

JAMES ISLAND PUBLIC SERVICE DISTRICT

(A Component Unit of County of Charleston, South Carolina)

JAMES ISLAND, SOUTH CAROLINA

REPORT OF AUDIT

AND

FINANCIAL STATEMENTS

JUNE 30, 2013

COMMISSIONERS

DAVID ENGLEMAN	- CHAIR
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ROBERT E. WELCH, JR.	

ROBERT K. WISE	- DISTRICT MANAGER
SUSAN G. GLADDEN	- DEPUTY MANAGER/CFO

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INDEPENDENT AUDITOR'S REPORT

To The Commissioners
James Island Public Service District
James Island, South Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the **James Island Public Service District** (a component unit of County of Charleston, South Carolina), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the preceding 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 controls 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

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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, I 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 financial statement presentation.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the **James Island Public Service District**, James Island, South Carolina, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

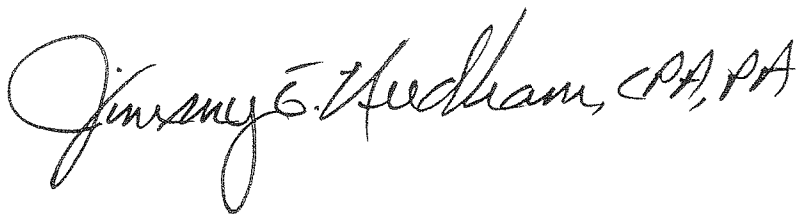
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 9, the budgetary comparison information on pages 30 and 31, and the schedule of funding progress for other post employment benefits on page 32 be presented to supplement the basic financial statements. Such information, although not a required 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the James Island Public Service District basic financial statements. The schedule of operating expenses of the proprietary fund on page 33 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of proprietary fund operating expenses is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basis financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of proprietary fund operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

November 25, 2013

A handwritten signature in black ink, reading "Jimmy E. Hedham, CPA, PA". The signature is written in a cursive, flowing style. The "J" is large and loops around the first part of the name. The "CPA, PA" is written in a slightly more formal, but still cursive, hand at the end of the signature.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis (MD&A) serves as an introduction to the financial statements of the James Island Public Service District (District) for the fiscal year ended June 30, 2013. It is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The MD&A represents management's examination and analysis of the District's financial condition and performance and should be read in conjunction with the financial statements as presented in the financial section of this report.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$32,655,321 (net position). Of this amount, \$5,643,805 (unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$459,515. This is a result of a decrease in net position of our governmental and business-type activities of -\$208,566 and \$668,081, respectively.
- The District's total business-type activity revenues amounted to \$5,922,551 during the year ended June 30, 2013 with related expenses totaling \$5,413,506, a change in net position before other income of \$509,045.
- The District's governmental funds reported combined fund balances of \$3,667,542, an increase of \$39,128, in comparison to the prior year.
- At year-end, the District had \$6,798,203 in outstanding debt, which reflects a decrease of \$789,440 or 10.4% when compared to last year.

Using This Annual Report

The financial statement's focus is on both the District as a whole (government-wide) and on the major individual funds. Both perspectives allow the user to address relevant questions, broaden a basis for comparison and enhance the District's accountability.

Government-Wide Financial Statements

Our analysis of the District as a whole begins on page 11. One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question.

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. One way to measure the District's financial health or financial position is to determine the increases or decrease in the net position indicating financial improvement or deterioration. However, other nonfinancial factors, such as changes in the property tax base and the condition of the District's infrastructure, will also need to be considered in order to assess the overall health of the District.

Basically, the District is divided into two kinds of activities:

- *Governmental Activities* – Basic services of the District including Fire, Solid Waste and Street Signs and Lighting. Property taxes finance the majority of these services.
- *Business-Type Activities* – Private sector type operations where by the District charges a fee to customers to help recover all or most of the cost of operations, including depreciation. Services reported here include Wastewater Collection and Transportation.

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds. Some funds are required to be established by State law and by bond covenants. However, other funds may be established in order to control and manage money for particular purposes or to show legal responsibilities are being met for using certain taxes, grants and other money. The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental Funds* – Focus is on how money flows into and out of funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called the "modified accrual basis of accounting", which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides.

- *Proprietary Funds* – While the total column on the Business-type Fund Financial Statement is the same as the Business-type column at the Government-Wide Financial Statement, the Governmental Major Funds Total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 18-29 of this report.

Infrastructure Assets

Until recently, a government's largest group of assets (land, buildings, vehicles and equipment) have not been reported nor depreciated in governmental financial statements. New requirements under GASB 34 financial reporting require that these assets be valued and reported within the governmental column of the Government-Wide Statements using one of two methods: a) depreciate these assets over their estimated useful life, or; b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. The District elected to depreciate its fixed assets.

Remainder of page intentionally left blank.

GOVERNMENT-WIDE STATEMENT

Statement of Net Position

The following table reflects the condensed Statement of Net Position.

Statement of Net Position As of June 30, 2013 (in thousands)

	Governmental Activities	Business- type Activities	Total Government	Total Government
	2013	2013	2013	2012
Current Assets	\$ 8,770	\$ 6,433	\$ 15,203	\$ 15,910
Net Capital Assets	3,669	28,984	32,653	31,835
Deferred Assets	<u>128</u>	<u>128</u>	<u>128</u>	<u>154</u>
Total Assets	<u>\$ 12,439</u>	<u>\$ 35,545</u>	<u>\$ 47,984</u>	<u>\$ 47,899</u>
Current and Other Liabilities	\$ 5,160	\$ 1,149	\$ 6,309	\$ 6,103
Long-term Debt Outstanding	<u>3,253</u>	<u>5,767</u>	<u>9,020</u>	<u>9,600</u>
Total Liabilities	<u>\$ 8,413</u>	<u>\$ 6,916</u>	<u>\$ 15,329</u>	<u>\$ 15,703</u>
Net Assets Invested in Capital Assets	\$ 2,442	\$ 22,779	\$ 25,221	\$ 23,441
Unrestricted	1,548	4,096	5,644	7,004
Restricted for Debt Service	<u>36</u>	<u>1,754</u>	<u>1,790</u>	<u>1,751</u>
Total Net Position	<u>\$ 4,026</u>	<u>\$ 28,629</u>	<u>\$ 32,655</u>	<u>\$ 32,196</u>

For more detailed information, see the Statement of Nets Position (page 11).

Current Year Analysis and Impacts

In the Governmental Activities column above, the total assets exceed total liabilities by \$4,026,425 (Total Net Position), of which \$1,548,064 are unrestricted funds. In the Business-type Activities column, the total assets exceed total liabilities by \$28,628,896, of which \$4,095,741 are unrestricted funds. A significant portion of total net position is capital assets, primarily the wastewater system, land, buildings, vehicles and equipment. The District has decreased its net bonded indebtedness by \$789,440, which decreases current assets and long-

term debt. With the implementation of depreciation on governmental assets, this significantly reduces capital assets and invested in capital assets net of debt. The impact on total capital, which cost \$6,470,258 after deducting accumulated depreciation of \$2,800,968, leaves net capital assets of \$3,669,290.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Position summary presentation.

- Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.
- Borrowing for Capital – which will increase current assets and long-term debt.
- Spending Borrowed Proceeds on New Capital – this reduces current assets and increases capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of related debt.
- Spending of Non-borrowed Current Assets on New Capital – which will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested capital assets, net of related debt.
- Principal Payment of Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of related debt.
- Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of related debt.

Remainder of page intentionally left blank.

Statement of Activities

The following schedule compares the revenues and expenses for the current and previous fiscal year.

