

**Beaufort-Jasper
Academy for Career Excellence**

Report on Financial Statements

For the fiscal year ended June 30, 2024

Beaufort-Jasper Academy for Career Excellence

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Independent Auditor's Report

Board of Directors
Beaufort-Jasper Academy for Career Excellence
Ridgeland, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Beaufort-Jasper Academy for Career Excellence (the "Academy") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy'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 and each major fund of the Academy as of June 30, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Academy and to meet our 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 the Academy's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Academy'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 management's discussion and analysis and other RSI, as listed in the table of contents, 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 the Academy's basic financial statements. The supplementary information, as presented in the Table of Contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of the Academy'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Manley Garwin, LLC".

Greenwood, South Carolina
November 19, 2024

Beaufort-Jasper Academy for Career Excellence

Management's Discussion and Analysis

June 30, 2024

This discussion by the management of Beaufort-Jasper Academy for Career Excellence (the "Academy") represents a review and analysis of the financial performance of this multi-district career education center for the period July 1, 2023 through June 30, 2024. It is intended to be read in conjunction with the basic financial statements of the Academy, as presented with the report of the independent auditors.

Financial Highlights

- Local revenue of \$3,231,966 represented approximately 97% of the total general fund revenue of \$3,340,246.
- Local revenue of \$3,266,253 amounted to approximately 88% of the total governmental fund revenue of \$3,724,781.
- Unassigned fund balance of \$636,458 in the general fund represented approximately 20% of the general fund expenditures.

Net Position - The Academy's total net position as of June 30, 2024 was \$1,187,485. This amount reflects a decrease of \$297,748 from the net position of \$1,485,233 as of June 30, 2023 which is attributable to the continued increase cost of operating the Academy and increases in the Academy's pension and post-employment benefits other than pension obligations.

Revenues, Other Financing Sources and Expenditures - Governmental funds revenues totaled \$3,724,781, other financing sources/(uses) totaled \$15,516, and expenditures totaled \$3,520,280 for all governmental funds. Fund balances increased by \$220,017. This is largely attributable to the yearlong vacant teacher positions.

General Fund/Fund Balance - The Academy's principal operating fund, the general fund, had \$3,355,762 in revenues and other financing sources and \$3,138,532 in expenditures and other financing uses, resulting in a net increase in fund balance of \$217,230. This resulted in the general fund's fund balance increasing from \$428,983 to \$646,213, or approximately 21% of budgeted FY 2024 general fund expenditures.

Overview of the Financial Statements

The annual report has three main parts: management's discussion and analysis, the basic financial statements, and the supplementary information.

Management's discussion and analysis serves as an introduction to the financial statements. The financial statements include: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements; additionally, this report includes supplementary information which provides additional detailed information.

Government-wide financial statements - These statements are structured similarly to those of a private business. The Statement of Net Position and Statement of Activities offer a broad look at the Academy for the reported year. Short-term and long-term information is provided, and all revenues and expenses are reported.

The Statement of Net Position and the Statement of Activities give specific information on the financial position of the Academy. The financial position of the Academy may be impacted by a variety of factors such as funding from Beaufort County School District "BSCD" and Jasper County School District "JCS", state funding, grant activity, enrollments and completion, facility needs, and unfunded capital improvement mandates.

Beaufort-Jasper Academy for Career Excellence

Management's Discussion and Analysis

June 30, 2024

The Statement of Net Position and the Statement of Activities report governmental activities including instruction, support services, community services, intergovernmental, unallocated depreciation, interest and other charges, if applicable.

As discussed in Note 1 the activities of the Academy are supported primarily by Beaufort County School District and Jasper County School District.

Fund financial statements - Fund grouping allows for a clear and orderly means of tracking and accounting for specific funds and their related expenditures. This is essential for assuring compliance with the various legal and compliance requirements. All funds can typically be divided into: 1) governmental funds, 2) proprietary funds, or 3) fiduciary funds. The Academy has no proprietary or fiduciary funds.

Governmental funds constitute all of the Academy's finances, services, and activities. These funds are reported on a modified accrual accounting basis. This allows for an understandable view of worth and facilitates comparison with prior or subsequent year activity. This is important for short-term and long-range planning. The variance and relationships between governmental activities and governmental funds are reported in the financial statements.

Notes to the basic financial statements - The notes are intended to provide information to facilitate an understanding of the reported financial data.

Other supplementary information - These reports offer required information in support of the financial statements. The various schedules guide budget comparison. Some information is required by the South Carolina Department of Education.

Governmental Activities

The Academy continued its conservative financial management approach for the fiscal year 2023-2024, ending the year with a cumulative fund balance of \$758,728.

General Fund Budgetary Highlights

Through careful planning and spending, the Academy was able to maintain general fund balance equal to approximately 63% of total general fund assets. The Academy has maintained a positive fund balance for thirteen consecutive years. The unassigned fund balance for the general fund now stands at \$636,458.

