

# TOWN OF JAMES ISLAND

## INDEPENDENT AUDITOR'S REPORT

AND

## BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

### MAYOR

Bill Woolsey

### MAYOR PRO TEMPORE

Leonard Blank

### TOWN COUNCIL MEMBERS

Garrett Milliken

Darren "Troy" Mullinax

Joshua P. Stokes

### TOWN ADMINISTRATOR

Ashley Kellahan

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October 18, 2019

## **INDEPENDENT AUDITOR'S REPORT**

Mr. William Woolsey, Mayor and  
Town Council Members  
Town of James Island, South Carolina

We have audited the accompanying financial statements and the related notes of the Town of James Island, South Carolina, as of June 30, 2019, and for the year then ended, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund as of June 30, 2019, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information, the schedule of proportionate share of net pension liability and the schedule of contributions – state pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by the missing information.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Wilson & Quirk, LLC*

THE TOWN OF JAMES ISLAND,  
SOUTH CAROLINA  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019

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<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 3,193,176
Restricted cash and cash equivalents	1,937,642
Receivables:	
Insurance collection	187,764
Franchise fees	59,399
Local option sales tax	301,796
Hospitality tax	114,338
Business license	17,274
State aid to subdivisions	68,307
Miscellaneous	48,535
 <u>Property and Equipment</u> , net of accumulated depreciation	 <u>7,731,805</u>
 Total assets	 <u>13,660,036</u>
 <u>Deferred Outflows of Resources</u>	
Related to pensions	<u>579,868</u>
 <u>LIABILITIES</u>	
Accounts payable	205,739
Accrued payroll and payroll taxes	126,375
Net pension liability	<u>1,396,894</u>
 Total liabilities	 <u>1,729,008</u>
 <u>Deferred Inflows of Resources</u>	
Related to Pensions	<u>166,445</u>
 <u>NET POSITION</u>	
Investment in capital assets	7,731,805
Restricted for	
Debt service	-
Public Works	1,937,642
Unrestricted	<u>2,675,004</u>
 Total Net Position	 <u><u>\$ 12,344,451</u></u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,  
SOUTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Operating Grants and Contri- butions	Charges for Services	Capital Grants and Contri- butions	
Primary Government:					
Government Activities:					
General government	\$ 887,178	\$ -	\$ -	\$ -	\$ (887,178)
Elected officials	90,850	-	-	-	(90,850)
Planning	154,207	-	8,291	-	(145,916)
Public works	518,169	-	-	-	(518,169)
Building inspection	97,052	-	10,782	-	(86,270)
Codes & safety	403,554	-	4,915	-	(398,639)
Parks & community	91,549	20	-	14,800	(76,729)
Facilities & equipment	196,285	-	-	-	(196,285)
Interest expense	49,336	-	-	-	(49,336)
<b>Total government activity</b>	<b>\$2,488,180</b>	<b>\$ 20</b>	<b>\$23,988</b>	<b>\$ 14,800</b>	<b>(2,449,372)</b>
General Revenues:					
Local option sales tax - revenue					425,560
Local option sales tax - property tax					1,079,002
State aid to subdivisions					263,494
Franchise fees					376,680
Brokers and insurance tax					954,592
Business licenses					331,700
Stormwater fees					306,358
Hospitality tax					572,511
Homestead Exemption					136,851
Interest and other					108,367
Loss of defeasance of bonds					(5,881)
<b>Total general revenue</b>					<b>4,549,234</b>
Changes in net position					2,099,862
Net Position - Beginning					10,244,589

