

JAMES ISLAND PUBLIC SERVICE DISTRICT

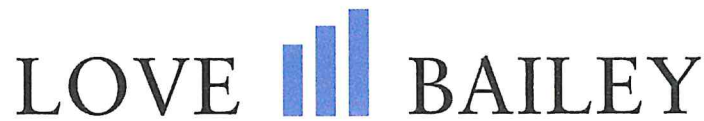
SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

**JAMES ISLAND PUBLIC SERVICE DISTRICT
BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
James Island Public Service District
James Island, South Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund and the aggregate remaining fund information of James Island Public Service District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise James Island Public Service District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of James Island Public Service District, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of James Island Public Service District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the James Island Public Service District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about James Island Public Service District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise James Island Public Service District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic 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 our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining balance sheet – non-major funds and combining statement of revenues, expenditures and changes in fund balances – non-major funds but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Matters

As discussed in Note 11 to the financial statements, James Island Public Service District recorded a prior period adjustment related to capital assets and debt.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2023 on our consideration of James Island Public Service District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering James Island Public Service District's internal control over financial reporting and compliance.



Love Bailey & Associates, LLC
Laurens, South Carolina
December 6, 2023

JAMES ISLAND PUBLIC SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

The James Island Public Service District's discussion and analysis offers readers of the District's financial statements a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, in the financial statements and the notes to the financial statements.

Financial Highlights

- The James Island Public Service District's assets exceeded its liabilities at June 30, 2023 by \$53,262,405 (net position).
- The District's total net position increased \$4,396,391 with increases of \$1,744,973 and \$2,651,418 from governmental activities and business-type activities, respectively. The District's governmental activities had a favorable net change in the OPEB of approximately \$362,000 and favorable net change in the pension of approximately \$40,000.
- For the fiscal year ending June 30, 2023, the District maintained four governmental funds which are its General Fund, Debt Service Fund, Capital Projects Fund, and One Percent Fund. The District's governmental fund balance sheet reported a combined ending fund balance of \$16,474,993, an increase of \$3,942,547 from the previous fiscal year. Of this amount, \$13,527,246 is unassigned.
- The General Fund reported actual revenues of \$25,397 under budget and expenditures of \$1,083,852 under budget. General Fund expenditures include \$246,815 in capital outlay for equipment. The General Fund reported other financing sources revenue in the amount of \$3,142,442 with \$3,001,103 coming from the proceeds from debt issuance.

Overview of the Financials

This discussion and analysis is intended to serve as an introduction to the James Island Public Service District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference between them being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (uncollected taxes and earned but unused vacation leave).

JAMES ISLAND PUBLIC SERVICE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Both government-wide financial statements distinguish functions of the James Island Public Service District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District's governmental activities include general government, public safety - fire, and health – solid waste. The District's business-type activities include a wastewater utility system.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statement

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The James Island Public Service District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The James Island Public Service District maintained four governmental funds during the fiscal year 2022-2023. Information is presented in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, One Percent Fund and Capital Project Fund. General Fund is the only major fund.

The James Island Public Service District adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for this fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary funds – The James Island Public Service District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its wastewater utility system.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial statements of proprietary funds provide the same type of information as the government-wide financial statements, but in greater detail. The basic proprietary fund financial statements can be found on pages 17-19 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-43 of this report.

Government-wide Financial Analysis

The government-wide financial statements are provided as part of the approach mandated by the GASB, which sets the uniform standards for presenting government financial reports. These reports provide complete comparative information as summarized in this Management's Discussion and Analysis. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of James Island Public Service District, assets exceeded liabilities by \$53,262,405 at the close of the most recent fiscal year. The District's increase in net position for this fiscal year amounts to \$4,396,391.

For the current year, the largest portion of the District's net position reflects its investment in capital assets (land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
Current assets and other	\$ 24,920,060	\$ 20,335,962	\$ 11,300,442	\$ 9,201,218	\$ 36,220,502	\$ 29,537,180
Capital assets, net	11,927,980	12,579,398	49,384,290	49,223,512	61,312,270	61,802,910
Total assets	36,848,040	32,915,360	60,684,732	58,424,730	97,532,772	91,340,090
Deferred outflows	1,508,264	3,450,465	453,321	838,108	1,961,585	4,288,573
Total assets and deferred outflows	\$ 38,356,304	\$ 36,365,825	\$ 61,138,053	\$ 59,262,838	\$ 99,494,357	\$ 95,628,663
Current and other	\$ 2,386,393	\$ 9,899,671	\$ 2,316,218	\$ 4,215,649	\$ 4,702,611	\$ 14,115,320
Long-term liabilities	20,011,874	9,350,225	21,146,831	19,191,029	41,158,705	28,541,254
Total liabilities	22,398,267	19,249,896	23,463,049	23,406,678	45,861,316	42,656,574
Deferred inflows	305,340	3,427,911	65,296	846,536	370,636	4,274,447
Total liabilities and deferred inflows	22,703,607	22,677,807	23,528,345	24,253,214	46,231,952	46,931,021
Net position						
Net investment in capital assets	(2,015,834)	1,531,907	27,507,126	28,910,744	25,491,292	30,442,651
Restricted	3,717,918	3,268,293	2,751,129	2,582,244	6,469,047	5,850,537
Unrestricted	13,950,613	8,887,818	7,351,453	3,516,636	21,302,066	12,404,454
Total net position	\$ 15,652,697	\$ 13,688,018	\$ 37,609,708	\$ 35,009,624	\$ 53,262,405	\$ 48,697,642

**JAMES ISLAND PUBLIC SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

An additional portion of the District's net position represents resources that are restricted as to how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens, creditors, and customers within the respective governmental and business-type activities. At the end of the current fiscal year, the James Island Public Service District is able to report positive balances in the net position as a whole and individually within the governmental and business-type activities.

The changes in net position displayed below show the governmental and business-type activities during the fiscal year. The increase in entity-wide net position is due to the combination of the increases in net position in both the Governmental Activities and Business-Type Activities.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
Charges for services	\$ -	\$ -	\$ 10,309,340	\$ 9,455,074	\$ 10,309,340	\$ 9,455,074
General revenues	10,473,498	11,402,756	1,118,482	-	11,591,980	11,402,756
Total revenues	10,473,498	11,402,756	11,427,822	9,455,074	21,901,320	20,857,830
Program expenses	8,728,525	2,119,887	8,776,404	6,981,687	17,504,929	9,101,574
Increase in net position	1,744,973	9,282,869	2,651,418	2,473,387	4,396,391	11,756,256
Beginning net position, restated	13,907,724	4,405,149	34,958,290	32,536,237	48,866,014	36,941,386
Total net position	\$ 15,652,697	\$ 13,688,018	\$ 37,609,708	\$ 35,009,624	\$ 53,262,405	\$ 48,697,642

Financial Analysis of James Island Public Service District Funds

As noted earlier, The James Island Public Service District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the James Island Public Service District governmental funds reported combined fund balances of \$16,474,993 an increase of \$3,942,547 compared to prior year balances. 82% of this total amount constitutes unassigned fund balance, which is available for spending at the District's discretion.

The remainder of the fund balance is split between a nonspendable amount of \$94,114, \$487,722 being restricted that is not available for new spending because it has already been restricted for specific purposes, and \$2,365,911 being committed due to the District's Board setting aside this money for specific purposes.