Capital Asset and Debt Administration

Capital assets - The Academy has \$5,325,406 invested in capital assets net of accumulated depreciation.

Long-term debt - The Academy had no long-term debt at June 30, 2024.

Beaufort-Jasper Academy for Career Excellence

Management's Discussion and Analysis

June 30, 2024

Economic Factors and Implications for the Next Year

Inflationary conditions continue to put pressure on the budget including salaries and benefits, which is a significant portion of the budget. Following Beaufort County School District's teacher salary schedule, significant increases were needed and approved in the FY 2024 budget to recruit and retain highly qualified employees. Additionally, the cost of food and construction outpaced the overall inflation rate, which impacts the instructional materials used in some of the Academy's most popular programs. Supply chain issues also remain a concern when acquiring supplies and materials for programs. Both School Districts have increased their FY 2024 budget allocations to the Academy to cover the increased costs.

Beaufort and Jasper Counties continue to experience growth in terms of commercial and residential building. The tax base continues to grow with the development of real estate. Concurrently, the SC Legislature passed into law Act 388 (H4449); a formula that funds education based on sales tax and the ability to tax only non-owner occupied property. Education funds now flow from the state to the districts. The local legislation, upon which the Beaufort-Jasper Academy for Career Excellence was founded, outlines funding of operations 2/3 by BCSD and 1/3 by JCSD. Absent the full financial support of either JCSD or BCSD, the Academy would cease to operate in its present capacity.

Financial Condition and Future Considerations

During the year ended June 30, 2024, the Academy reported an excess of revenues over expenditures of \$204,501. As of June 30, 2024, the Academy held an unassigned fund balance of \$636,458, or approximately 18% of budgeted FY 2024 expenditures. However, the Academy faces ongoing challenges as operating expenditures continue to outpace local revenues. To maintain operations, the School Districts will be required to increase their annual obligations to the Academy to offset rising costs of salaries, benefits, supplies, materials, and other expenses. Through the date of this report, there have been approved 10% increases in annual allocations from both the Beaufort County School District and Jasper County School District for FY 2025 aimed at mitigating rising costs. The annual budget process will dictate the timing of these decisions.

Additionally, a facilities assessment conducted in 2022 revealed the need for substantial upgrades in electrical, plumbing, roofing, and interiors to ensure the facility remains suitable for students, staff, and educational purposes. The estimated costs for these necessary improvements exceed \$11,000,000. The operational budget lacks the capacity to fund major building repairs or improvements. Under the existing agreement between the Beaufort County School District and Jasper County School District, any capital improvement expenses are to be equally shared. Without additional financial support, the long-term financial state of the Academy is at risk. Presently, both Beaufort and Jasper County School District Boards have identified and approved funding for facilities upgrades at the Academy.

Requests for Information

This report is offered as a general overview of the Academy's finances, and as an indicator of accountability and performance. Any requests for information regarding this report or Academy finances should be directed to Beaufort-Jasper Academy for Career Excellence, 80 Lowcountry Drive, Ridgeland, South Carolina 29936.

Beaufort-Jasper Academy for Career Excellence

Exhibit 1 - Statement of Net Position

As of June 30, 2024

	Governmental Activities
Assets	
Current assets	
Cash	\$ 286,367
Deposits with Beaufort County Treasurer	456,749
Prepaid expenses and other	10,098
Due from other governmental units	273,334
Total current assets	<u>1,026,548</u>
Non-current assets	
Capital assets, net of accumulated depreciation	5,325,406
Total non-current assets	<u>5,325,406</u>
Total assets	<u>6,351,954</u>
Deferred outflows of resources	
Deferred outflows - pension	662,023
Deferred outflows - OPEB	948,125
Total deferred outflows of resources	<u>1,610,148</u>
Liabilities	
Current liabilities	
Accounts payable	45,202
Accrued expenses	214,936
Unearned revenue	7,682
Total current liabilities	<u>267,820</u>
Long-term liabilities	
Pension obligation	3,134,739
OPEB obligation	2,132,341
Accrued compensated absences	26,535
Total long-term liabilities	<u>5,293,615</u>
Total liabilities	<u>5,561,435</u>
Deferred inflows of resources	
Deferred inflows - pension	12,983
Deferred inflows - OPEB	1,200,199
Total deferred inflows of resources	<u>1,213,182</u>
Net Position	
Net investment in capital assets	5,325,406
Restricted for student activities	112,515
Unrestricted	(4,250,436)
Total net position	<u>\$ 1,187,485</u>