THE TOWN OF JAMES ISLAND,  
SOUTH CAROLINA  
BALANCE SHEET – GOVERNMENTAL FUND  
AS OF JUNE 30, 2019

<u>ASSETS</u>	<u>General Fund</u>	<u>Project Fund</u>	<u>Debt Service Fund</u>	<u>Storm Water Fund</u>	<u>Hospitality Tax Fund</u>	<u>Total Governmental Funds</u>
Cash and cash equivalents	\$ 3,193,176	\$ -	\$ -	\$ -	\$ -	\$ 3,193,176
Restricted cash and cash equivalents	-	-	-	607,886	1,329,756	1,937,642
Receivables:						
Insurance collection	187,764	-	-	-	-	187,764
Franchise fee	59,399	-	-	-	-	59,399
Local option sales tax	301,796	-	-	-	-	301,796
Hospitality tax	114,338	-	-	-	-	114,338
Business license	17,274	-	-	-	-	17,274
State aid to subdivisions	68,307	-	-	-	-	68,307
Miscellaneous	48,535	-	-	-	-	48,535
Total assets	<u>3,990,589</u>	<u>-</u>	<u>-</u>	<u>607,886</u>	<u>1,329,756</u>	<u>5,928,231</u>
 <u>LIABILITIES</u>						
Accounts payable	205,739	-	-	-	-	205,739
Accrued payroll and payroll taxes	82,853	-	-	-	-	82,853
Total liabilities	<u>288,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>288,592</u>
 <u>FUND BALANCE</u>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	607,886	1,329,756	1,937,642
Committed	-	-	-	-	-	-
Unassigned	3,701,997	-	-	-	-	3,701,997
Total fund balance	<u>3,701,997</u>	<u>-</u>	<u>-</u>	<u>607,886</u>	<u>1,329,756</u>	<u>5,639,639</u>
Total Liabilities and Fund Balances	<u>3,990,589</u>	<u>-</u>	<u>-</u>	<u>607,886</u>	<u>1,329,756</u>	<u>5,928,231</u>
Total Fund Balance - Governmental Funds						5,639,639
Amounts to be reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund (net of accumulated depreciation)						7,731,805
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the General Fund						
Compensated absences (vacation time earned)						(43,522)
Net pension liability						(983,471)
Bonds payable						-
Net position of Governmental Activities						<u>\$ 12,344,451</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,  
SOUTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Project Fund	Debt Service Fund	Storm Water Fund	Hospitality Tax Fund	Total Governmental Funds
<u>Revenues</u>						
Local option sales tax - revenue	\$ 425,560	\$ -	\$ -	\$ -	\$ -	\$ 425,560
Local option sales tax - property tax	1,079,002	-	-	-	-	1,079,002
State aid to subdivisions	263,494	-	-	-	-	263,494
Permits, planning and other charges	23,988	-	-	-	-	23,988
Business license	331,700	-	-	-	-	331,700
Hospitality tax	-	-	-	-	572,511	572,511
Franchise fees	376,680	-	-	-	-	376,680
Insurance collection program	954,592	-	-	-	-	954,592
Stormwater fees	-	-	-	306,358	-	306,358
Donations and grants	20	-	-	-	-	20
Interest and other	240,109	-	-	14,163	-	254,272
Total revenues	<u>3,695,145</u>	<u>-</u>	<u>-</u>	<u>320,521</u>	<u>572,511</u>	<u>4,588,177</u>
<u>Expenditures</u>						
Current:						
General government	625,180	-	-	-	-	625,180
Elected officials	82,400	-	-	-	-	82,400
Planning	137,215	-	-	-	-	137,215
Public Works	364,281	-	-	137,555	-	501,836
Building Inspection	87,036	-	-	-	-	87,036
Code & Safety	360,872	-	-	-	-	360,872
Parks & Community	35,999	-	-	-	55,550	91,549
Facilities & Equipment	196,285	-	-	-	-	196,285
Capital outlay	743,281	344,297	-	20,000	42,162	1,149,740
Debt services:						
Principal	-	-	2,790,000	-	-	2,790,000
Interest	-	-	49,336	-	-	49,336
Total expenditures	<u>2,632,549</u>	<u>344,297</u>	<u>2,839,336</u>	<u>157,555</u>	<u>97,712</u>	<u>6,071,449</u>
Excess (deficiency) of revenues over expenditures	1,062,596	(344,297)	(2,839,336)	162,966	474,799	(1,483,272)
<u>Other Financing Sources</u>						
Operating transfers	(2,917,761)	344,297	2,573,464	-	-	-
Net change in fund balance	(1,855,165)	-	(265,872)	162,966	474,799	(1,483,272)
Fund Balance - Beginning	5,535,305	-	265,872	444,920	854,957	7,101,054
Fund Balance - Ending	<u>\$ 3,680,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 607,886</u>	<u>\$ 1,329,756</u>	<u>\$ 5,617,782</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,  
SOUTH CAROLINA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