The General Fund is the primary operating fund of the District. At June 30, 2023, the total fund balance in the General Fund was \$13,152,922. The General Fund balance increased by \$3,588,757 during the current fiscal year. This increase is mainly a result of proceeds from debt issuance in the amount of \$3,001,103.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

In addition to the General Fund the District's other nonmajor governmental funds are the Debt Service Fund, Capital Projects Fund and One Percent Fund. At June 30, 2023 the total fund balance in each fund was \$2,683,973, \$468,438 and \$169,660, respectively. Debt service fund balance increased during the fiscal year by \$333,417, Capital Projects fund balance decreased by \$70,771 and One Percent Fund increased by \$91,144.

Proprietary funds – The District's Proprietary Fund provides the same type of information found in the government-wide financial statements, but with greater detail. At June 30, 2023, total net position of the Wastewater Utility System amounted to \$37,609,708 as compared to a total net position balance of \$34,958,290 at June 30, 2022. The increase in net position of \$2,651,418 for the fiscal year is due increasing revenue and decreasing expenditures during the fiscal year.

General Fund Budgetary Highlights

A budget to actual statement is provided for the General Fund. The General Fund budgeted revenues of \$9,359,500 before other financing sources and achieved actual revenues of \$9,334,103, or \$25,397 less than budgeted. Property tax revenues decreased and grant revenue increased. Expenditures were budgeted for \$9,971,640 with actual expenditures of \$8,887,788.

Capital assets – The James Island Public Service District's investments in capital assets for its governmental and business type activities as of June 30, 2023, amounts to \$61,312,270 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment. Major capital asset events in the current year included the following (see Note 5):

- For the James Island Public Service District to meet the needs and continue to provide high quality response and services, the District bought vehicles and various equipment for \$431,385 during the year.
- The District continues to upgrade, update and repair projects with the sewer system and functions of the District. Various upgrades and various construction in progress in the amount of \$1,417,679 regarding the sewer system during the fiscal year. Additionally, other construction in progress was started but not completed during the year.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated				
Land	\$ 1,600,664	\$ -	\$ -	\$ 1,600,664
Construction in Progress	-	85,622	-	85,622
Total non-depreciable assets	1,660,664	85,622	-	1,686,286
Capital assets, being depreciated				
Buildings	7,850,974	7,761	(2,558)	7,856,177
Fencing, paving & landscaping	32,488	-	(2,480)	30,008
Vehicles	5,832,242	50,393	(71,166)	5,811,469
Machinery and fire equipment	1,566,313	182,093	-	1,748,406
Furniture and office equipment	248,866	-	-	248,866
Communication	760,114	6,317	-	766,431
Total capital assets, being depreciated	16,290,997	246,564	(76,204)	16,461,357
Less: accumulated depreciation	(5,447,163)	(831,469)	58,969	(6,219,663)
Total capital assets, being depreciated	10,843,834	(584,905)	(17,235)	10,241,694
Governmental activities capital assets	\$ 12,444,498	\$ (499,283)	\$ (17,235)	\$ 11,927,980

Business-Type Activities

	Balance July 1, 2022	Additions	Transfers	Deletions	Balance June 30, 2023
Non-depreciable assets:					
Land	\$ 814,365	\$ -	\$ -	\$ -	\$ 814,365
Construction in Progress	276,247	1,332,057	(131,730)	-	1,476,574
Total non-depreciable assets	1,090,612	1,332,057	(131,730)	-	2,290,939
Depreciable:					
Buildings	571,392	-	-	-	571,392
Sewer system	58,743,423	-	60,968	(34,215)	58,770,176
Contributed systems	11,191,477	-	-	-	11,191,477
Purchased systems	179,566	-	-	-	179,566
Equipment	175,853	-	-	-	175,853
Vehicles	1,202,243	178,504	-	(27,647)	1,353,100
Communication system	793,036	6,317	70,762	-	870,115
Total depreciable capital assets	72,856,990	184,821	131,730	(61,862)	73,111,679
Less accumulated depreciation	(24,574,356)	(1,505,834)	-	61,862	(26,018,328)
Total depreciable capital assets, net	48,282,634	(1,321,013)	131,730	-	47,093,351
Total capital assets, net	\$ 49,373,246	\$ 11,044	\$ -	\$ -	\$ 49,384,290

Long-term debt - At the end of the current fiscal year, the James Island Public Service District had total debt outstanding in the amount of \$31,756,702. Debt instruments outstanding consist of general obligation bonds and capital leases for Governmental Activities and revenue bonds, state revolving loans, and capital leases for Business-type Activities. Overall Governmental Activities and Business-type Activity debt outstanding totaled \$13,042,695 and \$19,586,225, respectively, includes accrued compensated absences.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The District's overall General Obligation bonds, revenue bonds and state revolving fund loans experienced payment decreases of \$355,134, \$33,347, and \$969,303, respectively. Capital leases had a net increase of \$2,547,251 due to an additional capital lease. See Note 8 for further details on outstanding debt.

Net other post-employment benefits plan liability experienced a decrease in the amount of \$357,007 due to the OPEB being dissolved. Net pension plan liability experienced an increase of \$1,770,922 when compared to the prior year. See Note 6 and Note 7 for further details on decreases and plan information.

Economic Outlook

The area's economy was stable and shows continued growth during fiscal year 2024. The unemployment rate for the area is currently 3.0 percent, which is in line with previous years and the lowest in more than ten years. This compares favorably with State of SC rate of 3.1 percent and the national rate of 3.6 percent.

The principal challenge facing the District sewer system is to retain current customers and at the same time, gain new sewer customers as to help spread the fixed cost of operating the sewer system. The District Collection systems Management, Operation, and Maintenance goal is to provide excellent service with effective environmental controls, while ensuring that the District is in a sound financial position to pay all its liabilities now and in the future.

The District's sanitary sewer operations are entirely supported by user fees as no property taxes are used for this sewer service. Accordingly, sewer rates and charges must be established at a level to cover operations, maintenance, improvement and upgrades to the JIPSD collection system. Inflationary pressures continued to rise, so the District will continue to monitor the economic conditions, reevaluate the current rates and continue to search-out cost saving measures to maintain a stable rate structure.

The District is not aware of any facts, decisions, or conditions that can reasonably be expected to have a material impact on the District's economic outlook during the fiscal year beginning July 1, 2023.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, 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 this report or need additional financial information, contact the District's Finance Director, Ed Kilcullen at 1739 Signal Point Road/PO Box 12140, Charleston, South Carolina 29422-2140 or 843-998-6175.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental	Business-Type	Totals
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 12,994,412	\$ 8,782,294	\$ 21,776,706
Restricted cash and cash equivalents	3,399,856	2,532,430	5,932,286
Funds held in escrow	318,062	218,699	536,761
Intergovernmental receivables	594,736	-	594,736
Tax receivable (net of allowance)	7,137,012	-	7,137,012
Customer receivables (net of allowance)	-	137,452	137,452
Internal balances	381,868	(381,868)	-
Prepaid expenses	49,574	11,435	61,009
Inventory	44,540	-	44,540
Capital assets			
Non-depreciable capital assets	1,686,286	2,290,939	3,977,225
Depreciable capital assets	10,241,694	47,093,351	57,335,045
Total assets	36,848,040	60,684,732	97,532,772
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	1,508,264	453,321	1,961,585
Total deferred outflows of resources	1,508,264	453,321	1,961,585
LIABILITIES			
Accounts payable	288,984	444,052	733,036
Accrued salaries and benefits	73,071	33,415	106,486
Accrued interest payable	88,163	407,482	495,645
Customer deposits	-	173,424	173,424
Long-term liabilities			
Net pension liability	8,905,354	2,818,451	11,723,805
Long-term debt:			
Due within one year	1,936,175	1,257,845	3,194,020
Due in more than one year	11,106,520	18,328,380	29,434,900
Total liabilities	22,398,267	23,463,049	45,861,316
DEFERRED INFLOWS OF RESOURCES			
Pension plan	305,340	65,296	370,636
Total deferred inflows of resources	305,340	65,296	370,636
NET POSITION			
Invested in capital assets, net of related debt	(2,015,834)	27,507,126	25,491,292
Restricted	3,717,918	2,751,129	6,469,047
Unrestricted	13,950,613	7,351,453	21,302,066
Total net position	\$ 15,652,697	\$ 37,609,708	\$ 53,262,405