Beaufort-Jasper Academy for Career Excellence

Exhibit 2 - Statement of Activities

For the fiscal year ended June 30, 2024

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues Operating grants and contributions</u>	<u>Net revenue (expense) and changes in net position Governmental activities</u>
Governmental activities			
Instruction	\$ 2,116,234	\$ 1,945,900	\$ (170,334)
Support services	1,921,811	1,767,125	(154,686)
Intergovernmental	-	11,756	11,756
Total governmental activities	<u>\$ 4,038,045</u>	<u>\$ 3,724,781</u>	<u>(313,264)</u>
General revenues:			
Other			
Gain on disposal of capital assets			15,516
Total general revenues			<u>15,516</u>
Change in net position			(297,748)
Net position, beginning of year			1,485,233
Net position, end of year			<u>\$ 1,187,485</u>

Beaufort-Jasper Academy for Career Excellence

Exhibit 3 - Balance Sheet - Governmental Funds and Reconciliation of Governmental

Funds Balance Sheet to the Statement of Net Position

As of June 30, 2024

	Special Revenue Funds			Total Governmental Funds
	General Fund	Special Projects	Education Improvement Act	
Assets				
Cash	\$ 286,367	\$ -	\$ -	\$ 286,367
Deposits with Beaufort County Treasurer	456,749	-	-	456,749
Prepaid items and other	9,755	-	343	10,098
Due from other governmental units	260,793	12,541	-	273,334
Due from other funds	9,489	116,037	4,767	130,293
Total assets	<u>\$ 1,023,153</u>	<u>\$ 128,578</u>	<u>\$ 5,110</u>	<u>\$ 1,156,841</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 41,195	\$ 3,804	\$ 203	\$ 45,202
Accrued expenses	214,936	-	-	214,936
Unearned revenue	-	2,775	4,907	7,682
Due to other funds	120,809	9,484	-	130,293
Total liabilities	<u>376,940</u>	<u>16,063</u>	<u>5,110</u>	<u>398,113</u>
Fund balances				
Nonspendable	9,755	-	343	10,098
Restricted for student activities	-	112,515	-	112,515
Unassigned	636,458	-	(343)	636,115
Total fund balances	<u>646,213</u>	<u>112,515</u>	<u>-</u>	<u>758,728</u>
Total liabilities and fund balances	<u>\$ 1,023,153</u>	<u>\$ 128,578</u>	<u>\$ 5,110</u>	<u>\$ 1,156,841</u>

Reconciliation of governmental funds balance sheet to the Statement of Net Position:

Total governmental fund balances \$ 758,728

Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. 5,325,406

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on statement of net position.

Deferred outflows - pension related 662,023

Deferred outflows - OPEB related 948,125

Deferred inflows - pension related (12,983)

Deferred inflows - OPEB related (1,200,199)

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences (26,535)

Net OPEB liability (2,132,341)

Net pension liability (3,134,739)

Net position of governmental activities \$ 1,187,485

Beaufort-Jasper Academy for Career Excellence

*Exhibit 4 - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the fiscal year ended June 30, 2024*

	Special Revenue Funds			Total Governmental Funds
	General Fund	Special Projects	Education Improvement Act	
Revenues				
Local sources	\$ 3,231,966	\$ 34,287	\$ -	\$ 3,266,253
Intergovernmental sources	11,756	-	-	11,756
State sources	96,524	7,500	296,389	400,413
Federal sources	-	46,359	-	46,359
Total revenues	<u>3,340,246</u>	<u>88,146</u>	<u>296,389</u>	<u>3,724,781</u>
Expenditures				
Current				
Instruction	1,530,737	23,906	290,244	1,844,887
Support services	1,583,895	53,953	966	1,638,814
Capital outlay	23,900	7,500	5,179	36,579
Total expenditures	<u>3,138,532</u>	<u>85,359</u>	<u>296,389</u>	<u>3,520,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>201,714</u>	<u>2,787</u>	<u>-</u>	<u>204,501</u>
Other financing sources (uses)				
Sale of capital assets	15,516	-	-	15,516
Total other financing sources (uses)	<u>15,516</u>	<u>-</u>	<u>-</u>	<u>15,516</u>
Net change in fund balances	217,230	2,787	-	220,017
Fund balances, beginning of year	428,983	109,728	-	538,711
Fund balances, end of year	<u>\$ 646,213</u>	<u>\$ 112,515</u>	<u>\$ -</u>	<u>\$ 758,728</u>

See Notes to Basic Financial Statements

Beaufort-Jasper Academy for Career Excellence**Exhibit 4, Continued - Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities****For the fiscal year ended June 30, 2024**

Total net change in fund balances - governmental funds (from Exhibit 4) \$ 220,017

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital items acquired. (285,608)

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

Changes in pension liabilities and related deferred outflows and inflows of resources (189,490)
Changes in OPEB liabilities and related deferred outflows and inflows of resources (37,810)

In the Statement of Activities, certain operating expenses - compensated absences (vacation pay) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This is the amount by which the current year accrual exceeds the amounts paid. (4,857)

Change in net position of governmental activities \$ (297,748)

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies

The financial statements of Beaufort-Jasper Academy for Career Excellence (the "Academy") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board ("FASB") statements and interpretations issued on or before November 30, 1989, to its governmental funds provided they do not conflict with or contradict GASB pronouncements. The Academy's significant accounting principles are described below.