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Net change in fund balances - Total Governmental Fund \$(1,483,272)

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

Capital outlays are reported as expenditures in the governmental fund. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	1,149,740
Depreciation expense	(210,161)

An item reported in the Statement of Activities does not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. This activity consists of:

Pension accrual	(142,772)
Compensated absence	(3,538)

The repayment of bonds payable consumes current financial resources of governmental funds; however, it does not have any effect on net position. Also, governmental funds report the effect of discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of bonds payable and bond discount is as follows:

Principal repayments	2,790,000
Amortization of issuance discounts	<u>-</u>

Change in Net Position of Governmental Activities	<u><u>\$ 2,099,997</u></u>
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THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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General

The Town of James Island (the Town) was created by South Carolina Code Section 5-1-70 and began operations August 2, 2012. Services provided by the Town include zoning, permitting, public works, building inspection, code enforcement, public safety, disaster and emergency preparedness, recreation, and general government. The Town operates under a Council form of government. The Town Council is composed of a mayor and four town council members elected at large.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Accounting Principles Board (APB) and the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

A. Financial Reporting Entity

The Town is fiscally autonomous in accordance with Statement Number 14 of the Governmental Accounting Standards Board, therefore is a separate governmental entity.

As required by GAAP, the financial statements must present the Town's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the Town both appoints a voting majority of the entity's governing body, and either (1) the Town is able to impose its will on the entity or, (2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the Town. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the Town and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the Town.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the Town having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the Town and (c) issue bonded debt without approval by the Town. An entity has a financial benefit or burden relationship with the Town if, for example, any one of the following conditions exists: (a) the Town is legally entitled to or can otherwise access the entity's resources, (b) the Town is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to, the entity, or (c) the Town is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent if excluding it would cause the Town's financial statements to be misleading.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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Included in the Town's government wide financial statements is the James Island Public Facilities Corporation, incorporated as a non-member public benefit nonprofit corporation on June 16, 2016. The Corporation's governing board consists of the Mayor, Mayor Pro Tem of the Town and the Town Administrator.

The corporation is the issuer of the Lease Revenue Bonds Series 2016 to acquire, construct, furnish and equip a Town Hall and administrative building for offices for certain Town officials and for other functions and to finance the costs of the issuance of the Series 2016 Bonds. The Town contributed \$266,443.76 of its revenues for deposit into the Debt Service Reserve Account established with respect to the Series 2016 Bonds. The Town is also providing for the debt service payments as the Corporation has no assets other than its interest in the Series 2016 Town Hall project, and has paid off entirely the Lease Revenue Bonds as of June 30, 2019. (See Note 8)

**B. Basis of Presentation**

**Government-wide Financial Statements:**

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through intergovernmental revenues, business licenses and fees. The Town does not have any business type activities.

**Fund Financial Statements:**

Fund financial statements of the reporting entity are organized into funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. The Town has five governmental funds. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental funds.

The Governmental Funds of the financial reporting entity are described below:

General Fund – The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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Storm Water Fund – This fund is a special revenue fund used to account for storm water fees charged by the Town, collected by the County of Charleston and used for storm water projects within the Town in conjunction with the County.

Hospitality Tax Fund – This fund is a special revenue fund used to account for the 2% sales tax on food and beverage sales within the Town to be used for projects to support hospitality industry.