The accompanying notes are an integral part of these financial statements.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government	
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
	Expenses				Total
PRIMARY GOVERNMENT					
Governmental activities					
General government	\$ 1,223,638	\$ -	\$ -	\$ (1,223,638)	\$ (1,223,638)
Public safety	4,747,811	-	-	(4,747,811)	(4,747,811)
Solid waste	2,491,081	-	-	(2,491,081)	(2,491,081)
Interest	265,995	-	-	(265,995)	(265,995)
Total governmental activities	8,728,525	-	-	(8,728,525)	(8,728,525)
Business-type activities					
Wastewater	8,776,404	10,309,340	1,000,000	\$ -	\$ 2,532,936
Total primary government	\$ 17,504,929	\$ 10,309,340	\$ 1,000,000	(8,728,525)	2,532,936
GENERAL REVENUES					
Property taxes				9,978,681	-
Merchant's inventory and motor carrier taxes				28,423	-
Grant income				202,771	-
One percent income				107,087	-
Interest income				114,357	93,765
Gain (loss) on sale of capital assets				9,966	21,121
Other income				32,213	3,596
Total general revenues				10,473,498	118,482
Change in net position				1,744,973	2,651,418
Net position, beginning of year, as restated				13,907,724	34,958,290
Net position, end of year				\$ 15,652,697	\$ 37,609,708

The accompanying notes are an integral part of these financial statements.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Non-major Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 12,994,412	\$ -	\$ 12,994,412
Restricted cash	-	3,399,856	3,399,856
Funds held in escrow	-	318,062	318,062
Intergovernmental receivables	537,728	57,008	594,736
Tax receivable (net of allowance)	6,824,772	312,240	7,137,012
Due from other funds	1,808,733	1,040,093	2,848,826
Prepaid expenses	49,574	-	49,574
Inventory	44,540	-	44,540
Total assets	<u>\$ 22,259,759</u>	<u>\$ 5,127,259</u>	<u>\$ 27,387,018</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	288,984	-	288,984
Accrued interest	57,544	30,619	88,163
Accrued salaries and benefits	73,071	-	73,071
Due to other funds	<u>1,048,452</u>	<u>1,418,506</u>	<u>2,466,958</u>
Total liabilities	<u>1,468,051</u>	<u>1,449,125</u>	<u>2,917,176</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>7,638,786</u>	<u>356,063</u>	<u>7,994,849</u>
Total liabilities and deferred inflows of resources	<u>9,106,837</u>	<u>1,805,188</u>	<u>10,912,025</u>
FUND BALANCES			
Nonspendable:			
Prepaid expenses	49,574	-	49,574
Inventory	44,540	-	44,540
Restricted	-	487,722	487,722
Committed	-	2,365,911	2,365,911
Unassigned	<u>13,058,808</u>	<u>468,438</u>	<u>13,527,246</u>
Total fund balances	<u>13,152,922</u>	<u>3,322,071</u>	<u>16,474,993</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 22,259,759</u>	<u>\$ 5,127,259</u>	<u>\$ 27,387,018</u>

The accompanying notes are an integral part of these financial statements.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total fund balances - governmental funds	\$ 16,474,993
Amounts reported for governmental activities in the Statement of Net Position are different due to the following	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:	
Non-depreciable	1,686,286
Depreciable, net of accumulated depreciation	10,241,694
Deferred property taxes are reported in the governmental funds but not reported in governmental activities	7,994,849
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:	
Bonds payable	(7,240,838)
Capital Leases Payable	(5,016,690)
Accrued compensated absences payable	(785,167)
Net pension plan liability	(8,905,354)
Deferred outflows - pension plan	1,508,264
Deferred inflows - pension plan	(305,340)
Net position of governmental activities	<u>\$ 15,652,697</u>

The accompanying notes are an integral part of these financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Non-Major Fund	Total Governmental Funds
REVENUE			
Property taxes	\$ 9,094,756	\$ 883,925	\$ 9,978,681
Intergovernmental revenues	28,423	-	28,423
Grant revenues	202,771	-	202,771
One percent income	-	107,087	107,087
Other	8,153	24,278	32,431
Total revenues	<u>9,334,103</u>	<u>1,015,290</u>	<u>10,349,393</u>
EXPENDITURES			
General government	1,106,705	527	1,107,232
Public safety	4,538,651	15,943	4,554,594
Solid waste	2,291,529	-	2,291,529
Capital outlay	246,815	85,370	332,185
Debt service:			
Principal	642,620	355,133	997,753
Interest	61,468	204,527	265,995
Total expenditures	<u>8,887,788</u>	<u>661,500</u>	<u>9,549,288</u>
Excess (deficiency) of revenues over expenditures	<u>446,315</u>	<u>353,790</u>	<u>800,105</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets	27,201	-	27,201
Proceeds from debt issuance	3,001,103	-	3,001,103
Interest income	114,138	-	114,138
Total other financing sources (uses)	<u>3,142,442</u>	<u>-</u>	<u>3,142,442</u>
Net changes in fund balances	3,588,757	353,790	3,942,547
Fund balances, beginning of year	<u>9,564,165</u>	<u>2,968,281</u>	<u>12,532,446</u>
Fund balances, end of year	<u><u>\$ 13,152,922</u></u>	<u><u>\$ 3,322,071</u></u>	<u><u>\$ 16,474,993</u></u>

The accompanying notes are an integral part of these financial statements.

**JAMES ISLAND PUBLIC SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net change in fund balances - Total Governmental Fund		\$ 3,942,547
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	332,185	
Depreciation expense	<u>(831,469)</u>	
		(499,284)
Repayment of bond and capital lease principal is an expenditure in governmental funds but a reduction of liabilities in the Statement of Net Position		997,753
An item reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental fund. This activity consists of:		
Change in Net OPEB plan liability		362,364
Change in Net Pension plan liability		(40,069)
Other financing sources which do not provide current resources:		
Gain or loss on the sale of assets		9,966
Proceeds from sale of capital assets		(27,201)
Proceeds from debt issuance		<u>(3,001,103)</u>
Total change in net position		<u><u>\$ 1,744,973</u></u>

The accompanying notes are an integral part of these financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$ 8,782,294
Restricted cash and cash equivalents	2,532,430
Funds held in escrow	218,699
Customer receivables (net of allowance)	137,452
Prepaid expenses	11,435
Due from other funds	57,224
Capital assets	
Non-depreciable capital assets	2,290,939
Depreciable capital assets	47,093,351
Total assets	<u>61,123,824</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension plan	453,321
Total deferred outflows of resources	<u>453,321</u>