A. Reporting Entity

The Beaufort-Jasper Academy for Career Excellence was created by an agreement between the Beaufort County School District and the Jasper County School District (collectively, the "School Districts") dated June 13, 1975, under the provisions of legislation enacted by the General Assembly of the State of South Carolina. The Academy operates as a vocational school for high school students in Beaufort and Jasper Counties.

The Academy's Board of Directors is comprised of three members from each of the Boards of Education of the School Districts, along with the Superintendent of the School Districts, in an ex officio capacity. Budgetary controls are held by the Board of Education of the School Districts.

The Academy's financial statements include all funds over which the Board of Directors is considered to be financially accountable. The Academy receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the Academy is not included in any other governmental reporting entity because it does not meet the financial accountability criteria for inclusion established by governmental accounting standards. Board members have decision-making authority, the power to designate management, the ability to significantly influence operations and the primary accountability for fiscal matters.

The Academy has determined that there are no support entities (such as parent-teacher organizations, foundations and athletic booster clubs) that meet the requirements for inclusion as a discretely presented component unit.

Economic dependency:

The agreement between the Beaufort County School District and the Jasper County School District states that the responsibility for the general fund's costs of maintenance, support, and operation of the Academy shall be borne jointly and on an enrollment ratio of two to one, respectively. Beaufort County School District assumes the responsibility for two-thirds of these costs and Jasper County School District assumes the responsibility for one-third of these costs.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

B. Basis of Presentation

The financial statements of the Academy are presented as follows:

Government-wide financial statements - The Statement of Net Position and the Statement of Activities display information about the Academy as a whole. These statements include the financial activities of the Academy. The effect of interfund activity has been removed from these statements. The statements distinguish between those activities of the Academy that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in part by fees charged to external parties. The Academy has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the Academy's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Academy, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Academy.

Fund financial statements - Fund financial statements report detailed information about the Academy. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The Academy has no non-major funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

C. Measurement Focus and Basis of Accounting

Fund accounting:

The Academy uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Academy functions or activities. A fund is defined as a fiscal accounting entity with a self-balancing set of accounts.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Governmental funds:

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is separated as fund balance. The following are the Academy's governmental funds:

General fund (major fund) - to account for all financial transactions not properly accounted for in another fund. The Academy uses this fund to account for expenditures principally for administration, instruction, pupil services, operation and maintenance of plant and related fixed charges.

Special revenue funds (major funds) - to account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted, committed or assigned to expenditures for specified programs. The Academy has two special revenue funds:

- (1) The Education Improvement Act ("EIA") Fund, a fund used to account for the revenue from the Education Improvement Act of 1984 and legally required to be accounted for as a specific revenue source.
- (2) Special Projects Fund, a fund used to account for financial resources provided by federal, state, and local projects and grants, as well as for student activities.

Basis of accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues and expenditures are recognized when they become both measurable and available.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Academy, available means expected to be received within sixty days of fiscal year-end.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

C. Measurement Focus and Basis of Accounting, Continued

Basis of accounting, continued:

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include funds from Beaufort County School District and Jasper County School District, grants, entitlements and donations. On an accrual basis, revenue from Beaufort County School District and Jasper County School District, grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources associated with the current fiscal period are considered to be both measurable and available (unless not received within sixty days) at fiscal year-end: funds from Beaufort County School District and Jasper County School District, interest, tuition, grants, student fees and rentals.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

D. Assets, Liabilities and Equity

Cash and investments - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool (invested in government guaranteed securities), obligations of the U.S. Government, and government agencies unconditionally guaranteed by the U.S. Government. Investments are recorded at fair value.

The Beaufort County Treasurer invests in authorized instruments on behalf of the Academy. At June 30, 2024, there was \$456,749 on deposit with the Beaufort County Treasurer. The Beaufort County Treasurer invests Academy and other entity funds on a pooled basis with the Treasurer of the State of South Carolina. The State Treasurer invests in certificates of deposit, insured savings accounts, repurchase agreements, obligations of the United States government and government agencies guaranteed by the United States government.

Interfund receivables and payables - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. On fund financial statements, these receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. These amounts are eliminated in the governmental activities column of the government-wide statement of net position.