Project Fund – This fund is used to account for the purchase and construction of the Town Hall project and for the payment of the issuance costs of the Series 2016 Bonds. The project was completed during the year ended June 30, 2019.

Debt Service Fund – The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the Series 2016 Bonds. (See Note 8)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. This fund uses the fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, which are reported when due.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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D. Assets, Liabilities, Equity, Revenue and Expenses

Cash equivalents – Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon an analysis of and the periodic aging of accounts receivable. Accounts receivable consists primarily of franchise fees, sales and intergovernmental taxes. The allowance for uncollectible accounts was -0- for the year.

Property Tax

The Town levied a property tax during the year ended June 30, 2019, which was netted to zero by the local option sales tax credit.

Government-wide Statements:

In the government-wide financial statements, capital assets are valued at historical cost, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Items greater than \$500, and have a life expectancy of more than one year, are capitalized.

Depreciation of all exhaustible capital assets is recorded and allocated in the Statement of Activities (See Note 5), with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is computed over the assets' estimated useful lives using the straight-line method of depreciation. The leasehold improvements are amortized over the remaining term of the lease. The range of estimated useful lives by type of asset is as follows:

Vehicle	5 years
Office Equipment	3 years
Park Improvements	20 years
Infrastructure	20 years
Signs	5 years

Restricted Assets

Certain cash and cash equivalents are restricted on the basic financial statements as they have been set aside for specific purposes. These assets have been restricted because their use is (a) limited to purchases of certain capital assets, (b) limited for debt service or (c) limited for other specific purposes.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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Governmental Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Compensated Absences

The Town's policies regarding vacation time permit employees to accumulate earned, but unused, vacation leave. An expense and a liability for vacation pay are accrued as the leave is earned in the government-wide financial statements. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

Equity Classifications

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets—Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets—All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Balances – Governmental Funds:

As of June 30, 2019, fund balances are classified as follows:

*Non-spendable* – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the Town. The Town Council is the highest level of decision-making authority for the Town of James Island. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Council.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town Council is the only party that has the right to make assignments of fund balance through the budget process and agenda items for the Town at this time.

*Unassigned* – All other spendable amounts.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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E. Use of Restricted Funds

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

F. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Subsequent Events

Management has evaluated subsequent events through October 19, 2019, the date the financial statements were available.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting – Formal budgets are employed as management control devices for the General Fund. Prior to the beginning of the year, the General Fund is approved by the Town Council. This budget constitutes a legal limit on spending and subsequent budget amendments must be approved. In addition, budget transfers between individuals' accounts are limited to \$10,000.

Permitted Deposits and Investments – State statutes permit the Town to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U. S. Treasury and U. S. Agencies, State obligations and certificates of deposit that are collaterally secured by U.S. or state obligations and certificates of deposit that are collaterally secured by U.S. or state obligations.

NOTE 3. DEPOSITS AND INVESTMENTS

The Town's deposits and investments are classified by three categories of risk as either (1) insured or collateralized with securities held by the Town or by its agent in the Town's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent, or (3) uncollateralized. Bank balances are not classified if collateralized with securities held by the pledging financial institution or its trust department or agent but not in the Town's name.

The following reflects the allocation of deposits by risk category as of June 30, 2019:

<u>Type of Deposits</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	<u>\$7,255,338</u>	<u>\$7,165,208</u>	<u>\$00</u>	<u>\$00</u>	<u>\$7,165,208</u>

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4. CAPITAL ASSETS

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

Governmental Activities:	Balance 7/1/18	Additions	Disposals	Balance 6/30/19
Land	\$1,648,722	\$ -	\$ -	\$ 1,648,722
Buildings	-	3,481,205	-	3,481,205
Leasehold Improvements	4,650	-	4,650	-
Equipment	81,186	11,312	-	92,498
Vehicles	71,784	-	-	71,784
Park improvements	475,011	-	-	475,011
Infrastructure	1,248,037	607,640	-	1,855,677
Town signs	23,361	-	-	23,361
Construction in progress	3,443,533	1,143,088	4,088,845	497,776
	6,996,284	5,243,245	4,093,495	8,146,034
Less: accumulated depreciation	(208,718)	(210,161)	(4,650)	(414,229)
Net Capital Assets - Governmenta	<u>\$6,787,566</u>	<u>\$5,033,084</u>	<u>\$4,088,845</u>	<u>\$ 7,731,805</u>

Depreciation expense is \$210,161 for the governmental activities and is allocated to facilities and equipment.