LIABILITIES

Accounts payable	444,052
Due to other funds	439,092
Accrued salaries and benefits	33,415
Accrued interest payable	407,482
Customer deposits	173,424
Long-term liabilities	
Net pension liability	2,818,451
Long-term debt:	
Due within one year	1,257,845
Due in more than one year	18,328,380
Total liabilities	<u>23,902,141</u>

DEFERRED INFLOWS OF RESOURCES

Pension Plan	65,296
Total deferred inflows of resources	<u>65,296</u>

NET POSITION

Invested in capital assets, net of related debt	27,507,126
Restricted	2,751,129
Unrestricted	7,351,453
Total net position	<u><u>\$ 37,609,708</u></u>

The accompanying notes are an integral part of these financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

OPERATING REVENUES

District customer	\$ 5,896,990
Transportation customer	1,791,860
Full charge customer	1,649,115
Wholesale customer	558,626
Other fees and charges	278,053
Tap fees	29,910
Impact fees	104,786
Total operating revenues	<u>10,309,340</u>

OPERATING EXPENSES

Salaries and fringe benefits	2,031,563
Operations and maintenance	3,911,706
Administrative	603,551
Depreciation	1,505,834
Total operating expenses	<u>8,052,654</u>
Operating income (loss)	<u>2,256,686</u>

NON-OPERATING REVENUE (EXPENSES)

Capital grants	1,000,000
Gain from the sale of capital assets	21,121
Interest income	93,765
Insurance claims	3,596
Interest expense	(723,750)
Net non-operating revenues (expenses)	<u>394,732</u>

Change in net position	2,651,418
Net position, beginning of year, as restated	<u>34,958,290</u>
Net position, end of year	<u><u>\$ 37,609,708</u></u>

The accompanying notes are an integral part of these financial statements.

JAMES ISLAND PUBLIC SERVICE DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net position	\$ 2,651,418
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	1,505,834
Decrease (increase) in:	
Accounts receivable	(17,609)
Escrow funds	865,827
Prepays and other assets	123,286
Increase (decrease) in:	
Accounts payable	178,015
Accrued liabilities	316,513
Customer deposits	37,623
GASB 68 - state retirement	29,284
GASB 75 - other post-employment benefits	(60,691)
Net cash provided by operating activities	<u>5,629,500</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Net proceeds from debt	260,965
Net payments on debt	(1,074,848)
Due to / from transfers	(2,856,544)
Purchases of capital assets	(1,516,878)
Net cash used in financing activities	<u>(5,187,305)</u>
Net increase in cash	442,195

CASH

Beginning of year	<u>10,872,529</u>
End of year	<u><u>\$ 11,314,724</u></u>

SUPPLEMENTAL INFORMATION

Interest paid	<u><u>\$ 723,750</u></u>
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The accompanying notes are an integral part of these financial statements.

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The James Island Public Service District (the “District”) was formed under Act Number 498 of the 1961 General Assembly of the State of South Carolina. The District is governed by an elected seven-member Commission and operates under a Commission/Manager form of government. The District provides the following services as authorized by its charter: fire protection, solid waste and wastewater collection.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The statement of net position and the statement of activities report information about all activities of the primary government. These statements distinguish between the District’s governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. All the District’s governmental funds are reported in the government-wide financial statements as governmental activities and all of its enterprise funds are reported as business-type activities. Separate financial statements are provided for government-wide and business-type activities.

Net position is reported as restricted when constraints are placed on net position 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 net position is used prior to unrestricted net position when permissible.

The District uses the accrual basis of accounting in reporting its government-wide financial statements, as well as its proprietary fund financial statements. Under the accrual basis, the District generally records revenues when earned and reasonably measurable and records expenses when a liability is incurred, regardless of the timing of related cash flows. Significant non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include taxes, grants, and donations. The District recognizes grants, donations and similar items as revenue as soon as it meets all eligibility requirements.

The statement of activities presents a comparison between both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among the programs, function 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.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its governmental funds and proprietary fund. The District presents separate statements for each fund category- governmental and proprietary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The District's funds are classified into two categories – governmental and proprietary.

Governmental Funds

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects Fund – The Capital Projects Fund is used to accumulate financial resources utilized in acquiring or constructing capital facilities for the District. Expenses related to the capital facilities are also accumulated in this fund.

Firefighter's One Percent Fund

The Firefighter's One Percent Fund is used to account for the District's Firemen's Insurance and Inspection Fund, commonly referred to as 1% money, allocation, and expenditures. These resources are to be used for the betterment and maintenance of skilled and efficient fire departments. This is an unbudgeted fund.

Proprietary Fund

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Enterprise funds distinguish operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally are limited to items resulting from the provision of services and goods in connection with the fund's principal ongoing operations. The District generally classifies revenues and expenses as operating only if the related cash flows appear in the operating section on the statement of cash flows. Accordingly, grants are reportable as operating revenues only if they are essentially the same as contracts for services (i.e., exchange transactions) and they finance programs that the proprietary fund would not otherwise undertake (i.e., the activity of the grant is inherently part of the operations of the grantor). Conversely, the District classifies non-exchange transactions as non-operating. This includes all grant revenues except those reportable as operating revenue as described above and those restricted by the grantor for use exclusively for capital purposes. The District reports as operating most expenses it pays from operating revenues but usually reports interest expense as non-operating.

The District uses the modified accrual basis of accounting to report its governmental funds. Under the modified accrual basis, revenues, net of estimated uncollectible amounts, are recognized in the fiscal year when they become susceptible to accrual—that is, as soon as they become both measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Principal revenue sources considered susceptible to accrual include taxes, grants, charges for goods and services, and interest earnings.

Under the modified accrual basis, expenditures generally are recorded when a liability is incurred, as under accrual accounting. An exception, however, is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recognized as expenditures only to the extent they have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures (rather than as assets) in governmental funds.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) applicable to its activities as prescribed by the Governmental Accounting Standards Board (GASB), the recognized standard-setting body for GAAP for all state governmental entities. Proprietary fund activities are reported using the accrual basis method of accounting. If measurable, revenue is recognized when earned and expenses when incurred.

Transfers of financial resources among funds are recognized in all affected funds in the period in which the related interfund receivables and payables arise.

The District has elected to treat the General Fund as major, which is presented in a separate column. Debt Service and Capital Project Funds are considered nonmajor and will be presented in a combined column called Nonmajor Funds.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The District legally adopts a budget for the General Fund and the Proprietary Fund (Wastewater). The following procedures are followed in establishing the budgetary data reflected in the financial statements: (a) Prior to June 30th, 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 Commission adopts the proposed budget.

Restricted Cash and Cash Equivalents and Funds Held in Escrow

Cash includes amounts held in demand deposits. For the purpose 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.

The revenue bond agreements in the proprietary fund require the establishment of the following funds: debt service, debt service reserve, depreciation and contingency. The District is required to fund these accounts out of revenues and impact fees generated by the wastewater system. Additionally, the District's proprietary and governmental activities have funds held in escrow. These funds are to be used for specific capital outlay purchases as described in the debt agreements associated and can be drawn down as these expenditures occur and are approved by financial institutions through which the associated debt is funded. These funds cannot be used for any other purpose. Total cash and cash equivalents in debt service, debt service reserves, depreciation, contingency and funds held in escrow funds was \$536,761 at June 30, 2023.