Capital assets - General capital assets are those assets that generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities and Equity, Continued

All capital assets are capitalized at cost (or estimated historical cost). Donated fixed assets are recorded at their fair values as of the date received. The cost and accumulated depreciation of property sold or retired are removed from the accounts, and gains or losses, if any, are reflected in revenue or expenditures/expenses for the year. The Academy maintains a capitalization threshold of \$5,000. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Improvements	15 - 50 years
Furniture and equipment	5 - 20 years
Technology/software	5 - 10 years
Vehicles	5 - 10 years

Compensated absences - Vacation leave may be accumulated up to a maximum of forty-five days and is fully vested when earned. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount which has matured and is expected to be paid using expendable available resources. These amounts, when material, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

Accrued liabilities and long-term obligations - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources. Long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Unearned/unavailable revenue - Unearned and unavailable revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. On the governmental fund balance sheets, receivables that will not be collected within sixty days are reported as unavailable revenue. At June 30, 2024, unearned revenues was comprised of grant revenues of \$7,682.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities and Equity, Continued

Fund balances, equity and net position - The Academy has five classifications of governmental fund balances: nonspendable, restricted, committed, assigned and unassigned. Where applicable, these classifications are presented on the face of the governmental funds balance sheet.

For the government-wide financial statements, the Academy applies restricted resources when an expenditure is incurred for the purposes for which both restricted and unrestricted net position are available. For the governmental funds financial statements, the Academy applies committed, then assigned, then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets reduced by accumulated depreciation and the outstanding balances of any borrowings used for the acquisition, construction or improvement of the related assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred outflows of resources and deferred inflows of resources - Changes in net pension liability and net OPEB liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System ("SCRS") and additions to/deductions from SCRS's fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment benefits other than pensions ("OPEB") - For purposes of measuring the Academy's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF"), and additions to/deductions from the SCRHITF fiduciary net position have been determined on the same basis as they are reported by the SCRHITF. For this purpose, the SCRHITF recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Interfund activity - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 1. Summary of Significant Accounting Policies, Continued

D. Assets, Liabilities and Equity, Continued

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 Academy's financial position and results of operations and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

E. Subsequent Events

In preparing these financial statements, the Academy's management has evaluated events and transactions for potential recognition or disclosure through November 19, 2024, the date the financial statements were available for issuance.

Note 2. Stewardship, Compliance and Accountability

The budgetary data reflected in the financial statements is prepared and adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following procedures are used in establishing budgetary data:

- (1) Annual appropriated budget is adopted for the general fund.
- (2) Any amendment to the budget or any budgeted line item changes require board approval.

The budget is used as a management control device during the year for the general fund.

Encumbrances represent uncompleted purchase orders, contracts and other commitments outstanding at year-end and are recorded as reservations of fund balances since they do not constitute expenditures or liabilities. The Academy's encumbrances lapse at year-end.

Note 3. Deposits, Amounts on Deposit with Beaufort County Treasurer and Investments

The Academy is authorized by South Carolina state law to invest in the following types of investments:

- (1) Obligations of the United States and agencies thereof.
- (2) General obligations of the State of South Carolina or any of its political units.
- (3) Banks and savings and loan associations to the extent they are guaranteed by the Federal Deposit Insurance Corporation.
- (4) Deposits in certificates of deposit where the certificates are collaterally secured by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificate of deposit so secured, including interest.
- (5) The State Treasurer's Local Government Investment Pool (monitored by the State Treasurer for investments invested in government guaranteed securities in accordance with South Carolina State laws).
- (6) Repurchase agreements.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 3. Deposits, Amounts on Deposit with Beaufort County Treasurer and Investments, Continued

Custodial credit risk - Custodial credit risk is the risk that the Academy's deposits will not be returned to it. The Academy has no formal policy regarding custodial credit risk. At June 30, 2024, the carrying amount of the Academy's deposits was \$286,367 and the bank balance was \$321,728. The total cash balances are insured by the FDIC up to \$250,000 per bank. The deposit amounts exceeding FDIC insurance coverage were fully collateralized as of June 30, 2024. Information was not available regarding the custodial risk of deposits with the Beaufort County Treasurer.

Credit risk - South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the State Treasurer's Local Government Investment Pool, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Academy has no investment policy that would further restrict its choices.