Table 2
Statement of Activities
As of June 30, 2013
(in thousands)

	Governmental Activities	Business- type Activities	Total	Total
Program Revenues	2013	2013	2013	2012
Service Revenues:				
Charges for Services	\$	\$ 5,923	\$ 5,923	\$ 5,557
General Revenues:				
Property Taxes	6,199		6,199	6,241
Interest Income		3	3	5
Merchants' Inventory and Motor Carrier Tax	26		26	26
Gain on sale of capital assets		7	7	14
Operating Transfers in/(out)	36	(36)		
Other Income	134	185	319	70
Total Revenues	<u>\$ 6,395</u>	<u>\$ 6,082</u>	<u>\$ 12,477</u>	<u>\$ 11,913</u>
Expenses				
Governmental Activities:				
General Government	\$ 734	\$	\$ 734	\$ 779
Public Safety	3,860		3,860	3,758
Health	1,957		1,957	1,852
Interest on Long-Term Debts	52		52	75
Business-type Activities:				
Wastewater		5,414	5,414	4,971
Total Expenses	<u>\$ 6,603</u>	<u>\$ 5,414</u>	<u>\$ 12,017</u>	<u>\$ 11,435</u>
Net Increase/(Decrease)	\$ (208)	\$ 668	\$ 460	\$ 478
Net Position, Beginning	<u>4,235</u>	<u>27,961</u>	<u>32,196</u>	<u>31,718</u>
Net Position, Ending	<u>\$ 4,027</u>	<u>\$ 28,629</u>	<u>\$ 32,656</u>	<u>\$ 32,196</u>

Current Year Financial Analysis

As of year-end, the District reported changes in assets of \$459,515, which is a decrease of \$18,569 from the end of last year. The Governmental activity reported a decrease in net assets of -\$208,566, and the Business-type activity realized an increase of \$668,081. The decrease in the Governmental activity is due to less ad valorem tax revenues. The increase in the Business-type activity is a result of an increase in sewer rates effective July 1, 2012.

Capital Assets and Debt Administration

Capital Assets

As of year-end, the District had \$32,653,321 invested in a variety of Capital Assets (additions less retirements less depreciation), as reflected in the following schedule. Also, the District had \$49,971,835 in total Capital Assets, which reflects a net increase of \$1,658,331 or 3.4% when compared to the previous year.

Table 3
Capital Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 212	\$ 212	\$ 340	\$ 332	\$ 552	\$ 544
Buildings/Fencing/Paving	1,075	1,081	516	516	1,591	1,597
Vehicles	3,586	3,586	894	895	4,480	4,481
Equipment	1,597	1,724	714	655	2,311	2,379
Wastewater System			40,421	38,405	40,421	38,405
Construction in Progress			615	908	615	908
Total	\$ 6,470	\$ 6,603	\$ 43,500	\$ 41,711	\$ 49,970	\$ 48,314
Less: Depreciation	\$ (2,801)	\$ (2,753)	\$ (14,518)	\$ (13,726)	\$ (17,319)	\$ (16,479)
Net Capital Assets	\$ 3,669	\$ 3,850	\$ 28,982	\$ 27,985	\$ 32,651	\$ 31,835

Major capital asset improvements during the current fiscal year included:

- Pump Station #34 Rehab and Harborview Road forcemain replacement;
- Installation of a new sewer system along Battery Island/Arsburn Lane; and

- Relocation of a forcemain over Folly Creek Bridge.

Debt

As of year-end, the District had \$7,719,893 in outstanding bonds payable and capital lease obligations compared to \$8,739,611 last year, a decrease of \$1,019,718 or 11.6%.

Table 4
Outstanding Debt
(in thousands)

	Governmental		Business-type		Total	
	2013	2012	2013	2012	2013	2012
General Obligation	\$ 323	\$ 340	\$	\$	\$ 323	\$ 340
Compensated Absences	343	368	93	73	436	441
Capital Leases	904	1,118	17	34	921	1,152
Net Other Post Emp. Benefits	1,960	1,628	279	223	2,239	1,851
Revenue Bonds			6,475	7,248	6,475	7,248
Less Deferred Refunding Cost			(287)	(346)	(287)	(346)
Total	<u>\$ 3,530</u>	<u>\$ 3,454</u>	<u>\$ 6,577</u>	<u>\$ 7,232</u>	<u>\$ 10,107</u>	<u>\$ 10,686</u>

Economic Factors and Next Year's Budgets

When setting the fiscal year 2014 budget, the District considered many factors and most notably the economy. Although the economy appears to be turning around slightly, we remain cautious when budgeting for revenues; therefore, limited growth has been included in the revenue projections for this budget. The District's financial position is expected to remain solid; however, it will be critical to monitor revenues and expenditures closely throughout the year and adjust if necessary for any further downturns or dramatic changes in the economy which might have a significant impact on tax revenues and wastewater fee collections.

Financial Contact

This financial report is designed to present our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about the report or need additional financial information, contact Susan Gladden, Deputy Manager/Chief Financial Officer @ 1739 Signal Point Road/PO Box 12140, Charleston, South Carolina 29422-2140 or 843-762-5234 ext. 102.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash on hand		\$ 200	\$ 200
Cash and cash equivalents	\$ 3,118,228	4,469,164	7,587,392
Restricted assets: cash and cash equivalents		1,754,088	1,754,088
Due from Charleston County	366,607		366,607
Net receivables	4,948,800	224,246	5,173,046
Other receivables	113,928		113,928
Internal balances	52,742	(52,742)	
Inventory and prepaids	169,291	37,809	207,100
Total current assets	<u>8,769,596</u>	<u>6,432,765</u>	<u>15,202,361</u>
<u>Noncurrent Assets</u>			
Capital assets, net of accumulated depreciation	3,457,117	28,028,184	31,485,301
Nondepreciable assets	212,173	955,847	1,168,020
Deferred debt issue costs		127,890	127,890
Total noncurrent assets	<u>3,669,290</u>	<u>29,111,921</u>	<u>32,781,211</u>
Total Assets	<u>12,438,886</u>	<u>35,544,686</u>	<u>47,983,572</u>
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts payable	121,102	290,782	411,884
Accrued salaries and benefits	78,353	22,818	101,171
Accrued interest payable	10,246	25,499	35,745
Deferred revenues	4,672,859		4,672,859
Current portion of long-term debt	13,397	792,113	805,510
Current portion of capital leases	264,044	17,266	281,310
Total current liabilities	<u>5,160,001</u>	<u>1,148,478</u>	<u>6,308,479</u>
<u>Noncurrent Liabilities</u>			
Bonds payable	309,627	5,395,585	5,705,212
Capital leases payable	640,380		640,380
Net other post employment liability	1,959,931	278,947	2,238,878
Accrued compensated absences	342,522	92,780	435,302
Total noncurrent liabilities	<u>3,252,460</u>	<u>5,767,312</u>	<u>9,019,772</u>
Total Liabilities	<u>8,412,461</u>	<u>6,915,790</u>	<u>15,328,251</u>
<u>NET POSITION</u>			
Net investment in capital assets	2,441,842	22,779,067	25,220,909
Unrestricted	1,548,064	4,095,741	5,643,805
Restricted for debt service	36,519	1,754,088	1,790,607
Total net position	<u>4,026,425</u>	<u>28,628,896</u>	<u>32,655,321</u>
Total Liabilities and Net Position	<u>\$ 12,438,886</u>	<u>\$ 35,544,686</u>	<u>\$ 47,983,572</u>