Restricted cash and cash equivalents and funds held in escrow consisted of the following at June 30, 2023:

	Governmental Funds	Business-Type Funds
Debt service reserves	\$ 1,343,252	\$ 403,019
Capital projects	1,886,944	-
Contingency	-	787,772
Depreciation	-	341,420
Funds in escrow	318,062	218,699
One percent funds	169,660	-
SCIIP project	1,000,219	-
Total	<u>\$ 4,718,137</u>	<u>\$ 1,750,910</u>

Receivables

The accounts receivable of the proprietary (Enterprise) fund represent charges for services provided. The amount of unpaid charges is reported net of an allowance for uncollectable accounts in the amount of \$137,452. The allowance for uncollectable accounts totaled \$606,752 as of June 30, 2023.

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 \$388,000 and \$29,245 for the General Fund and Debt Service Fund, respectively at June 30, 2023.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

<u>Tax Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>
2023 and prior years	\$ 7,212,772	\$ 341,485
Less: allowance for uncollectible taxes	<u>(388,000)</u>	<u>(29,245)</u>
Net property taxes receivable	<u>\$ 6,824,772</u>	<u>\$ 312,240</u>

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 Charleston County 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 -an 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.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on their respective financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”. At June 30, 2023, the amount due to the general fund from the wastewater fund totaled \$337,935.

Inventory and Prepaid Items

The general fund inventory is valued at cost using the first in first out method. The prepaid items 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.

Capital Assets and Depreciation

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental fund and capitalized in the government- wide financial statements. The valuation basis 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.

Donated capital assets, if any, are capitalized and accounted for as capital contributions at estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Depreciation of all capitalized assets is charged as an expense against operations. Depreciation of exhaustible capital assets has been provided using the straight-line method over the estimated useful lives as follows:

Buildings	50 years
Wastewater system (constructed and purchased)	20 - 60 years
Office Furniture and equipment	5 - 10 years

Unpaid Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. 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 of Management 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.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently reports deferred outflows of resources related to the pension plan in the amount of \$1,961,585 and \$2,364,570 at June 30, 2023, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflow of resources related to the pension and plan in the amount of \$370,636 and \$2,265,733 as of June 30, 2023, respectively.

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 inflows of resources. The District currently reports deferred inflow of resources related to unavailable property tax revenues, net, in the amount of \$7,638,786 and \$356,063 in general fund and debt service fund as of June 30, 2023, respectively.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net position is classified and presented in one or more of the following components in the government-wide financial statements:

Net Position/Fund Balances – Net position is classified and presented in three components in the government-wide financial statements:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and is reduced by outstanding debt attributed to the acquisition, construction or improvement of the assets.

Restricted net position – Consists of amounts restricted by external creditors, grantors, contributors, or laws and regulations of other governments.

Unrestricted net position – All other net position that do not meet the definition of "Restricted," or "Net invested in capital assets."

Fund balances are classified and presented in one or more of the following components in the fund basis financial statements:

Non-spendable – Non-spendable form or legally or contractually required to be maintained intact.

Restricted – Use is restricted by external creditors or imposed by law or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by action of the District's Commissioners.

Assigned – Represents resources assigned by the District but not as restrictive as Committed.

Unassigned – Represents the portion of the fund balance that does not meet any of the component definitions listed above.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position or fund balances are available. Within the unrestricted fund balance, committed resources would be first applied, when available, followed by assigned resources before unassigned resources are used.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Estimates are used to determine depreciation expense, and the allowance for doubtful accounts among other accounts. Actual results could differ from those estimates.

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE – 2 – LEGAL COMPLIANCE – BUDGETS

The District is required by law to adopt an annual budget. The District legally adopts a budget for the General Fund and the Proprietary Fund. The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- (a) Prior to June 30th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year being July 1st.
- (b) The General Fund budget includes proposed expenditures based on the modified accrual basis of accounting and the means of financing them.
- (c) The District's Commission adopts the proposed budget.

Expenditures approved by the District's Commission shall automatically carry amendments to fund appropriations where necessary. Budget amounts reported are as originally adopted, or as amended by the District's Commission.

Actual revenue was below budgeted revenue by \$25,397. Budgeted expenditures were less than actual expenditures by \$1,083,852.

NOTE 3 – DEPOSITS

Custodial Credit Risk

Custodial Credit Risk for deposits exists when, in the event of the failure of depository financial institution, a government may be unable to recover deposits, or recover collateral securities that is in the possession of the outside party. The District follows state law which requires depository financial statements to provide FDIC insurance or pledge collateral obligations sufficient to cover its deposits and investments as described in the following paragraph.

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

At June 30, 2023, the carrying amount of the District's unrestricted and restricted cash and cash equivalents was \$28,245,753, and the bank balance was \$27,738,783 of which all is covered either by FDIC or is properly collateralized in accordance with State law.

JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consist of the following:

	Governmental Activities	Business-Type Activities	Total
Gross receivables			
Intergovernmental revenue	\$ 594,123	\$ -	\$ 594,123
Utility service billings	-	744,204	744,204
Total receivables	594,123	744,204	1,338,327
Less: allowance for uncollectible	-	(606,752)	(606,752)
Net receivables	\$ 594,123	\$ 137,452	\$ 731,575

NOTE 5 – CAPITAL ASSETS

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

Governmental activities:

	Balance at June 30, 2022	Additions	Transfers	Deletions	Balance at June 30, 2023
Non-depreciable assets:					
Land	\$ 1,600,664	\$ -	\$ -	\$ -	\$ 1,600,664
Construction in Progress	-	85,622	-	-	85,622
Total non-depreciable assets	1,600,664	85,622	-	-	1,686,286
Depreciable:					
Buildings	7,850,974	7,761	-	(2,558)	7,856,177
Fencing paving & landscaping	32,488	-	-	(2,480)	30,008
Vehicles	5,832,242	50,393	-	(71,166)	5,811,469
Machinery & fire equipment	1,566,313	182,093	-	-	1,748,406
Furniture and office equipment	248,866	-	-	-	248,866
Communication system	760,114	6,317	-	-	766,431
Total depreciable capital assets	16,290,997	246,564	-	(76,204)	16,461,357
Less accumulated depreciation:	(5,447,163)	(831,469)	-	58,969	(6,219,663)
Total depreciable capital assets, net	10,843,834	(584,905)	-	(17,235)	10,241,694
Total capital assets, net	\$ 12,444,498	\$ (499,283)	\$ -	\$ (17,235)	\$ 11,927,980

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 5 – CAPITAL ASSETS, Continued

Depreciation expense for Governmental Activities was charged to functions/programs as follows:

General government	\$	116,406
Public safety – fire		515,511
Health – solid waste		199,552
Total depreciation – governmental activities	<u>\$</u>	<u>831,469</u>

Business Activities:

	Balance at June 30, 2022	Additions	Transfers	Deletions	Balance at June 30, 2023
Non-depreciable assets:					
Land	\$ 814,365	\$ -	\$ -	\$ -	\$ 814,365
Construction in Progress	276,247	1,332,057	(131,730)	-	1,476,574
Total non-depreciable assets	1,090,612	1,332,057	(131,730)	-	2,290,939
Depreciable:					
Buildings	571,392	-	-	-	571,392
Sewer system	58,743,423	-	60,968	(34,215)	58,770,176
Contributed systems	11,191,477	-	-	-	11,191,477
Purchased systems	179,566	-	-	-	179,566
Equipment	175,853	-	-	-	175,853
Vehicles	1,202,243	178,504	-	(27,647)	1,353,100
Communication system	793,036	6,317	70,762	-	870,115
Total depreciable capital assets	72,856,990	184,821	131,730	(61,862)	73,111,679
Less accumulated depreciation	(24,574,356)	(1,505,834)	-	61,862	(26,018,328)
Total depreciable capital assets, net	48,282,634	(1,321,013)	131,730	-	47,093,351
Total capital assets, net	<u>\$ 49,373,246</u>	<u>\$ 11,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,384,290</u>

NOTE 6 – PENSION PLANS

State Retirement Plan

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The Comprehensive Annual Financial Report is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, 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.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplemental Retirement Plan (SCNG).