Interest rate risk - The Academy does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	<u>Balance, July 1, 2023</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2024</u>
Governmental activities				
Capital assets, being depreciated				
Improvements	\$ 7,328,445	\$ -	\$ 52,268	\$ 7,276,177
Furniture and equipment	1,391,894	5,179	807,986	589,087
Technology/software	1,145,569	-	687,114	458,455
Building Improvements	-	23,900	-	23,900
Vehicles	<u>249,510</u>	<u>-</u>	<u>-</u>	<u>249,510</u>
Total capital assets, being depreciated	<u>10,115,418</u>	<u>29,079</u>	<u>1,547,368</u>	<u>8,597,129</u>
Totals at historical cost	<u>10,115,418</u>	<u>29,079</u>	<u>1,547,368</u>	<u>8,597,129</u>
Less accumulated depreciation				
Improvements	2,060,204	219,791	49,564	2,230,431
Furniture and equipment	1,210,592	39,139	790,807	458,924
Technology/software	1,091,660	17,198	684,681	424,177
Building Improvements	-	13	-	13
Vehicles	<u>141,948</u>	<u>16,230</u>	<u>-</u>	<u>158,178</u>
Total accumulated depreciation	<u>4,504,404</u>	<u>292,371</u>	<u>1,525,052</u>	<u>3,271,723</u>
Total capital assets, being depreciated, net	<u>5,611,014</u>	<u>(263,292)</u>	<u>22,316</u>	<u>5,325,406</u>
Governmental activities capital assets, net	<u>\$ 5,611,014</u>	<u>\$ (263,292)</u>	<u>\$ 22,316</u>	<u>\$ 5,325,406</u>

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 4. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 153,224
Support services	<u>139,147</u>
Total depreciation expense	<u><u>\$ 292,371</u></u>

Note 5. Long-Term Obligations

A summary of changes in long-term obligations follows:

	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2024</u>
Accrued compensated absences	<u>\$ 21,678</u>	<u>\$ 9,464</u>	<u>\$ (4,607)</u>	<u>\$ 26,535</u>

Note 6. Interfund Receivables and Payables

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 9,489	\$ 120,809
Special Projects Fund	116,037	9,484
Education Improvement Act Fund	<u>4,767</u>	<u>-</u>
	<u><u>\$ 130,293</u></u>	<u><u>\$ 130,293</u></u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Note 7. Pension Plans

Description of the entity:

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit 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 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.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Description of the entity, Continued:

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

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

Plan descriptions:

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

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems’ trust funds for financial statement purposes.

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 first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Membership, continued:

State ORP - As an alternative to membership in SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of 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.

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. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS until reaching 18.56 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Contributions, continued:

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

Required **employee** contribution rates¹ are as follows:

	<u>Fiscal Year 2024¹</u>	<u>Fiscal Year 2023¹</u>
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%

Required **employer** contribution rates¹ are as follows:

	<u>Fiscal Year 2024¹</u>	<u>Fiscal Year 2023¹</u>
SCRS		
Employer Class Two	18.41%	17.41%
Employer Class Three	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution ²	18.41%	17.41%
Employer Incidental Death Benefit	0.15%	0.15%

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

² Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Contributions to the SCRS and ORP pension plans from the Academy were \$273,540 for the year ended June 30, 2024.

Non-employer contributions:

Employer's proportionate shares were calculated on the basis of employer contributions remitted to the plan by employers and non-employer contributions appropriated in the State's budget. In an effort to offset a portion of the burden of the increased contribution requirement for employers, the General Assembly provided funding in fiscal years 2019, 2020, 2021, 2022 and 2023 for credit towards employer contributions for most employers participating in SCRS. For the year ended June 30, 2023 measurement period, PEBA provided non-employer contributions to the Academy in the amount of \$13,320 which is shown as a reduction of net pension liability and other grant revenue in the year ended June 30, 2024 financial statements

Pension expense:

For the year ended June 30, 2024, the Academy recognized pension expense for the SCRS plan of \$476,354.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Actuarial assumptions and methods:

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

The June 30, 2023, 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, 2022. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2023, using generally accepted actuarial principles. There was no legislation enacted during the 2023 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, 2023.

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

¹ Includes inflation at 2.25%

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Actuarial assumptions and methods, continued:

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

Assumptions used in the determination of the June 30, 2023, TPL are as follows.

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

Net pension liability:

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2023, for SCRS are presented below.

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 58,464,402,454	\$ 34,286,961,942	\$ 24,177,440,512	58.6%

The TPL is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2024, the Academy reported a liability of \$3,134,739 for its proportionate share of the SCRS NPL. The Academy's proportionate share of the NPL was based on a projection of the Academy's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2024, the Academy's proportionate share of the SCRS plan at the measurement date of June 30, 2023 was 0.012966%.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Deferred inflows of resources and deferred outflows of resources:

At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 54,424	\$ 8,693
Changes of assumptions	48,029	-
Net difference between projected and actual earnings on pension plan investments	-	4,290
Changes in proportion and differences between Academy contributions and proportionate share of contributions	286,030	-
Academy contributions subsequent to the measurement date	<u>273,540</u>	<u>-</u>
Total	<u>\$ 662,023</u>	<u>\$ 12,983</u>

The Academy reported \$273,540 as of June 30, 2024 as deferred outflows of resources related to pensions resulting from Academy contributions subsequent to the measurement date for the SCRS plan which will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the SCRS plan:

2025	\$ 195,115
2026	43,167
2027	139,056
2028	<u>(1,838)</u>
	<u>\$ 375,500</u>

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2023 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 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.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. Pension Plans, Continued

Long-term expected rate of return, continued:

Allocation/Exposure	Policy target	Expected arithmetic real rate of return	Long-term expected portfolio real rate of return
Public Equity	46.0%	6.62%	3.04%
Bonds	26.0%	0.31%	0.08%
Private Equity ¹	9.0%	10.91%	0.98%
Private Debt ¹	7.0%	6.16%	0.43%
Real Assets:			
Real Estate ¹	9.0%	6.41%	0.58%
Infrastructure ¹	3.0%	6.62%	0.20%
Total expected return²	100.0%		5.31%
Inflation for actuarial purposes			2.25%
			7.56%

¹ RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets. ² Staff and Consultant will notify the Commission if Private Markets assets exceed 25% of total assets.

² 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 15% of total assets.

Discount rate:

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

Sensitivity analysis:

The following table presents the collective NPL of the Academy calculated using the discount rate of 7.0 percent, as well as what the Academy's NPL would be if it were calculated using a discount rate that is 1.0 percent lower (6 percent) or 1.0 percent higher (8.0 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
System	1.0% Decrease (6.0%)	Discount Rate (7.0%)	1.0% Increase (8.0%)
SCRS	\$ 4,050,381	\$ 3,134,739	\$ 2,373,688

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 7. 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, 2023, and the accounting valuation report as of June 30, 2023. 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' ACFR.

Note 8. Post-Employment Benefits Other Than Pensions (OPEB)

General information:

The Academy also participates in the State of South Carolina's employee insurance programs. As previously discussed, PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is considered a division of the State of South Carolina primary government (the "State"), and therefore, the financial information of the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") is also included in the ACFR of the State.

Plan descriptions:

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

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

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

Benefits:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 8. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Contributions and funding policy:

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

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2023 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2023 totaled \$655,193,006. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of (\$159,380).

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

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

Contributions to the SCRHITF plan from the Academy totaled \$93,334 for the year ended June 30, 2023 (the measurement period).

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 8. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Net OPEB liability and OPEB expense:

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability as of June 30, 2023, 2022, 2021, 2020, 2019, 2018, and 2017:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND				
Fiscal Year Ending	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
June 30, 2023	\$ 14,749,639,155	\$ 1,658,152,923	\$ 13,091,486,232	11.24%
June 30, 2022	\$ 16,835,502,593	\$ 1,623,661,403	\$ 15,211,841,190	9.64%
June 30, 2021	\$ 22,506,597,989	\$ 1,683,416,992	\$ 20,823,180,997	7.48%
June 30, 2020	\$ 19,703,745,672	\$ 1,652,299,185	\$ 18,051,446,487	8.39%
June 30, 2019	\$ 16,516,264,617	\$ 1,394,740,049	\$ 15,121,524,568	8.44%
June 30, 2018	\$ 15,387,115,010	\$ 1,216,530,062	\$ 14,170,584,948	7.91%
June 30, 2017	\$ 14,659,610,970	\$ 1,114,774,760	\$ 13,544,836,210	7.60%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

At June 30, 2024, the Academy reported a liability of \$2,132,341 for its proportionate share of the SCRHITF net OPEB liability, measured at June 30, 2023.

At June 30, 2024, the Academy's proportionate share of the SCRHITF plan's net OPEB liability measured as of June 30, 2023 was 0.01629 percent, which was an increase of 0.00128 percent from its proportionate share measured as of June 30, 2022.

For the year ended June 30, 2024, the Academy recognized OPEB expense of \$122,320 for the SCRHITF plan for its proportional share measured as of June 30, 2023.

Actuarial assumptions and methods:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 8. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Actuarial assumptions and methods, continued:

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2022
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.86% as of June 30, 2023
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2019 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 13 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for Partial Funded Premiums; 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 3.69% as of June 30, 2022 to 3.86% as of June 30, 2023.

The actuarial valuations were performed as of June 30, 2022. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2023.