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Totals
	Expenses	Charges For Services	Governmental Activities	Business- Type Activities	
Governmental Activities					
General government	\$ 734,575		\$ (734,575)		\$ (734,575)
Public safety - fire	3,860,544		(3,860,544)		(3,860,544)
Health	1,957,126		(1,957,126)		(1,957,126)
Interest charges	51,597		(51,597)		(51,597)
Total governmental activities	6,603,842		(6,603,842)		(6,603,842)
Business-Type Activities					
Wastewater	5,413,506	\$ 5,922,551		\$ 509,045	509,045
Totals	\$ 12,017,348	\$ 5,922,551		509,045	(6,094,797)
General Revenues					
Taxes			6,199,450		6,199,450
Merchants' inventory and motor carrier taxes			26,232		26,232
Interest income			620	2,720	3,340
Gain on sale of capital assets				6,552	6,552
Operating transfers (out)			35,520	(35,520)	
Other income			133,454	185,284	318,738
Total general revenues			6,395,276	159,036	6,554,312
Changes in net position			(208,566)	668,081	459,515
Net position, beginning			4,234,991	27,960,815	32,195,806
Net position, ending			\$ 4,026,425	\$ 28,628,896	\$ 32,655,321

JAMES ISLAND PUBLIC SERVICE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	Debt Service	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,118,228		\$ 3,118,228
Receivables:			
Due from Charleston County	333,347	\$ 33,260	366,607
Taxes receivable (net of allowances)	4,605,892	342,908	4,948,800
Due from other funds	52,742		52,742
Other governments	113,928		113,928
Prepaid expenditures	152,362		152,362
Inventory of fuel	16,929		16,929
 Total Assets	 <u>8,393,428</u>	 <u>376,168</u>	 <u>8,769,596</u>
<u>LIABILITIES</u>			
Accounts payable	121,102		121,102
Accrued payroll	78,353		78,353
Deferred revenues	4,562,950	339,649	4,902,599
Total Liabilities	<u>4,762,405</u>	<u>339,649</u>	<u>5,102,054</u>
<u>FUND BALANCES</u>			
Nonspendable: inventory and prepaids	169,291		169,291
Restricted for debt service		36,519	36,519
Committed to next year's budget	189,757		189,757
Unassigned	3,271,975		3,271,975
Total Fund Balances	<u>3,631,023</u>	<u>36,519</u>	<u>3,667,542</u>
 Total Liabilities and Fund Balances	 \$ <u>8,393,428</u>	 \$ <u>376,168</u>	 \$ <u>8,769,596</u>

Reconciliation of Governmental Fund Balances to Net Assets of Governmental Activities

Total Governmental Fund Balances	\$ 3,667,542
Other long-term assets are not available to pay for current period expenditures and therefore, are deferred in the funds: property taxes receivable	229,740
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds (net of accumulated depreciation of \$2,800,968)	3,669,290
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds and capital leases payable	(1,227,448)
Accrued compensated absences payable	(342,522)
Net other post-employment liability	(1,959,931)
Accrued interest payable	(10,246)
 Net Position of Governmental Activities	 \$ <u>4,026,425</u>

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 5,585,107	\$ 414,000		\$ 5,999,107
Intergovernmental revenues	204,348	13,510		217,858
Other income	161,483			161,483
Totals	<u>5,950,938</u>	<u>427,510</u>		<u>6,378,448</u>
Expenditures				
Current -				
General government	682,228			682,228
Public Safety - fire	3,475,050			3,475,050
Health - solid waste	1,778,285			1,778,285
Capital expenditures	10,138		\$ 146,955	157,093
Debt Service -				
Principal		16,620		16,620
Interest		14,282		14,282
Capital leases - principal		360,447		360,447
interest		37,790		37,790
Total expenditures	<u>5,945,701</u>	<u>429,139</u>	<u>146,955</u>	<u>6,521,795</u>
Excess of Revenues Over/ (Under) Expenditures	<u>5,237</u>	<u>(1,629)</u>	<u>(146,955)</u>	<u>(143,347)</u>
Other Financing Sources (Uses)				
Operating transfers in	16,620	18,900		35,520
Proceeds of capital lease			146,955	146,955
Net Changes in Fund Balances	21,857	17,271		39,128
Fund Balance, June 30, 2012	<u>3,609,166</u>	<u>19,248</u>		<u>3,628,414</u>
Fund balance, June 30, 2013	<u>\$ 3,631,023</u>	<u>\$ 36,519</u>		<u>\$ 3,667,542</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2013:

Net change in governmental fund balances	\$ 39,128
Governmental funds report proceeds from capital leases as other sources of financing	(146,955)
Governmental funds report capital outlays as expenditures. In the Statement of Activities, this cost is allocated over the estimated useful lives of the assets as depreciation. This is the amount by which depreciation expense exceeded capital outlays during the current year.	(149,835)
Some expenses are reflected in the Statement of Activities but not in the governmental funds:	
Book value of capital assets sold	(30,771)
Compensated absences payable (reduction from prior year)	25,095
Accrued interest payable	477
Other post-employment benefits payable	(331,489)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds - property taxes	8,717
Repayment of bond and capital lease principal is an expenditure in the funds but is a reduction of liabilities in the Statement of Net Assets.	<u>377,067</u>
Change in Net Position of Governmental Funds	<u>\$ (208,566)</u>

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

		<u>Business-Type Activity</u> <u>Wastewater</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Petty cash	\$ 200	
Cash and cash equivalents	4,469,164	
Restricted cash and cash equivalents	1,754,088	
Customer receivables (net of allowance)	224,246	
Prepaid expenses	37,809	
Total current assets		\$ 6,485,507
<u>Noncurrent Assets</u>		
Capital assets (net of accumulated depreciation)	28,984,031	
Deferred debt issue costs	127,890	
Total noncurrent assets		29,111,921
Total Assets		<u>35,597,428</u>
<u>LIABILITIES AND NET POSITION</u>		
<u>Current Liabilities</u>		
Accounts payable	290,782	
Accrued salaries and benefits	22,818	
Interest payable	25,499	
Current portion of long-term debts	792,113	
Current portion of capital leases payable	17,266	
Due to other funds	52,742	
Total current liabilities		1,201,220
<u>Noncurrent Liabilities</u>		
Long-term debts	5,395,585	
Net other post employment liability	278,947	
Accrued compensated absences	92,780	
Total noncurrent liabilities		5,767,312
Total Liabilities		6,968,532
<u>Net Position</u>		
Net investment in capital assets	22,779,067	
Restricted for debt service	1,754,088	
Unrestricted	4,095,741	
Total Net Position		28,628,896
Total Liabilities and Net Position		<u>\$ 35,597,428</u>

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenue

Charges for services	\$ 5,676,241	
Other income	109,316	
Tap and impact fees	<u>136,994</u>	
Total		\$ 5,922,551

Operating Expenses (Schedule 3)

Personnel services	\$ 1,470,689	
Operations and maintenance	2,605,452	
Administrative	178,759	
Depreciation and amortization	<u>824,005</u>	
Total operating expenses		<u>5,078,905</u>
Operating Income		843,646

Nonoperating Revenues/(Expenses)

Gain on sales of fixed assets	6,552	
Capital contributions	185,284	
Interest income	2,720	
Operating transfers out	(35,520)	
Interest expense	<u>(334,601)</u>	
Total nonoperating expenses		<u>(175,565)</u>