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Membership

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

- SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

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. 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.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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 85 percent, then effective on the following July 1, 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 85 percent.

Required employee contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employee	9.00%	9.00%
PORS		
Employee	9.75%	9.75%

Required employer contribution rates¹ are as follows:

	<u>Fiscal Year 2023¹</u>	<u>Fiscal Year 2022¹</u>
SCRS		
Employer	17.41%	16.41%
Employer Incidental Death Benefit	0.15%	0.15%
PORS		
Employer	19.44%	18.44%
Employer Incidental and Accidental Death	0.40%	0.40%

(Continued)

¹ Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Actuarial Assumptions and Methods

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

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022.

	SCRS	PORS
Actuarial cost method:	Entry age normal	Entry age normal
Investment rate of return ²	7%	7%
Projected salary increases	3.0% to 11.0% (varies by service) ¹	3.5% to 10.5% (varies by service) ¹
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

(Continued)

¹ Includes inflation at 2.25%

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Assumptions used in the determination of the June 30, 2022, TPL are as follows.

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

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB 67 less that system's fiduciary net position. NPL totals, as of June 30, 2021, for SCRS are presented below.

<u>System</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 11,723,805	57.1%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the 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 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return 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 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity ³	46.0%	6.79%	3.12%
Bonds	26.0%	-0.35%	-0.09%
Private Equity ^{1 4}	9.0%	8.75%	0.79%
Private Debt ²	7.0%	6.00%	0.42%
Real Assets			
Real Estate ²	9.0%	4.12%	0.37%
Infrastructure ²	3.0%	5.88%	0.18%
Total Expected Real Return ⁵	100.0%		4.79%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.04%

Pensions

At June 30, 2023, the District reported a liability of \$11,723,805 for its proportionate share of the net pension liability for SCRS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

For the year ended June 30, 2023, the District recognized pension expense for the SCRS plans of \$949,253. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred outflow of resources	Deferred inflow of resources
SCRS		
Differences between expected and actual experience	\$ 477,868	\$ -
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	408,220	51,092
Net difference between projected and actual earnings on pension plan investments	20,675	319,544
District's contributions subsequent to the measurement date	1,054,822	-
Total SCRS	\$ 1,961,585	\$ 370,636

(Continued)

³ The target weight to Private Equity will be equal to its actual weight, reported by the custodial bank, as of prior month end. When flows have occurred, flow adjusted weights are used to more accurately reflect the impact of the asset class weight. Private Equity and Public Equity combine for 55% of the entire portfolio.

⁴ Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

⁵ Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 12% of total assets; hedge funds (including all hedge funds used in portable alpha implementation) are capped at 20% of total assets.

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

The \$1,054,822 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date for the SCRS plans, during the year ended June 30, 2023 will be recognized as a reduction of the net pension liabilities in the year ending June 30, 2024.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4.00 years for SCRS:

Year Ended June 30,	SCRS
2024	\$ 151,266
2025	241,538
2026	(165,018)
2027	308,341
	<u>\$ 536,127</u>

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

	1.00% Decrease	Current Discount	1.00% Increase
System	(6%)	Rate (7%)	(8%)
District's proportionate share of the net pension liability of the SCRS	\$ 15,031,362	\$ 11,723,803	\$ 8,973,997

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – PENSION PLANS, Continued

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' Comprehensive Annual Financial Report.

NOTE 7 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The District provided post-employment health, life and dental care benefits for certain retirees and their dependents. Substantially all employees who retire under the state retirement plan were eligible to continue their coverage with the District paying 100% of health insurance premiums if the retiree is 65 years of age and a portion if under 65 years of age. In fiscal year 2022, the District dissolved the OPEB plan due to continued rising costs and the current negative position of the plan. At the time the District dissolved the OPEB, the remaining plan assets were approximately \$500,000 however all benefits will stop after all plan assets have been expended.

The account balance at June 30, 2023 was \$114,048 which is expected to be fully disbursed by January 2024. Retirees will have access to health insurance however it will be fully covered by the retiree.

NOTE 8 – LONG-TERM DEBT

The District reports long-term debt of governmental funds at face value in the government-wide statements. 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 premiums 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 straight-line method. Bonds payable are reported net of the applicable bond premium, discount or deferred refunding costs.

Governmental Activities:

For governmental activities, compensated absences are generally liquidated by the general fund and included as a long-term liability in the government-wide financial statements. 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.

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 – LONG-TERM DEBT, Continued

Business-Type Activities:

For business-type activities, compensated absences are liquidated by the proprietary fund and included as a long-term liability the enterprise fund and business-type activities.

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.

Changes in long-term liabilities for Governmental activities for the year ended June 30, 2023, were as follows:

<u>Governmental activities</u>	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Within One Year
General obligation bonds	\$ 7,595,972	\$ -	\$ (355,134)	\$ 7,240,838	\$ 796,282
Capital leases	2,658,206	3,001,103	(642,619)	5,016,690	747,309
Net other post-retirement benefits	296,316	-	(296,316)	-	-
Net pension liability	7,560,169	1,345,185	-	8,905,354	-
Compensated absences	623,511	161,656	-	785,167	392,584
	<u>\$ 18,734,174</u>	<u>\$ 4,575,446</u>	<u>\$ (997,753)</u>	<u>\$ 21,948,049</u>	<u>\$ 1,936,175</u>
<u>Business-type activities</u>	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Within One Year
Revenue bonds	\$ 506,358	\$ -	\$ (33,347)	\$ 473,011	\$ 35,210
State revolving fund loan	19,466,225	-	(969,303)	18,496,922	1,097,392
Capital leases	340,474	260,965	(72,198)	529,241	81,717
Net other post-retirement benefits	60,691	-	(60,691)	-	-
Net pension liability	2,392,714	425,737	-	2,818,451	-
Compensated absences	113,994	-	(26,943)	87,051	43,526
	<u>\$ 22,880,456</u>	<u>\$ 700,528</u>	<u>\$ (1,101,791)</u>	<u>\$ 22,404,676</u>	<u>\$ 1,257,845</u>

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 – LONG-TERM DEBT, Continued

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

Governmental Activities	Principal	Interest	Total
2024	\$ 796,282	\$ 183,149	\$ 979,431
2025	396,903	153,278	550,181
2026	407,557	136,124	543,681
2027	158,247	118,934	277,181
2028	174,674	110,830	285,504
2029-2033	932,288	470,696	1,402,984
2034-2038	1,039,887	375,693	1,415,580
2039-2043	1,230,000	272,955	1,502,955
2044-2048	1,295,000	142,350	1,437,350
2049-2052	810,000	24,800	834,800
	<u>\$ 7,240,838</u>	<u>\$ 1,988,809</u>	<u>\$ 9,229,647</u>
Business-Type Activities	Principal	Interest	Total
2024	\$ 1,097,392	\$ 395,431	\$ 1,492,823
2025	1,085,321	372,292	1,457,613
2026	1,109,011	348,601	1,457,613
2027	1,133,268	324,346	1,457,613
2028	1,158,109	325,995	1,484,104
2029-2033	5,764,833	1,282,091	7,046,924
2034-2038	4,141,036	537,061	4,678,097
2039-2043	2,261,500	267,032	2,528,532
2044-2048	944,769	121,807	1,066,576
2049-2052	274,694	7,155	281,849
	<u>\$ 18,969,933</u>	<u>\$ 3,981,811</u>	<u>\$22,951,744</u>