NOTE 5. INTERFUND RECEIVABLE, PAYABLE, AND TRANSFERS

The balances of interfund receivables, payables, and transfers at June 30, 2019, were as follows:

<u>Receiving Fund</u>	<u>Transfer Out Fund</u>	<u>Amount</u>
Debt Service	General	\$2,573,464
Project	General	\$344,297

The above transfer from the General to the debt service fund was to make the required principal and interest payments for the Lease Revenue Bonds, Series 2016, and to pay off and defease the outstanding bonds. The transfer to the Project Fund was used to pay construction costs for the Town Hall.

NOTE 6. POST EMPLOYEE BENEFITS OTHER THAN PENSIONS

In June 2004, the Government Accounting Standards Board issued GASB statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions. This statement establishes standards for the measurement, recognition and display of other post-employment benefit expenses, related liabilities and notes. The Town does not provide post-employment benefits as defined by GASB No. 45.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7. LONG-TERM LIABILITIES

Details of the long-term debt as of June 30, 2019, was as follows:

Lease Revenue Bonds - Series 2016

The Lease Revenue Bonds - Series 2016 - issued June 29, 2016, in the amount of \$3,190,000. The interest rate on the bonds ranges from .90% to 2.65%. The bonds are payable in 15 annual installments ranging from \$200,000 to \$245,000 beginning June 1, 2017. The bonds were scheduled to mature on June 1, 2031. During the year ended June 30, 2019, the Town paid off a portion of the bond issue totaling \$1,675,000. The Town also defeased the remaining bonds outstanding totaling \$1,115,000.

The following is a summary of the Town's long-term obligations for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable					
Lease Revenue Bonds					
Series 2016	\$2,953,677	\$ -	\$(2,953,677)	\$ -	\$ -
Compensated absences	<u>40,400</u>	<u>13,818</u>	<u>00</u>	<u>54,218</u>	<u>00</u>
Total	<u>\$2,994,077</u>	<u>\$ 13,818</u>	<u>\$(2,953,677)</u>	<u>\$ 54,218</u>	<u>\$ -</u>

NOTE 8. DEFEASANCE OF A PORTION OF THE LEASE REVENUE BONDS – SERIES 2016

The Town executed an in-substance defeasance of a portion of the Lease Revenue Bonds – Series 2016 using only existing resources placed in trust solely to satisfy scheduled payments of principal and interest of the defeased debt. Due to the difference between the carrying amount required to defease the bonds, a loss is incurred as scheduled below.

Bonds defeased	\$1,115,000
Accrued interest	2,718
Less: Unamortized bond discount	<u>(12,759)</u>
Net carrying Value	1,104,959
Funds required to defease bonds	<u>(1,110,840)</u>
Loss on defeasance	<u>\$ (5,881)</u>



THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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**NOTE 9. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*Plan Description*

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

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

*Plan Membership*

**Membership**

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

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
  
- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. 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.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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*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 the benefit terms for each system is presented below.

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

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

- PORS - 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 55 or with 25 years of service regardless of age. 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 at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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*Contributions*

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

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent. The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty year amortization period.