Change in Net Position 668,081

Total Net Position, June 30, 2012 27,960,815

Total Net Position, June 30, 2013 \$ 28,628,896

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities:		
Cash received from customers	\$ 5,900,766	
Cash paid to suppliers for goods and services	(2,913,691)	
Cash paid to employees for services	(1,392,799)	
Net cash provided by operating activities		\$ 1,594,276
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(1,637,515)	
Proceeds from sales of fixed assets	6,552	
Principal paid on revenues bonds	(772,820)	
Principal paid on capital lease obligation	(16,786)	
Operating transfers (out)	(35,520)	
Interest paid on revenues bonds and debts	(252,756)	
Net cash (used) for capital and related financing activities		(2,708,845)
Cash flows from investing activities:		
Interest received	2,720	
Net cash provided by investing activities		2,720
Net (increase) in cash and cash equivalents		(1,111,849)
Cash and cash equivalents, beginning of year		7,335,301
Cash and cash equivalents, end of year		\$ 6,223,452
Reconciliation of Cash and Cash Equivalents to Balance Sheet:		
Petty cash		\$ 200
Cash and cash equivalents		4,469,164
Restricted cash and cash equivalents		1,754,088
Total cash and cash equivalents		\$ 6,223,452
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income		\$ 843,646
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	\$ 824,005	
Bad debt allowance	13,637	
Changes in assets and liabilities:		
Increase in accounts receivable	(21,785)	
Increase in prepaid expenses	(33,993)	
Increase in accounts payable	232,554	
Increase in accrued payroll and compensated absences	21,563	
Increase in net other post-employment benefit payable	56,327	
Decrease in due to other funds	(341,678)	
Total Adjustments		750,630
Net cash provided by operations		\$ 1,594,276

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 1

The James Island Public Service District was formed under Act Number 498 of the 1961 General Assembly of the State of South Carolina. The District operates under a Commission/manager form of government and provides the following services: fire protection, solid waste and wastewater collection. The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to local governmental entities. The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

1 - Summary of Significant Accounting Policies

- a. Reporting Entity. The District has established criteria for determining the reporting entity for financial statement presentation, in accordance with generally accepted governmental accounting principles. The reporting entity has been defined to include only those functions over which the District exercises budgetary control (i.e., fire department, solid waste department, maintenance department, wastewater department and the administrative department). There are no component units for the District. The District is a component unit of County of Charleston, SC due to the County's budgetary oversight authority.
- b. Basis of Presentation - Fund Accounting
The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity and revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds in the financial statements in this report are grouped into two broad fund categories.

Governmental funds include the general, debt service, special revenue and capital projects funds. The business-type fund consists of the enterprise (wastewater) fund.

- c. Basis of Presentation

(1) GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from the business type activities, which primarily rely on fees and charges for services. Fiduciary funds are excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same method used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the governmental funds. The primary effect, if any, of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activity of the District and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges for services paid by the recipients of the services offered by the program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

Net assets are reported as restricted when constraints are placed on net asset use by external creditors (such as through debt covenants), grantors, contributors or laws or regulations of the other governments or when imposed by law through enabling legislation. Restricted assets are used prior to unrestricted assets when permissible.

Separate financial statements are provided for governmental funds and the proprietary fund government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statement 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.

d. Major Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis of accounting, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the exception of interest on long-term debts.

The major government funds are:

(1) General Fund: This is the District's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

(2) Debt Service Fund: This fund is used to accumulate debt service revenues collected by the County Treasurer for Charleston County and to remit the principal and interest due on general obligation bonds and capital leases. These debt issues were sold to finance construction of various projects and to pay for capital equipment such as fire and solid waste trucks.

(3) Capital Projects Fund: This fund accounts for major capital assets that are financed with long term financing.

e. Revenue Recognition:

In applying the "susceptible to accrual concept" under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days after year end and available to pay obligations of the current period): property taxes and interest. This includes investment earnings.

Property taxes and special assessments in the debt service fund, though measurable, are not available soon enough in the subsequent year to finance current obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available. Other receipts and taxes become measurable and available when cash is received by the District and are recognized as revenue at that time.

f. The measurement focus of governmental fund accounting is on decreases in current financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Unmatured interest and principal on general long-term debts are recognized when paid. Depreciation and amortization are not recognized in the governmental funds.

g. Governmental fund balance reporting: The governmental fund balances are reported as one or more of the following categories:

- 1) Non-spendable: not in spendable form or legally or contractually required to be maintained intact;
- 2) Restricted: use restricted by external creditors or imposed by law or enabling legislation;
- 3) Committed: amounts that can only be used for specific purposes pursuant to constraints imposed by action of the District's commissioners;
- 4) Assigned: represents resources assigned by the District but not as restrictive as Committed;
- 5) Unassigned: represents the portion of the fund balance that has not been restricted, committed or assigned for specific purposes within the general fund.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 3

1 - Significant Accounting Policies (continued)

- g. The proprietary fund uses the accrual method of accounting. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. This fund accounts for operations that are primarily financed by user charges. Revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when paid. The allocation of costs, such as depreciation and amortization, are recorded in proprietary funds. The proprietary fund applies all Accounting Principals Board and Financial Accounting Standards Board pronouncements issued through November 30, 1989 in accounting and reporting for its proprietary operations unless they conflict with or contradict GASB pronouncements, in which case, GASB is followed.
- h. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the proprietary fund are charged to its customers for services. Operating expenses for the enterprise fund includes the cost of services, administrative expenses and depreciation of its capital assets. Any revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District's proprietary fund is engaged in providing wastewater transportation and treatment.
- i. Cash and cash equivalents. For purposes of the statement of cash flows, the wastewater proprietary fund considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.
- j. The proprietary fund's receivables represent charges for services provided net of an allowance for uncollectible accounts of \$ 40,000.

Property taxes receivable in the general fund and debt service fund consist of uncollected property taxes from the following years, less an allowance for estimated uncollected taxes of \$ 361,000.

<u>Tax Year</u>	<u>As of June 30, 2013</u>	
	<u>General Fund</u>	<u>Debt Service Fund</u>
2013	\$ 4,666,816	\$ 347,043
Prior years	275,076	20,865
Total	\$ 4,941,892	\$ 367,908
Less allowance	(336,000)	(25,000)
Net taxes	<u>\$ 4,605,892</u>	<u>\$ 342,908</u>

- k. Inventory and Prepaid Items The general fund inventory is valued at cost using the first in first out method. The prepaid items, if any, represent an expense that is applicable to a future period. The cost of the fuel inventory is recorded as an expenditure at the time it is used. These prepayments are equally offset by fund balance reserves which indicate that this portion of the fund balance does not constitute available spendable resources.
- l. The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the government fund and capitalized in the government-wide financial statements. The valuation bases for general capital assets are historical costs, or if historical cost is not available, estimated historical cost based on replacement cost. The District capitalizes only those individual capital assets exceeding \$ 5,000 in cost and which have a useful life exceeding one year.

1 - Significant Accounting Policies (continued)

Capital assets in the business-type fund are capitalized following the same criteria as in the general fund. Donated capital assets, if any, are capitalized at estimated fair market value on the date donated.

Depreciation of all capitalized assets is charged as an expense against their operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows: building 50 years; wastewater system (constructed and purchased) 20 - 60 years; office furniture and equipment 5 - 10 years; vehicles, machinery and equipment 5 - 15 years.

- m. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- n. Unpaid Compensated Absences: Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. After November 1, 2010, annual leave exceeding the maximum accrual and not used will be forfeited. The portion of this liability which is not expected to be liquidated with expendable available financial resources is not reported as a fund liability in accordance with Interpretation No. 6 of the Governmental Accounting Standards Board - Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. The amount applicable to the proprietary fund is charged to expense and as a corresponding liability. Sick leave is not accrued since the benefits are not vested and are not payable upon termination.

