254 Operation and maintenance of plant									
300 Purchased services	-	-	-	-	-	-	7,500	-	7,500
400 Supplies and materials	-	-	-	-	-	-	299,510	-	299,510
500 Capital outlay	-	-	-	-	-	-	1,813,956	-	1,813,956

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Special Revenue Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
For Fiscal Year Ended June 30, 2023**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Student Activity Funds (700s)</u>	<u>Total</u>
270 Support services - pupil activity									
271 Pupil service activities									
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,182	\$ 100,182
400 Supplies and materials	-	-	-	-	-	-	-	475,934	475,934
500 Capital outlay	-	-	-	-	-	-	-	201,340	201,340
600 Other objects	-	-	-	-	-	-	-	56,795	56,795
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>117</u>	<u>-</u>	<u>115,488</u>	<u>2,367,132</u>	<u>841,167</u>	<u>3,323,904</u>
410 Intergovernmental expenditures									
419 Payments to PEBA nonemployer contrib									
720 Transits	-	-	-	-	-	2,270	-	-	2,270
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,270</u>	<u>-</u>	<u>-</u>	<u>2,270</u>
Total expenditures	<u>-</u>	<u>239,793</u>	<u>-</u>	<u>27,029</u>	<u>-</u>	<u>151,958</u>	<u>2,740,729</u>	<u>841,167</u>	<u>4,000,676</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Interfund transfers from (to) other funds:									
420-710 Transfer to Gen Fund (excludes IC)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(229,127)</u>	<u>(229,127)</u>
<b>FUND BALANCE, July 1, 2022</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>452,106</u>	<u>452,106</u>
<b>FUND BALANCE, June 30, 2023</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>222,979</u>	<u>\$ 222,979</u>

**JAMES ISLAND CHARTER HIGH SCHOOL**  
**CHARLESTON, SOUTH CAROLINA**  
**Special Revenue Fund - Schedule of Program Classifications**  
**For Year Ended June 30, 2023**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<b><u>OTHER RESTRICTED STATE GRANTS</u></b>			
917	EEDA career specialists	\$ 94,306	3118
936	Student health/fitness - nurses	21,182	3136
928	Teacher supplies (no carryover)	34,200	3187
994	PEBA nonemployer contributions	<u>2,270</u>	3994
		<u>\$ 151,958</u>	
<b><u>OTHER SPECIAL REVENUE PROGRAMS</u></b>			
881	Revenue from other local sources	\$ 9,589	1999
218	ESSER III	2,657,757	4974
299	JROTC	<u>73,383</u>	4999
		<u>\$ 2,740,729</u>	

**JAMES ISLAND CHARTER HIGH SCHOOL**  
**CHARLESTON, SOUTH CAROLINA**  
**Special Revenue Fund**  
**Summary Schedule for Designated State Restricted Grants**  
**For Year Ended June 30, 2023**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
917	3118	EEDA career specialists	\$ 94,306	\$ 94,306	\$ -	\$ -	\$ -
936	3136	Student health/fitness - nurses	21,182	21,182	-	-	-
928	3187	Teacher supplies (no carryover)	34,200	34,200	-	-	-
994	3994	PEBA nonemployer contributions	2,270	2,270	-	-	-
			<u>\$ 151,958</u>	<u>\$ 151,958</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs  
For Fiscal Year Ended June 30, 2023**

**REVENUES**

3000 Revenue from state sources		
3500 Education improvement act		
3503 State aid to classrooms	\$	515,216
3519 Grade 10 assessments		16,303
3529 Career and Technology Education		39,420
3532 National Board salary supplement		<u>85,449</u>
Total state sources		<u>656,388</u>
Total revenues all sources		<u>656,388</u>

**EXPENDITURES**

100 Instruction		
110 General instruction		
114 High school programs		
100 Salaries		600,522
200 Employee benefits		142
400 Supplies and materials		7,128
115 Career and Technology Education programs		
400 Supplies and materials		37,982
140 Special programs		
144 International baccalaureate		
300 Purchased services		<u>9,175</u>
Total instruction		<u>654,949</u>
200 Support services		
250 Finance and operations services		
255 Student transportation (state mandated)		
300 Purchased services		362
270 Support services - pupil activity		
271 Pupil service activities		
300 Purchased services		<u>1,077</u>
Total support services		<u>1,439</u>
Total expenditures		<u>656,388</u>

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Education Improvement Act  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs  
For Fiscal Year Ended June 30, 2023**