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

	Employee		Employer	
	2019	2018	2019	2018
<b>SCRS</b>				
Employee Class Two	9.00%	9.00%	14.41%	11.41%
Employee Class Three	9.00%	9.00%	14.41%	11.41%
Incidental Death Benefit	0.00%	0.00%	0.15%	0.15%
<b>PORS</b>				
Employee Class Two	9.75%	9.75%	15.84%	13.84%
Employee Class Three	9.75%	9.75%	15.84%	13.84%
Incidental Death Benefit	0.00%	0.00%	0.20%	0.20%

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

*Actuarial Assumptions and Methods*

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

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

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return*	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)*	3.5% to 9.5% (varies by service)*
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually
*includes inflation at 2.75%		

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

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

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

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

*Net Pension Liability*

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. For the year ended June 30, 2018, NPL amounts and the change in NPL amounts for SCRS and PORS are as follows:

<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	\$ 48,821,730,067	\$ 26,414,916,370	\$ 22,406,813,697	54.10%
PORS	7,403,972,673	4,570,430,247	2,833,542,426	61.70%

At June 30, 2019, the Town reported a liability of \$1,141,265 and \$255,629 for its proportionate share of the net pension liability for the SCRS and PORS plans, respectively. 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 requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating organizations, actuarially determined. At June 30, 2018, the Town's SCRS proportion was .005093% and its PORS proportion was .009022%

For the year ended June 30, 2019, the Town recognized pension expense of \$179,496 and \$82,091 for the SCRS and PORS, respectively. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b><u>SCRS</u></b>	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,060	\$ 6,716
Assumption changes	45,279	
Net difference between projected and actual earnings on Pension plan investments	18,129	-
Changes in proportional share and differences between employer contributions and proportional share of total plan employer contributions	155,202	110,634
Town contributions subsequent to the measurement date	86,416	-
Total	<u>\$307,086</u>	<u>\$117,350</u>

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

<b><u>PORS</u></b>	<u>Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,876	\$ -
Assumption changes	16,855	-
Net difference between projected and actual earnings on Pension plan investments	5,112	-
Changes in proportional share and differences between employer contributions and proportional share of total plan employer contributions	161,566	-
Town contributions subsequent to the measurement date	<u>32,278</u>	<u>-</u>
Total	<u><u>\$223,687</u></u>	<u><u>\$ -</u></u>

The \$86,416 and \$32,278 reported as deferred outflows of resources related to pensions resulting from the Town's contributions to the SCRS and PORS plans respectively subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	<u>SCRS</u>	<u>PORS</u>	<u>Total</u>
2019	\$ 94,858	\$ 64,481	\$ 159,339
2020	57,337.00	60,020.00	117,357.00
2021	(44,111.00)	50,277.00	6,166.00
2022	(4,764.00)	16,632.00	11,868.00
	<u><u>\$ 103,320</u></u>	<u><u>\$ 191,410</u></u>	<u><u>\$ 294,730</u></u>

*Long-Term Expected Rate of Return*

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25 percent assumed annual investment rate of return used in the calculation of the TPL includes a 5.00 percent real rate of return and a 2.25 percent inflation component.

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Expected Portfolio Real Rate of Return</u>
Global Equity	47%		
Global Public Equity	3300%	6.99%	2.31%
Private Equity	9%	8.73%	0.79%
Equity Options Strategies	5%	5.52%	0.28%
Real Assets	10%		
Real Estate (Private)	6%	3.54%	0.21%
Real Estate (REITs)	2%	5.46%	0.11%
Infrastructure	2%	5.09%	0.10%
Opportunistic	13%		
GTAA/Risk Parity	8%	3.75%	0.30%
Hedge Funds (non-PA)	2%	3.45%	0.70%
Other Opportunistic Strategies	3%	3.75%	0.11%
Diversified Credit	18%		
Mixed Credit	6%	3.05%	0.18%
Emerging Markets Debt	5%	3.94%	0.20%
Private Debt	7%	3.89%	0.27%
Conservative Fixed Income	12%		
Core Fixed Income	10%	0.94%	0.09%
Cash and Short Duration (Net)	2%	0.34%	0.01%
Total Expected Real Return	<u>100%</u>		5.03%
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u><u>7.28%</u></u>

### *Discount Rate*

The discount rate used to measure the TPL was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

### *Sensitivity Analysis*

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

THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

<b>System</b>	<b>1.00% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1.00% Increase (8.25%)</b>
SCRS	\$ 28,631,746,951	\$ 22,406,813,697	\$ 17,956,852,707
PORS	3,819,969,291	2,833,542,426	2,025,575,990

*Additional Financial and Actuarial Information*

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

The Town owed a balance of \$15,007 at the end of the year for the second quarter of 2019.