2 - Compliance and Accountability

Budget Requirements - The District is required by law to adopt an annual budget. The following procedures are followed in establishing the budgetary data reflected in the financial statements: (a) Prior to April 15th. of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The general fund budget includes proposed expenditures based on the modified accrual basis of accounting and the means of financing them, and (b) the proposed budget as adopted by the Commission is then forwarded to the Charleston County, SC Council for its approval. Charleston County, SC exercises full budgetary authority and bonded debt approval authority over the District.

3 - Advances to/from Other Funds

The net advance from the General Fund to the Enterprise Fund of \$ 52,742 was used to cover operating expenses of the Wastewater Fund. This amount is to be repaid out of future revenues of the Wastewater Fund. The inter-fund receivable/(payable) is eliminated in the government-wide financial statements.

The transfer from the Enterprise Wastewater Fund of \$ 35,520 was to cover a capital lease payments for the fiscal years ended June 30, 2009 and 2012.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 5

4 - Reconciliation of Government-wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and the net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of that difference are as follows:

General Obligation bonds payable	\$ 323,024
Capital leases payable	904,424
Net other post-employment liability	1,959,931
Accrued compensated absences	<u>342,522</u>
Net adjustment to reduce the fund balance - total Governmental funds to arrive at net position - governmental funds	<u><u>\$3,529,901</u></u>

Explanation of certain differences between governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the net changes in fund balances - total governmental funds and the changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as "depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 157,093
Depreciation	<u>(306,928)</u>
Net adjustment to decrease net changes in fund balances - governmental funds to arrive at the changes in net position of governmental activities	<u><u>\$ (149,835)</u></u>

5 - Deposits and Investments

A reconciliation of cash and investments reflected on the Balance Sheet is as follows:

Total carrying amount of cash	<u>\$9,341,680</u>
Cash and cash equivalents	\$7,587,592
Restricted cash and cash equivalents and investments	<u>1,754,088</u>
Total cash and cash equivalents	<u><u>\$9,341,680</u></u>

Custodial Credit Risk *Custodial Credit Risk* for deposits exists when, in the event of the failure of the depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in the possession of the outside party. The District follows state law which requires depository financial institutions to provide FDIC insurance or pledge collateral obligations sufficient to cover its deposits and investments as described in the following paragraph. Under the FDIC's "Temporary Liquidity Guarantee Program" the District's FDIC insurance coverage is increased to \$250,000 per account for interest and non-interest bearing accounts.

All of the District's deposits are made in Commission designated official depositories and are secured as required by state laws.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 6

5 - Deposits and Investments (continued)

State of South Carolina statutes authorize the District to invest in the following: 1) obligations of the State of South Carolina or any of its political subdivisions; 2) obligations of the United States and agencies thereof; 3) bank or savings and loan deposits and certificates of deposit to the extent insured by the Federal Deposit Insurance Corporation (FDIC); 4) repurchase agreements collateralized by securities of the type described in 1) and 2) preceding; and 5) no-load open and closed-end portfolios of certain investment companies or trusts which hold issues of the U. S. government.

The credit risks for deposits and investments are categorized into three categories of risk: 1) insured or registered with securities held by the District or its agent in the District's name; 2) uninsured and unregistered with securities held by the counter-party's trust department or agent in the District's name; 3) uninsured and unregistered with securities held by the counter-party or by its trust department or agent but not in the District's name.

At year end the carrying amount of the District's deposits and investments was \$9,341,680 and the bank balances were \$9,575,953. The District's bank balances were covered by FDIC insurance of \$ 750,000 and \$ 10,640,878 had specific collateral pledged. The District's deposits and investments that were insured or collateralized are in Categories 1 or 2. The District carries all investments, when owned, at fair value based on Level 1 quoted market values.

6 - Restricted Cash and Investments

The revenue bond agreements in the proprietary fund require the establishment of the following funds: debt service, debt service reserve, depreciation, contingent, and cushion. The District is required to fund these accounts out of revenues and impact fees generated by the wastewater system. These funds cannot be used for any other purpose. The cash reserves required by the various revenue bonds consist of the following at June 30, 2013:

Debt service reserves - 2013	\$ 124,910
- 2011	158,380
- 2010	56,240
- 2004	53,610
- 1995	196,954
Depreciation	333,900
Contingent	770,430
Cushion funds - 1996	31,704
- 1992	<u>27,960</u>
Total	<u>\$1,754,088</u>

7 - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Ad valorem taxes are levied during September by an intermediary government which is responsible for the collection of the taxes and may be paid without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - 3%; February 1 - an additional 7%; March 16 - additional 5%. On March 16, the intermediary government turns unpaid taxes over to its delinquent tax office and the properties are subject to sale. Personal property taxes on vehicles are levied on a monthly basis and are based on the assessed values on January 1 of each year.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 7

8 - Capital Assets and Depreciation

A summary of the changes in the governmental fund activities is as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Transfers/</u> <u>Additions</u>	<u>Sales/Other</u> <u>Disposals</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets not being depreciated:				
Land	\$ 212,173			\$ 212,173
Assets being depreciated:				
Buildings	1,035,078		\$ (5,495)	1,029,583
Fencing, paving and landscaping	46,156		(592)	45,564
Vehicles	3,586,159	\$ 146,955	(146,714)	3,586,400
Machinery and fire equipment	1,095,355	10,138	(123,484)	982,009
Furniture and office equipment	105,583		(13,281)	92,302
Communication system	522,271		(44)	522,227
Totals	<u>\$ 6,602,775</u>	<u>\$ 157,093</u>	<u>\$ (289,610)</u>	\$ 6,470,258
Less accumulated depreciation	<u>\$ 2,752,879</u>	<u>\$ 306,928</u>	<u>(258,839)</u>	<u>(2,800,968)</u>
Net capital assets				<u>\$ 3,669,290</u>

Depreciation and amortization has been charged to functions as follows in the Governmental activities:

General government	\$ 14,162
Public Safety	198,325
Health	94,441
Total	<u>\$ 306,928</u>

The changes in the business type activities are summarized as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Transfers/</u> <u>Additions</u>	<u>Sales/Other</u> <u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets not being depreciated:				
Land and easements	\$ 332,057	\$ 8,440		\$ 340,497
Construction in progress	908,423	1,460,397	\$(1,753,470)	615,350
Subtotals	1,240,480	1,468,837	(1,753,470)	955,847
Assets being depreciated:				
Buildings	516,345			516,345
Sewer System	32,965,294	1,948,356		34,913,650
Contributed systems	5,258,939			5,258,939
Purchased systems	179,566			179,566
Equipment	68,931			68,931
Vehicles	895,225	30,991	(31,951)	894,265
Communication system	585,949	128,085		714,034
Totals	<u>\$ 41,710,729</u>	<u>\$ 3,576,269</u>	<u>\$(1,785,421)</u>	\$ 43,501,577
Less accumulated depreciation accumulated amortization	<u>\$ 13,549,605</u> <u>175,887</u>	<u>\$ 795,544</u> <u>28,461</u>	<u>(31,951)</u>	<u>(14,313,198)</u> <u>(204,348)</u>
Totals	<u>\$ 13,725,492</u>	<u>\$ 824,005</u>	<u>\$(31,951)</u>	<u>(14,517,546)</u>
Net capital assets				<u>\$ 28,984,031</u>

The District capitalizes interest incurred on all construction projects. During the current year, no interest was capitalized.

9 - Pensions and Other Post-Employment Benefits

Description. The District contributes to the State of SC Retirement System (SCRS), a cost sharing multiple-employer, defined benefit pension administered by the State of South Carolina. SCRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 9 of the State of SC Code of Laws assigns the authority to establish and amend benefit provisions to the SCRS. The SCRS issues a publicly available financial report that includes financial statements and required supplementary information for SCRS. That report may be obtained by writing to SC Retirement System, P O Box 11960, Columbia, SC 29211 or by calling 1-800-868-9002.