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 – LONG-TERM DEBT, Continued

The revenue bonds outstanding for the business-type activity at June 30, 2023, are as follows:

Title of Issues	Date	Date	Rate	Original	Outstanding
Sol Legare Project	3/31/1992	3/28/2032	5.75%	\$ 437,000	\$ 175,377
Grimball Road Expansion	11/14/1996	11/14/2036	5.13%	538,000	300,533
Totals				<u>\$ 975,000</u>	<u>\$ 475,910</u>

The State Revolving Fund loan outstanding for the business-type activity at June 30, 2023, is as follows:

Title of Issues	IssueDate	Maturity Date	Interest Rate	Original Principal	Principal Outstanding
Pump Stations 11 & 54 Upgrade	10/31/2014	05/01/2035	2.00%	\$ 4,242,522	\$ 2,575,645
Pump Station 11 Phase 2	09/01/2016	09/01/2036	1.80%	2,527,959	1,416,773
Schooner Road Extension	02/26/2010	05/01/2030	2.25%	717,520	290,639
Harbor View Circle Force Main	07/01/2011	04/01/2031	2.25%	586,757	269,658
Pump Station 33 Rehab	07/01/2011	07/01/2031	2.25%	1,250,352	585,104
Force Main Replacement	10/01/2013	07/01/2031	2.25%	1,870,339	1,062,763
Water Pollution Control 19	06/07/2019	10/01/2049	2.37%	6,715,435	5,089,389
Pump Station 2 Upgrade	12/05/2019	07/01/2040	2.60%	1,793,128	1,440,025
Pump Station 22 and 34 Upgrades	06/01/2020	09/01/2040	2.20%	1,067,767	916,028
Pump Station 1 Downgrades	06/01/2020	01/01/2041	2.20%	994,972	903,567
SSES Rehab	12/02/2020	06/01/2041	1.80%	2,000,000	1,722,459
Pump Station 33 Upgrade	12/02/2020	06/01/2041	1.80%	1,322,658	1,164,465
Rehab Facilities Phase 4	02/15/2022	01/23/2043	1.50%	1,081,235	1,057,508
				<u>\$ 26,170,644</u>	<u>\$18,494,023</u>

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

The governmental activities general obligation bonds outstanding at June 30, 2023, are as follows:

Title of Issues	Issue Date	Maturity Date	Interest Rate	Original Principal	Principal Outstanding
Fire Station 3	11/14/1996	11/14/2036	5.50%	\$ 363,000	\$ 180,838
2020A GO	12/1/2020	12/1/2051	2.00%	7,060,000	7,060,000
				<u>\$ 7,423,000</u>	<u>\$ 7,240,838</u>

(Continued)

JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

NOTE 8 – CAPITAL LEASE OBLIGATIONS

The District has various leases on equipment used in business-type activities and governmental activities which are being accounted for as capital leases. These leases financed equipment purchased during prior fiscal years. Under the terms of lease payments, including interest, by year ended June 30, 2023, are as follows:

Governmental Activities	Principal	Interest	Total
2024	\$ 747,309	\$ 137,917	\$ 885,226
2025	744,426	124,062	868,488
2026	605,651	107,279	712,930
2027	617,402	90,999	708,401
2028	627,789	81,563	709,352
2029-2033	1,674,113	175,212	1,849,325
	<u>\$ 5,016,690</u>	<u>\$ 717,032</u>	<u>\$ 5,733,722</u>
Business-Type Activities	Principal	Interest	Total
2024	\$ 81,718	\$ 14,129	\$ 95,847
2025	79,943	12,520	92,463
2026	74,816	10,641	85,457
2027	76,772	8,685	85,457
2028	78,000	7,500	85,500
2029-2033	137,992	13,035	151,027
	<u>\$ 529,241</u>	<u>\$ 66,510</u>	<u>\$ 595,751</u>

Capital leases outstanding for governmental activities at June 30, 2023, are as follows:

Title of Issues	Issue Date	Maturity Date	Interest Rate	Original Principal	Principal Outstanding
Roll carts	11/14/1996	11/14/2036	2.04%	\$ 453,282	\$ 96,164
Escrow vehicles and equipment	2/4/2018	8/4/2024	2.08%	2,124,663	461,066
2019 CL-vehicles	9/23/2019	9/23/2026	2.37%	903,000	416,747
2021 CL-vehicles	5/17/2021	5/17/2028	2.10%	783,847	571,402
2021 CL-radio equipment	5/17/2021	5/17/2028	1.66%	647,744	470,208
2023 CL-equipment	5/11/2023	5/1/2033	Varies	3,262,068	3,001,103
				<u>\$ 8,174,604</u>	<u>\$ 5,016,690</u>

(Continued)

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 – CAPITAL LEASE OBLIGATIONS, Continued

Capital leases outstanding for business-type activities at June 30, 2023, are as follows:

Title of Issues	Issue Date	Maturity Date	Interest Rate	Original Principal	Principal Outstanding
Vehicles and equipment	2/4/2018	8/4/2024	2.04%	175,337	\$ 45,309
2019 CL-vehicles	9/23/2019	9/23/2026	2.08%	158,000	93,447
2021 CL-vehicles and equipt	5/17/2021	5/17/2028	1.66%	177,675	129,520
2023 CL-equipment	5/11/2023	5/1/2033	Varies	260,965	260,965
				<u>\$ 771,977</u>	<u>\$ 529,241</u>

NOTE 9 – COMMITMENTS AND CONTINGENCIES

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.

NOTE 10 – 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 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 have been immaterial. For each of the insurance programs, the District has effectively transferred all risk with no liability for unfunded claims.

**JAMES ISLAND PUBLIC SERVICES DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The District has recorded a prior period adjustment to the financial statements to adjust the net position to properly reflect capital assets and debt balances. The adjustment is summarized as follows:

	<u>Govt-Wide</u>	<u>Business-Type</u>
July 1, 2022	\$ 13,688,018	\$ 35,009,624
Changes in capital assets	134,900	(51,334)
Changes in long-term debt	<u>84,806</u>	<u>-</u>
July 1, 2022 restated	<u>\$ 13,907,724</u>	<u>\$ 34,958,290</u>

NOTE 12 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2023 through December 6, 2023 the date the financial statements were available to be issued.