**NOTE 10. RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts including theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Town is a member of the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance program for local governments. The Town pays an annual premium to the State Insurance Reserve Fund for its general insurance coverage. The State Reserve Fund is self-sustaining through member premiums and reinsures through commercial companies for certain claims. The Town insures the risk of job-related injury or illness to its employees through South Carolina Counties Worker's Compensation Trust, a public entity risk pool operating for the benefit of local governments. The Town pays an annual premium to the Worker's Compensation Trust for its insurance coverage.

For all of the above risk management programs, the Town has not significantly reduced insurance coverage or settled claims in excess of insurance coverage for the past year. For each of the insurance programs and public entity risk pools, in which they participate, the Town has effectively transferred all risk with no liability for unfunded claims.

**NOTE 11. STORM WATER FUND**

The Town did not adopt a formal budget for the Storm Water Fund and therefore, a budgetary comparison schedule is not presented.

**NOTE 12 CORRECTION OF AN ERROR**

The beginning balance of the net position of the government wide financial statements and the Stormwater Tax Fund restricted fund balance was increased by \$173,271 as a result of an error in the balance of the account held at the County of Charleston.



THE TOWN OF JAMES ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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**NOTE 13. OPERATING LEASES**

The Town signed a ten year lease in August 2017 for two parking lots on Folly Road. The rental expenditures for the year ended June 30, 2019, for operating leases were \$40,252.

Total remaining minimum rental commitments at June 30, 2019 is as follows:

Year Ended June 30,		
2020	\$	27,000
2021		28,200
2022		29,400
2023		30,600
2024		31,800
Thereafter		<u>108,600</u>
Total	\$	<u><u>255,600</u></u>

THE TOWN OF JAMES ISLAND  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Lost - revenue	375,000	375,000	425,560	50,560
Lost - property tax	975,000	975,000	1,079,002	104,002
State aid to subdivisions	263,946	263,946	263,494	(452)
Franchise fee	390,000	390,000	376,680	(13,320)
Brokers and insurance tax	545,000	545,000	954,592	409,592
Business licenses	375,000	375,000	331,700	(43,300)
Permits, planning and other charge	72,800	72,800	23,988	(48,812)
Miscellaneous	14,000	14,000	240,129	226,129
<b>Total revenues</b>	<b><u>3,010,746</u></b>	<b><u>3,010,746</u></b>	<b><u>3,695,145</u></b>	<b><u>684,399</u></b>
<b>EXPENDITURES:</b>				
General government	600,069	600,069	625,180	(25,111)
Elected officials	90,100	90,100	82,400	7,700
Planning	152,903	152,903	137,215	15,688
Public works	372,239	372,239	364,281	7,958
Building Inspection	80,936	80,936	87,036	(6,100)
Code & Safety	309,058	409,058	360,872	48,186
Parks, Recreation & Community	116,990	116,990	35,999	80,991
Facilities & Equipment	229,577	229,577	196,285	33,292
Capital outlay	1,127,529	808,504	743,281	65,223
<b>Total expenditures</b>	<b><u>3,079,401</u></b>	<b><u>2,860,376</u></b>	<b><u>2,632,549</u></b>	<b><u>227,827</u></b>
Excess (Deficiency) of revenues over expenditures	(68,655)	150,370	1,062,596	912,226
Other financing sources (uses):				
Transfers out to reserve fund	<u>(250,930)</u>	<u>(553,930)</u>	<u>(2,917,761)</u>	<u>(2,363,831)</u>
Revenues Over (Under) Expenditures and Other Uses	(319,585)	(403,560)	(1,855,165)	(1,451,605)
Fund Balance, July 1, 2018	<u>5,845,873</u>	<u>5,435,364</u>	<u>5,535,305</u>	<u>-</u>
Fund Balance, June 30, 2019	<u><u>\$5,526,288</u></u>	<u><u>\$5,031,804</u></u>	<u><u>\$3,680,140</u></u>	<u><u>\$(1,451,605)</u></u>