Funding policy. Plan members must contribute 7.0% of their annual covered salary, and the District must also contribute 10.6% of the annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the Commission. The District's contributions to SCRS for the year ended June 30, 2013 were \$ 454,505; for the year ending June 30, 2012, \$ 402,039; for the year ended June 30, 2011, \$ 395,833. The District has contributed 100% of the required contributions for the last three years.

Deferred Compensation Plan

The District offers its employees several deferred compensation plans under programs administered by the S. C. Deferred Compensation Commission. The multiple-employer plans were created in accordance with Internal Revenue Code Sections 457 and 401(k). The plans, available to all full-time District employees at their option, permit the employees to defer a portion of their earnings to future years. The deferred compensation is available to the employee only upon termination, retirement, disability, death or an approved hardship. The District's only duty is that of due care required of any ordinary prudent investor; it does not have any liability for losses under the plan.

Other Post-employment Benefits (OPEB)

Description

The District provides post-employment health, life and dental care benefits for certain retirees and their dependents. Substantially all employees who retire under the state retirement plan are eligible to continue their coverage with the District paying 100% of health insurance premiums if the retiree is over 65 years of age and a portion if under 65 years of age. The retiree pays 100% of life and dental insurance premiums and all health insurance premiums for family coverage. At July 1, 2011, the measurement date, there were 141 covered participants. Of this number, 114 participants are current employees and 27 are retirees. The District's regular insurance providers underwrite the retirees' insurance policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The District may amend the terms of the plan.

Effective November 1, 2010, the District will limit the amount it contributes to the health premium, and the contribution will be subject to annual appropriation.

Funding Policy

The District finances the plan on a pay-as-you-go basis. For the year ended June 30, 2013, the District had 27 retirees receiving benefits and recognized expense of \$ 139,872 for healthcare, which is net of retiree contributions of \$ 76,885. The net expense is allocated \$ 92,032 to the General Fund and \$ 47,840 to the enterprise fund.

The District's annual cost (expense) for other post employment benefits is calculated based on the annual required contribution (ARC) of the employer, which is actuarially determined based upon the requirements and parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents the amount of funding required that, if paid on an annual basis, is projected to cover the normal cost for each year plus the amount necessary to amortize any unfunded liability over a period not to exceed 30 years.

For the current year, the annual OPEB expense of \$ 527,688 is equal to the ARC. The ARC for the year ended June 30, 2013, is computed as follows:

Normal cost for current year	\$ 284,866
Amortization of the unamortized accrued liability	<u>242,822</u>
Total Annual Required Contribution	<u>\$ 527,688</u>

9 - Pensions and Other Post-Employment Benefits (continued)

Calculations of benefits for financial reporting purposes are based on the substantive plan understood by the employer and the plan members. The calculations include the types of benefits provided at the time of each valuation and the historical costs shared by the employer and the plan members. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about future events and costs. The Projected Unit Credit, Level Percent of Payroll actuarial cost method was used to calculate the ARC for this valuation. The current rate used to compute the ARC is based on a level percentage of payroll and assumed a 4.5% rate of return on investments for the current year. The schedule of the District's funding progress is presented as supplementary information and follows the notes to the financial statements.

10 - Contingent Liabilities

All amounts received by the District from federal grants are subject to audit adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may be refundable and would constitute a liability of the applicable fund. Management has not been informed of any disallowed claims or significant matters of non-compliance. No estimate has been made of possible disallowed expenditures since none are known to exist, but the District believes any amounts would be immaterial.

The District is contingently liable for lawsuits and claims that may arise in the course of its operations. Management believes the ultimate resolution of any such matters will not materially affect the District's financial position.

The District serves a geographic area which is subject to annexation by a local municipality. In the event an area is annexed by the municipality, there could be a significant impact on the operations of the District. South Carolina law requires a municipality which annexes properties currently served by another political subdivision to assume responsibility for payment of the pro-rata bonded debt outstanding on the area(s) annexed.

11 - Risk Management

The District is exposed to various risks of loss related to torts, theft, loss for damage to assets, errors or omissions, and natural disasters. The District is a member of the State of South Carolina Insurance Reserve Fund, which is a public entity risk pool currently operating as an insurance program and risk management facility for local governments. The District pays annual insurance premiums to the State Insurance Reserve Fund for its general insurance coverages. The State Insurance Reserve Fund is self-sustaining through member insurance premiums and reinsures through commercial companies for certain claims.

In addition, the District insures for the risk of job related injury or illness to its employees through South Carolina State Accident Fund, a public entity risk pool operating for the benefit of local governments. The District pays an annual premium to the Worker's Compensation Trust for its insurance coverage.

The District is also subject to risks of loss from providing health, life, accident, dental and other medical benefits for employees, retirees and their dependents. The District utilizes a state health insurance plan administered by the South Carolina Budget and Control Board. The state reinsures through commercial companies for these risks.

For all of the above programs, the District has not significantly reduced insurance coverages from the previous year, and settled claims in excess of insurance coverage for the last three years were immaterial. For each of the insurance programs, the District has effectively transferred all risk with no liability for unfunded claims.

12 - Long-Term Debt

The District reports long-term debt of governmental funds at face value in the governmental fund. Long-term debt and other obligations financed by proprietary funds are reported as proprietary fund liabilities. For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond or capital lease proceeds are reported as an "other financing source" net of the applicable premium or discount. Issuance costs, if any, paid or withheld from the proceeds, are reported as debt service expenditures. For business-type funds, bond premiums or discounts and any deferred refunding costs (if applicable) are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium, discount or deferred refunding costs. Costs of issuance are reported as deferred and amortized over the life of the bonds on the straight-line basis.

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 10

12 - Long-Term Debt (continued)

Governmental Activities

For governmental activities, compensated absences are generally liquidated by the general fund. The District issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of the District. All of the general obligation bonds are held by the Farmers Home Administration. In the Statement of Activities, interest expense is allocated as part of the indirect expenses. Interest expense was incurred by the following departments: public safety (fire) - \$43,126 and health (solid waste) - \$8,471.

Business Type Activities: Revenue Bonds Payable

In 1980, the District began issuing revenue bonds payable from the revenues generated by the wastewater proprietary fund which pays for the construction and expansion of the wastewater transportation system. A summary of the changes in the long term debts payable for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due in 2014
<u>Governmental Activities</u>					
General obligation debt	\$ 339,644		\$ 16,620	\$ 323,024	\$ 13,397
Capital leases	1,117,916	\$ 146,955	360,447	904,424	264,044
Net other post employment benefits	1,628,442	331,489		1,959,931	
Compensated absences	367,617		25,095	342,522	
Governmental Fund Subtotals	<u>3,453,619</u>	<u>478,444</u>	<u>402,162</u>	<u>3,529,901</u>	<u>277,441</u>
<u>Business Type Activity</u>					
Revenue bonds	7,247,999		\$ 772,820	6,475,179	850,585
Less deferred refunding costs	(345,953)		(58,472)	(287,481)	(58,472)
Capital leases	34,052		16,786	17,266	17,266
Net other post employment benefits	222,620	56,327		278,947	
Compensated absences	73,123	19,657		92,780	
Business Type Activity Subtotals	<u>7,231,841</u>	<u>75,984</u>	<u>731,134</u>	<u>6,576,691</u>	<u>809,379</u>
Totals	<u>\$10,685,460</u>	<u>\$ 554,428</u>	<u>\$1,133,296</u>	<u>\$10,106,592</u>	<u>\$1,086,820</u>