JAMES ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance
	Original	Final		
REVENUE				
Property taxes	\$ 9,299,000	\$ 9,299,000	\$ 9,094,756	\$ (204,244)
Intergovernmental revenues	26,500	26,500	28,423	1,923
Grant revenues	-	-	202,771	202,771
Other income	34,000	34,000	8,153	(25,847)
Total revenues	<u>9,359,500</u>	<u>9,359,500</u>	<u>9,334,103</u>	<u>(25,397)</u>
EXPENDITURES				
Current:				
General government	1,332,383	1,332,383	1,106,705	225,678
Public safety	5,104,926	5,104,926	4,538,651	566,275
Solid waste	2,325,533	2,325,533	2,291,529	34,004
Capital outlay	488,228	488,228	246,815	241,413
Debt service:		-		
Principal	695,570	695,570	642,620	52,950
Interest	25,000	25,000	61,468	(36,468)
Total expenditures	<u>9,971,640</u>	<u>9,971,640</u>	<u>8,887,788</u>	<u>1,083,852</u>
Excess (deficiency) of revenues over expenditures	<u>(612,140)</u>	<u>(612,140)</u>	<u>446,315</u>	<u>(1,109,249)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	102,000	102,000	27,201	74,799
Proceeds from debt issuance	500,228	500,228	3,001,103	(2,500,875)
Interest income	2,200	2,200	114,138	(111,938)
Total other financing sources (uses)	<u>604,428</u>	<u>604,428</u>	<u>3,142,442</u>	<u>(2,538,014)</u>
Net changes in fund balances	<u>\$ (7,712)</u>	<u>\$ (7,712)</u>	<u>\$ 3,588,757</u>	<u>\$ (3,647,263)</u>

**JAMES ISLAND PUBLIC SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM
POLICE OFFICERS RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

SCRS	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.048361%	0.045990%	0.047094%	0.050584%	0.048044%	0.048044%	0.049145%	0.046509%	0.004785%
District's proportionate share of the net pension liability	\$ 11,723,805	\$ 9,952,884	\$ 12,033,341	\$ 11,541,482	\$ 10,765,152	\$ 10,765,152	\$ 10,541,040	\$ 9,320,586	\$ 8,251,489
District's covered-employee payroll	\$ 5,198,779	\$ 5,774,725	\$ 5,198,779	\$ 5,380,645	\$ 4,978,702	\$ 6,042,240	\$ 4,506,844	\$ 4,562,183	\$ 4,534,662
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.34%	58.02%	43.20%	46.62%	46.25%	56.13%	42.76%	48.95%	54.96%
Plan fiduciary net position as a percentage of the total pension liability	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%

Only nine years of information is presented as only nine years of data were available.

PORS	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.000000%	0.000000%	0.000000%	0.000312%	0.000591%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ 8,929	\$ 16,749	\$ 16,749	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ 4,416	\$ 8,183	\$ 8,497	\$ -	\$ -	\$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	49.46%	48.86%	50.73%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%	62.7%	61.7%	60.9%	0.00%	0.00%	0.00%

Notes to schedule:

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

**JAMES ISLAND PUBLIC SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM
POLICE OFFICERS RETIREMENT SYSTEM**

Only nine years of information is presented as only nine years of data were available.

SCRS	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 533,655	\$ 956,294	\$ 808,930	\$ 817,518	\$ 775,351	\$ 675,112	\$ 698,483	\$ 498,457	\$ 497,278
Contributions in relation to the contractually required contribution	<u>(533,655)</u>	<u>(956,294)</u>	<u>(808,930)</u>	<u>(817,518)</u>	<u>(775,351)</u>	<u>(675,112)</u>	<u>(698,483)</u>	<u>(498,457)</u>	<u>(497,278)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 3,039,039	\$ 5,774,725	\$ 5,198,779	\$ 5,253,969	\$ 5,380,645	\$ 4,978,702	\$ 6,042,240	\$ 4,506,844	\$ 4,562,183
Contributions as a percentage of covered-employee payroll	17.56%	16.56%	15.56%	15.56%	14.41%	13.56%	11.56%	11.06%	10.90%

Only nine years of information is presented as only nine years of data were available.

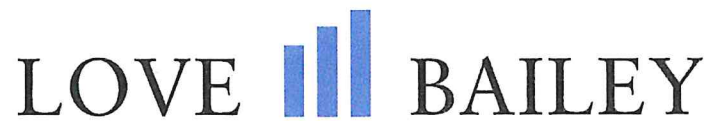
PORS	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 521,158	\$ -	\$ -	\$ -	\$ 779	\$ 1,329	\$ 1,210	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(521,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(779)</u>	<u>(1,329)</u>	<u>(1,210)</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,626,807	\$ -	\$ -	\$ -	\$ 4,416	\$ 8,183	\$ 8,497	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	19.84%	0.00%	0.00%	0.00%	17.64%	16.24%	14.24%	0.00%	0.00%

JAMES ISLAND PUBLIC SERVICE DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2023

	Capital Projects Fund	Debt Service Fund	Firefighters One Percent Fund	Total Non-Major Funds
ASSETS				
Restricted cash	\$ 1,886,944	\$ 1,343,252	\$ 169,660	\$ 3,399,856
Funds held in escrow	-	318,062	-	318,062
Intergovernmental receivables	-	57,008	-	57,008
Tax receivable (net of allowance)	-	312,240	-	312,240
Due from other funds	-	1,040,093	-	1,040,093
Total assets	<u>\$ 1,886,944</u>	<u>\$ 3,070,655</u>	<u>\$ 169,660</u>	<u>\$ 5,127,259</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accrued interest	-	30,619	-	30,619
Due to other funds	<u>1,418,506</u>	<u>-</u>	<u>-</u>	<u>1,418,506</u>
Total liabilities	<u>1,418,506</u>	<u>30,619</u>	<u>-</u>	<u>1,449,125</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>-</u>	<u>356,063</u>	<u>-</u>	<u>356,063</u>
Total	<u>1,418,506</u>	<u>386,682</u>	<u>-</u>	<u>1,805,188</u>
FUND BALANCES				
Restricted	-	318,062	169,660	487,722
Committed	-	2,365,911	-	2,365,911
Unassigned	<u>468,438</u>	<u>-</u>	<u>-</u>	<u>468,438</u>
Total fund balances	<u>468,438</u>	<u>2,683,973</u>	<u>169,660</u>	<u>3,322,071</u>
Total	<u>\$ 1,886,944</u>	<u>\$ 3,070,655</u>	<u>\$ 169,660</u>	<u>\$ 5,127,259</u>

JAMES ISLAND PUBLIC SERVICE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
YEAR ENDED JUNE 30, 2023

	Capital Projects Fund	Debt Service Fund	Firefighters One Percent Fund	Total Non-Major Funds
REVENUE				
Property taxes	\$ -	\$ 883,925	\$ -	\$ 883,925
One percent income	-	-	107,087	107,087
Other	14,851	9,427	-	24,278
Total revenues	<u>14,851</u>	<u>893,352</u>	<u>107,087</u>	<u>1,015,290</u>
EXPENDITURES				
General government	252	275	-	527
Public safety	-	-	15,943	15,943
Capital outlay	85,370	-	-	85,370
Debt service:				
Principal	-	355,133	-	355,133
Interest	-	204,527	-	204,527
Total expenditures	<u>85,622</u>	<u>559,935</u>	<u>15,943</u>	<u>661,500</u>
Excess (deficiency) of revenues over expenditures	<u>(70,771)</u>	<u>333,417</u>	<u>91,144</u>	<u>353,790</u>
Fund balances, beginning of year, as restated	<u>539,209</u>	<u>2,350,556</u>	<u>78,516</u>	<u>2,968,281</u>
Fund balances, end of year	<u><u>\$ 468,438</u></u>	<u><u>\$ 2,683,973</u></u>	<u><u>\$ 169,660</u></u>	<u><u>\$ 3,322,071</u></u>



CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Commissioners
James Island Public Service District
James Island, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the James Island Public Service District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the James Island Public Service District's basic financial statements, and have issued our report thereon dated December 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the James Island Public Service District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the James Island Public Service District's internal control. Accordingly, we do not express an opinion on the effectiveness of the James Island Public Service District's internal control.

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

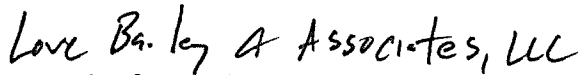
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Love Bailey & Associates, LLC

Laurens, South Carolina

December 6, 2023