THE TOWN OF JAMES ISLAND  
 BUDGETARY COMPARISON SCHEDULE  
 HOSPITALITY TAX FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Hospitality tax	<u>500,000</u>	<u>500,000</u>	<u>572,511</u>	<u>72,511</u>
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>572,511</u>	<u>72,511</u>
EXPENDITURE				
Projects	<u>500,000</u>	<u>500,000</u>	<u>97,712</u>	<u>402,288</u>
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>97,712</u>	<u>402,288</u>
Excess (Deficiency) of revenues over expenditures	-	-	474,799	474,799
Other financing sources (uses): and Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues Over (Under) Expenditures and Other Uses	-	-	474,799	474,799
Fund Balance, July 1, 2018	<u>487,230</u>	<u>487,230</u>	<u>854,957</u>	<u>-</u>
Fund Balance June 30, 2019	<u><u>\$487,230</u></u>	<u><u>\$487,230</u></u>	<u><u>\$1,329,756</u></u>	<u><u>\$ 474,799</u></u>

THE TOWN OF JAMES ISLAND  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
REQUIRED SUPPLEMENTAL INFORMATION (SCRS)  
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of net pension liability	0.005093%	0.005809%	0.004501%	0.004047%
Proportionate share of net pension liability	\$ 1,141,265	\$ 1,307,699	\$961,408	\$767,533
Covered employee payroll	\$ 593,517	\$ 526,930	\$587,873	\$435,818
Proportionate share of the net pension liability as a percentage of its covered employee payroll	52.01%	40.29%	163.54%	176.11%
Plan fiduciary net position as a percentage of the total pension liability	54.1%	53.3%	52.9%	59.9%

THE TOWN OF JAMES ISLAND  
SCHEDULE OF CONTRIBUTIONS-STATE PENSION PLAN  
REQUIRED SUPPLEMENTAL INFORMATION (SCRS)  
FOR THE YEAR ENDED JUNE 30, 2019

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 86,416	\$ 71,452	\$ 67,076	\$ 47,458
Contributions in relation to the contractually required	<u>(86,416)</u>	<u>(71,452)</u>	<u>(67,076)</u>	<u>(47,458)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$593,517</u>	<u>\$526,930</u>	<u>\$587,873</u>	<u>\$ 453,818</u>
Contributions as a percentage of covered employee payroll	14.56%	13.56%	11.41%	10.46%

THE TOWN OF JAMES ISLAND  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 REQUIRED SUPPLEMENTAL INFORMATION (PORS)  
 FOR THE YEAR ENDED JUNE 30, 2019

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	<u>2019</u>	<u>2018</u>
Proportion of net pension liability	0.009022%	0.000380%
Proportionate share of net pension liability	\$ 255,629	\$ 10,438
Covered employee payroll	\$ 189,429	\$ 128,025
Proportionate share of the net pension liability as a percentage of its covered employee payroll	74.10%	1226.53%
Plan fiduciary net position as a percentage of the total pension liability	61.7%	60.9%

THE TOWN OF JAMES ISLAND  
 SCHEDULE OF CONTRIBUTIONS-STATE PENSION PLAN  
 REQUIRED SUPPLEMENTAL INFORMATION (PORS)  
 FOR THE YEAR ENDED JUNE 30, 2019

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	<u>2019</u>	<u>2018</u>
Contractually required contributions \$	32,278	\$ 20,279
Contributions in relation to the contractually required	<u>(32,278)</u>	<u>(20,279)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 189,428</u>	<u>\$ 128,025</u>
Contributions as a percentage of covered employee payroll	17.04%	15.84%