Debt Service Requirements to Maturity

The principal and interest requirements to retire the District's long-term obligations, exclusive of compensated absences and the unfunded OPEB liability, are as follows:

<u>Governmental Activities</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Year ended June 30, 2014	\$ 17,505	\$ 13,397	\$ 30,902
2015	16,797	14,105	30,902
2016	16,051	14,851	30,902
2017	15,265	15,637	30,902
2018	14,438	16,464	30,902
2019-2023	58,771	77,285	136,056
2024-2028	39,430	73,700	113,130
2029-2033	16,807	96,323	113,130
2034-2037	68	1,262	1,330
Sub-totals	<u>\$ 195,132</u>	<u>\$ 323,024</u>	<u>\$ 518,156</u>
<u>Business Type Activity</u>			
Year ended June 30, 2014	\$ 225,833	\$ 794,541	\$ 1,020,374
2015	197,866	826,447	1,024,313
2016	166,921	848,549	1,015,470
2017	135,118	846,460	981,578
2018	103,286	758,570	861,856
2019-2023	315,192	782,251	1,097,443
2024-2028	193,237	904,196	1,097,433
2029-2033	59,973	628,153	688,126
2034-2037	6,797	86,012	92,809
Sub-totals	<u>\$ 1,404,223</u>	<u>\$ 6,475,179</u>	<u>\$ 7,879,402</u>
Totals	<u>\$ 1,599,355</u>	<u>\$ 6,798,203</u>	<u>\$ 8,397,558</u>

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 11

12 - Long-Term Debt (continued)

The revenue bonds outstanding for the business type activity at June 30, 2013, are as follows:

<u>Title of Issues</u>	<u>Interest Rate</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
Sol Legare Project issued 3/31/92	5.750%	\$ 437,000	\$ 310,151
Refunding Revenue Bonds issued 5/19/04, Series 2004	2.00-4.45%	6,535,000	2,830,000
Grimball Road expansion issued 11/14/96	5.125%	538,000	427,101
Harbor View Road Project issued 2/1/97	4.250%	2,231,021	565,102
Schooner Road extension issued 02/26/10	3.500%	717,520	634,116
Harbor View Circle Force Main issued 07/01/11	2.250%	586,757	545,304
Pump Station 33 rehab issued 07/01/11	2.250%	1,250,352	1,163,405
Totals		<u>\$ 12,295,650</u>	<u>\$ 6,475,179</u>

The revenues of the proprietary fund are pledged as collateral on all of the revenue bonds. The District has complied with all material covenants and restrictions.

The governmental fund general obligation bonds outstanding at June 30, 2013, are as follows:

<u>Issue Date</u>	<u>Title of Issues</u>	<u>Principal Amount</u>	
		<u>Original</u>	<u>Outstanding</u>
February 17, 1981	Fire station 4; 5.0%; matures February 17, 2021	\$ 142,000	\$ 52,202
November 14, 1996	Fire station 3; 5.5%; matures November 14, 2036	363,000	270,822
Totals		<u>\$ 505,000</u>	<u>\$ 323,024</u>

13 - Capital Leases Obligations

The District has various leases on equipment used in the business type activity and the general fund which are being accounted for as capital leases. The leased assets have been capitalized at a cost of \$ 334,644 in the proprietary fund and \$ 3,773,512 in the governmental fund. Amortization expense of \$ 28,461 is included in the proprietary fund and \$ 164,384 in the Statement of Activities for the general fund. Under the terms of the leases, the District is responsible for all operating costs associated with the equipment. The future minimum lease payments, including interest, by year ended June 30, are as follows:

<u>Governmental Fund</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014		\$ 264,044	\$ 28,512	\$ 292,556
2015		149,085	20,122	169,207
2016		153,836	15,371	169,207
2017		137,933	10,461	148,394
2018		98,290	5,987	104,277
2019		101,236	3,041	104,277
Sub-total		<u>\$ 904,424</u>	<u>\$ 83,494</u>	<u>\$ 987,918</u>
<u>Business Type Activity</u>				
2014		\$ 17,266	\$ 494	\$ 17,760
Totals		<u>\$ 921,690</u>	<u>\$ 83,988</u>	<u>\$ 1,005,678</u>

JAMES ISLAND PUBLIC SERVICE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Sheet 12

14 - Short-term Financing

During the current year, the District did not utilize any short-term financing.

15- Contributed Capital - Wastewater System

The District, in completing the wastewater system, received contributed capital through grants, contributions of capital or contributions of existing systems. All tap fees from consumers were capitalized through 1981 as were the related expenses of connecting the properties to the system. In addition to the tap fees, the District charged developers impact fees to help offset the costs incurred for additions to the system. After 1981, only large additions to the system and any related tap fees and impact fees were capitalized. In accordance with GASB 34, the District recognizes contributed capital through the proprietary fund's operating statement since its adoption of the provisions of this statement. Contributed capital received prior to the adoption of GASB 34 and now included in retained earnings consists of the following:

	Balance June 30, 2012	Additions (Reduction)	Balance June 30, 2013
Farmers Home Administration Grants	\$ 4,356,919		\$ 4,356,919
Environmental Protection Agency Grants	2,354,057		2,354,057
State of South Carolina (FEMA)	144,629		144,629
Charleston County, SC grant	170,000		170,000
Tap fees and contributions by developers	2,315,758		2,315,758
Contributed systems	<u>453,535</u>		<u>453,535</u>
Total	<u>\$ 9,794,898</u>		<u>\$ 9,794,898</u>

16 - Commitments and Contingencies

At June 30, 2013, the District was involved in several capital projects. Costs have been incurred on various wastewater upgrade projects which total \$ 615,360 at June 30, 2013. The total estimated costs of the projects is \$ 2,999,945. The wastewater project costs will be paid through impact fees held by the District and proceeds of revenue bonds.

During the fiscal year ended June 30, 2011, the City of Charleston, SC completed an audit of the taxes remitted to the District for the preceding five years relating to properties which were annexed by the City of Charleston. The City of Charleston is required to remit to the District the portion of ad valorem tax the city collects from annexed properties representing the District's fire department budget that would have been collected by the District had the properties not been annexed into the city. As a result of this audit, the City determined the District had been overpaid \$ 395,328 in the general fund and overpaid \$ 35,946 in debt service. The District is repaying the excess remittances over a five (5) year period beginning in fiscal year 2011 at the rate of \$ 79,066 per year in the general fund and \$ 7,189 through the debt service fund. The City will reduce future tax payments each year due to the District until this overpayment has been recovered by the City.

17 - Subsequent Events

Management has evaluated all subsequent events for possible disclosure through November 18, 2013, the date the financial statements were available. On October 21, 2013, the District received the proceeds of a revenue bond in the amount of \$ 1,870,340 which was used to cover the costs incurred in completing an addition to the system. This new revenue bond will add debt service of \$ 56,044 for principal and interest of \$ 31,248 in the next fiscal year to the District's wastewater fund debt service obligations.

18 - Deferred Revenues

In the Governmental Fund financial statements, the District accounts for delinquent taxes receivable collected more than 60 days following the end of its fiscal year as deferred revenues.