**OTHER FINANCING SOURCES (USES)**

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ <u>          -</u>

Total other financing sources (uses)	<u>          -</u>
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<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>          -0-</u>
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<b>FUND BALANCE, July 1, 2022</b>	<u>          -0-</u>
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<b>FUND BALANCE, June 30, 2023</b>	\$ <u><u>          -0-</u></u>
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**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA**

**Education Improvement Act  
Summary Schedule by Program  
For Year Ended June 30, 2023**

<u>PROGRAM</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3503 State aid to classrooms	\$ 515,216	\$ 515,216	\$ -	\$ -	\$ -
3519 Grade 10 assessments	16,303	16,303	-	-	-
3529 Career and Technology Education	39,420	39,420	-	-	21,778
3532 National Board salary supplement	85,449	85,449	-	-	-
<b>TOTALS</b>	<u>\$ 656,388</u>	<u>\$ 656,388</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 21,778</u>

**JAMES ISLAND CHARTER HIGH SCHOOL  
 CHARLESTON, SOUTH CAROLINA  
 Schedule of Due to State Department of Education/Federal Government  
 June 30, 2023**

<u>Program</u>	<u>Project Number</u>	<u>Revenue &amp; Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>	<u>Status of Payments</u>
				\$ <u>0.00</u>	
				\$ <u>-0-</u>	

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2023**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant weakness(es) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant weakness(es) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes      X   No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>AL Numbers</u>	<u>Name of Federal Cluster or Program</u>
84.425C, 84.425D	Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act

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

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2023**

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**Section II - Financial Statement Findings**

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None.

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**Section III - Federal Award Findings and Questioned Costs**

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None.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of Prior Year Findings  
For Fiscal Year Ended June 30, 2023**

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**Section I - Financial Statement Findings**

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None.

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**Section II - Federal Award Findings and Questioned Costs**

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None.

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

<b>Federal Grantor/ Pass-Through Grantor Program Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Grantor's Number</b>	<b>Total Expenditures</b>
<b><u>U. S. DEPARTMENT OF EDUCATION</u></b>			
Passed through Charleston County School District:			
Special education cluster:			
Individuals with Disabilities Education Act (IDEA)	84.027	N/A	\$ <u>239,793</u>
Total special education cluster			<u>239,793</u>
Perkins Aid, Title I, Basic Grant	84.048	N/A	<u>27,029</u>
ESSER III	84.425U	N/A	<u>2,657,757</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>2,924,579</u>
<b><u>U. S. DEPARTMENT OF DEFENSE</u></b>			
Passed through Charleston County School District			
The Naval Reserve Officers Training Corps (NROTC)	12.000	N/A	<u>73,382</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>73,382</u>
<b>TOTAL FEDERAL ASSISTANCE EXPENDED</b>			<u>\$ 2,997,961</u>

No amounts were passed through to subrecipients.

See accompanying notes to Schedule of Expenditures of Federal Awards

**JAMES ISLAND CHARTER HIGH SCHOOL  
CHARLESTON, SOUTH CAROLINA  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2023**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards ("the SEFA") includes the federal grant activity of James Island Charter High School under programs of the federal government for the year ended June 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the SEFA presents only a selected portion of the operations of James Island Charter High School, it is not intended to and does not present the financial position, change in net assets, or cash flows of James Island Charter High School.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Reconciliation of SEFA to the Financial Statements**

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to revenues and expenditures received or made subsequent to the filing of federal financial reports.

**Note 4 - Indirect Cost Rate**

The District has elected not to use the 10% de minimus cost rate allowed under the Uniform Guidance.



# MARTIN · SMITH

& COMPANY CPAs

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of James Island Charter High School (“the School”) as of and for the year ended June 30, 2023, and have issued our report thereon dated October 31, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### **Report on Compliance and Other Matters**

As part of obtaining assurance about whether James Island Charter High School’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered James Island Charter High School’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of James Island Charter High School’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in 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 combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **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 James Island Charter High School’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Martin Smith and Company CPAs PA*

October 31, 2023



# MARTIN · SMITH

& COMPANY CPAs

## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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 the compliance of James Island Charter High School (“the School”) with the types of compliance requirements described in the U.S. Office of Management and Budget Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. James Island Charter High School’s major federal programs are identified in the summary of auditors’ 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, 2023.

#### ***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 (“GAAS”); 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 Auditors’ 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.

### ***Auditors' 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 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 GAAS, *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 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 GAAS, *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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

*Martin Smith and Company CPAs PA*

Martin Smith & Company CPAs, PA  
Greenville, South Carolina  
October 31, 2023