19 - Non-Cash Transactions: Proprietary Fund

The Statement of Cash Flow for the enterprise fund only reflects transactions that affect its cash flows during the year. During the current year, the District had non-cash additions to its capital assets of \$ 185,284

JAMES ISLAND PUBLIC SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
<u>Beginning budgetary fund balance</u>	\$ 3,609,166	3,609,166	\$ 3,609,166	
<u>Resources (inflows):</u>				
Taxes	5,839,745	5,839,745	5,585,107	\$ (254,638)
Intergovernmental	26,233	26,233	204,348	178,115
Other income	35,200	35,200	161,483	126,283
Amounts available for appropriation	<u>9,510,344</u>	<u>9,510,344</u>	<u>9,560,104</u>	<u>49,760</u>
<u>General government</u>				
Salaries and allowances	286,520	332,405	310,568	21,837
Retirement contributions	29,558	29,558	31,424	(1,866)
Payroll taxes	22,525	22,525	23,582	(1,057)
Group health and workmen's compensation insurance	21,692	21,692	26,042	(4,350)
Commission expenses	2,000	2,000	2,430	(430)
Professional services	24,207	24,207	39,483	(15,276)
Fuel	360	360	625	(265)
Repairs and maintenance	9,967	9,967	11,361	(1,394)
Office supplies and expenses	11,007	11,007	8,793	2,214
Advertising	2,400	2,400	2,220	180
Dues and subscriptions	2,424	2,424	3,332	(908)
Travel	2,000	2,000	88	1,912
Employee relations	6,388	6,388	2,936	3,452
Telephone and communication	4,661	4,661	5,397	(736)
Insurance	2,957	2,957	2,670	287
Training, education and conferences	2,848	2,848	469	2,379
Operating leases	1,540	1,540	1,978	(438)
Contingency	10,000	10,000		10,000
Totals	<u>443,054</u>	<u>488,939</u>	<u>473,398</u>	<u>15,541</u>
<u>Maintenance</u>				
Salaries and allowances	177,462	131,577	112,260	19,317
Retirement contributions	18,127	18,127	11,630	6,497
Payroll taxes	14,114	14,114	8,674	5,440
Group health and workmen's compensation insurance	33,415	33,415	24,557	8,858
Fuel	4,200	4,200	3,963	237
Travel and transportation			1,226	(1,226)
Repairs and maintenance	21,267	21,267	11,210	10,057
Office supplies and expenses	6,163	5,099	398	4,701
Advertising	350	350	2,686	(2,336)
Professional services	1,195	1,195	709	486
Supplies and other expenses	200	200	19,145	(18,945)
Telephone and communications	2,909	2,909	3,154	(245)
Insurance	2,255	2,255	2,806	(551)
Training, education and conferences	6,000	6,000	660	5,340
Uniforms	2,159	2,159	2,193	(34)
Utilities	13,100	13,100	3,559	9,541
Totals	<u>302,916</u>	<u>255,967</u>	<u>208,830</u>	<u>47,137</u>
Subtotals - General Government	\$ 745,970	\$ 744,906	\$ 682,228	\$ 62,678

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u>
				<u>(Unfavorable)</u>
Subtotals brought forward	\$ 745,970	\$ 744,906	\$ 682,228	\$ 62,678
<u>Public Safety - Fire</u>				
Salaries and allowances	2,176,998	2,176,998	2,152,922	24,076
Retirement contributions	221,644	221,644	222,688	(1,044)
Payroll taxes	174,078	174,078	166,249	7,829
Group health and workmen's compensation insurance	610,587	610,587	568,851	41,736
Fuel and fluids	52,795	52,795	40,339	12,456
Repairs and maintenance	66,918	66,918	132,319	(65,401)
Office supplies and expenses	19,212	19,212	4,013	15,199
Professional services	14,210	14,210	16,490	(2,280)
Volunteers	2,225	2,225		2,225
Advertising	1,000	1,000	1,866	(866)
Dues and subscriptions	1,545	1,545	350	1,195
Supplies and other	24,277	24,277	52,298	(28,021)
Telephone and communications	48,796	48,796	15,168	33,628
Insurance	31,500	31,500	31,796	(296)
Training, education and conferences	18,669	18,669	15,486	3,183
Travel and transportation	3,150	3,150	2,421	729
Uniforms	15,067	15,067	18,016	(2,949)
Utilities	32,352	32,352	33,778	(1,426)
Totals	<u>3,515,023</u>	<u>3,515,023</u>	<u>3,475,050</u>	<u>39,973</u>
<u>Health - Solid waste</u>				
Salaries and allowances	946,556	946,556	916,981	29,575
Retirement contributions	92,123	92,123	84,721	7,402
Payroll taxes	73,350	73,350	62,954	10,396
Group health and workmen's compensation insurance	185,472	185,472	179,060	6,412
Fuel and fluids	223,500	223,500	192,151	31,349
Repairs and maintenance	137,912	137,912	278,188	(140,276)
Office supplies and expenses	4,853	5,917	1,301	4,616
Professional services	2,500	2,500	12,990	(10,490)
Supplies and other	10,400	10,400	12,785	(2,385)
Advertising	200	200		200
Telephone and communications	5,740	5,740	5,478	262
Insurance	21,056	21,056	17,325	3,731
Training, education and conferences	200	200	354	(154)
Uniforms	7,944	7,944	10,010	(2,066)
Utilities	4,584	4,584	3,987	597
Totals	<u>1,716,390</u>	<u>1,717,454</u>	<u>1,778,285</u>	<u>(60,831)</u>
Capital outlays	<u>60,208</u>	<u>60,208</u>	<u>10,138</u>	<u>50,070</u>
Total Expenditures (Outflows)	<u>6,037,591</u>	<u>6,037,591</u>	<u>5,945,701</u>	<u>91,890</u>
Operating transfers in			<u>16,620</u>	<u>16,620</u>
Ending budgetary fund balance	\$ <u>3,472,753</u>	\$ <u>3,472,753</u>	\$ <u>3,631,023</u>	\$ <u>158,270</u>

See notes to basic financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS FOR
OTHER POSTEMPLOYMENT BENEFITS -
DEFINED BENEFIT HEALTH CARE PLAN
FOR THE YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Schedule 2

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2 - 1)	Funded Ratio (1/2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((2-1)/3)
07/01/2009		5,493,663	5,493,663	0%	4,227,757	130%
07/01/2010		5,493,663	5,493,663	0%	4,331,393	127%
07/01/2011		5,824,192	5,824,192	0%	4,319,558	135%
07/01/2012		5,824,192	5,824,192	0%	4,481,867	130%

The District implemented GASB Statement 45 for the fiscal year ended June 30, 2008.

Schedule of Employer Contributions

Fiscal Year ended June 30	Annual Required Contribution	Actual Contribution	Percent Funded
2010	510,638	133,185	26.08%
2011	510,638	146,492	28.69%
2012	532,649	123,304	23.15%
2013	527,688	139,872	26.51%

JAMES ISLAND PUBLIC SERVICE DISTRICT
SCHEDULE OF OPERATING EXPENSES - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

Schedule 3

Personnel Services

Salaries, wages and allowances	\$ 1,015,625	
Payroll taxes	75,744	
Retirement system contributions	107,042	
Group insurance and workmen's compensation	199,243	
Other post-employment benefits	56,327	
Miscellaneous	4,207	
Training and education	4,520	
Uniforms	7,981	
Total		\$ 1,470,689

Operations and Maintenance

Wastewater treatment and transportation charges	1,902,157	
Maintenance of system and equipment	400,811	
Fuel	45,948	
Technical supplies	42,425	
Utilities	134,955	
Engineering and professional services	45,277	
Insurance	33,879	
Total		2,605,452

Administrative

Professional services	37,317	
Office supplies	60,438	
Postage	27,487	
Memberships and subscriptions	5,530	
Advertising and printing	3,220	
Bad debts	13,637	
Insurance	5,854	
Miscellaneous expenses	6,404	
Telephone and communication	18,872	
Total		178,759

Depreciation and Amortization

824,005

Total Operating Expenses	\$ <u>5,078,905</u>
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