Single Discount Rate:

The Single Discount Rate of 3.86% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Long-term expected rate of return:

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

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

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 8. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Sensitivity analysis:

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 3.86%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	<u>1% Decrease</u> <u>2.86%</u>	<u>Current</u> <u>Discount Rate</u> <u>3.86%</u>	<u>1% Increase</u> <u>4.86%</u>
SCRHITF Net OPEB Liability	\$ 2,517,142	\$ 2,132,341	\$ 1,821,996

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

	<u>1% Decrease</u>	<u>Current Healthcare</u> <u>Cost Trend Rate</u>	<u>1% Increase</u>
SCRHITF Net OPEB Liability	\$ 1,770,569	\$ 2,132,341	\$ 2,597,140

Deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2024, the Academy reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SCRHITF</u>	
	<u>Deferred</u> <u>outflows</u> <u>of resources</u>	<u>Deferred</u> <u>inflows</u> <u>of resources</u>
Investment experience	\$ 21,415	\$ -
Liability experience	37,725	485,912
Changes of assumptions	427,772	685,095
Outstanding inflow balance between contribution proportionate share	367,624	29,192
Academy contributions subsequent to the measurement date	<u>93,589</u>	<u>-</u>
Total	<u>\$ 948,125</u>	<u>\$ 1,200,199</u>

As of June 30, 2024, the Academy reported \$93,589 as deferred outflows of resources related to OPEB resulting from the Academy's contributions subsequent to the measurement date for the SCRHITF plan.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 8. Post-Employment Benefits Other Than Pensions (OPEB), Continued

Deferred outflows of resources and deferred inflows of resources related to OPEB, continued:

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

	<u>SCRHITF</u>
2025	\$ (22,680)
2026	(23,203)
2027	(27,256)
2028	(96,240)
2029	(151,526)
Thereafter	<u>(24,758)</u>
	<u>\$ (345,663)</u>

Additional financial and actuarial information:

Information contained in these notes were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2023, and the accounting and financial reporting actuarial valuations as of June 30, 2022. Additional financial information is available in the OPEB Trust Funds audited financial statements.

Note 9. Deferred Compensation Plan

The Academy's employees may participate in the 457 and/or 401(k) deferred compensation plans available to state and local governmental employees through the state public employee retirement system. These programs are administered by a state approved non-governmental third party.

Note 10. Fund Balances and Net Position

The fund balances/net position and other credits have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Governmental fund financial statements:

Fund balance - nonspendable - balances that by their nature are unable to be spent.

Fund balances - restricted - balances that can only be spent for the specific purpose stipulated by constitution, external resources providers, or through enabling legislation. The Academy's student activities funds are restricted.

Fund balances - committed - balances that can only be used for the specific purpose determined by the Academy's Board of Directors. The Academy's board must take a formal action during one of its meetings to establish, modify or commit funds under the committed classification.

Beaufort-Jasper Academy for Career Excellence

Notes to Basic Financial Statements

June 30, 2024

Note 10. Fund Balances and Net Position, Continued

Governmental fund financial statements, continued:

Fund balances - assigned - balances meant to be used for a specific purpose but do not meet the criteria as restricted or committed. For the Academy, the board or any other governing authority above the board may add fund balance by formal action such as board vote, ordinance or law.

Fund balances - unassigned - balances that are spendable amounts not contained in other classifications. The General Fund is the only fund that reports a positive fund unassigned fund balance. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Government-wide financial statements:

Net investment in capital assets - represents the net cost less accumulated depreciation and outstanding debt attributable to the acquisition of the capital assets, if any.

Restricted net assets - represents net position restricted externally by creditors, grantors, contributors or laws and regulations of other governments; or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted - represents the remainder of the Academy's net position in government-wide activities.

Note 11. Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The Academy, along with other organizations within the state, is insured under the State of South Carolina Insurance Reserve Fund, a public entity risk pool currently operating as a common risk management and insurance fund. The Academy pays annual premiums to the Insurance Reserve Fund for its general insurance coverage. The Insurance Reserve Fund is self-sustaining through member premiums and by purchases of commercial insurance coverage on a portion of its liabilities.

The Academy continues to carry insurance for other risks of loss including employee health, dental, group life, and accident insurance under the State of South Carolina. The state accumulates assets to cover risks that its members incur in their normal operations. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Specifically, the state assumes substantially all of the risk for the above.

Note 12. Commitments and Contingencies

The Academy typically receives proceeds from federal and state grants. Periodic audits of the grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that refunds, if any, would be immaterial. No provision has been made in the accompanying financial statements for the potential refund of any grant monies.

Beaufort-Jasper Academy for Career Excellence
Schedule 5 - Budgetary Comparison Schedule - General Fund
For the fiscal year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
1000 Revenue from local sources				
1300 Tuition				
1320 Beaufort County School District	\$ 2,143,690	\$ 2,143,690	\$ 2,143,690	\$ -
1350 Jasper County School District	1,071,845	1,071,845	1,071,845	-
1500 Earnings on investments				
1510 Interest on investments	7,000	7,000	9,945	2,945
1900 Other revenue from local sources				
1910 Rentals	1,800	1,800	1,650	(150)
1990 Miscellaneous local revenue				
1999 Revenue from other local sources	13,000	13,000	4,836	(8,164)
Total local sources	<u>3,237,335</u>	<u>3,237,335</u>	<u>3,231,966</u>	<u>(5,369)</u>
2000 Intergovernmental revenue				
2100 Payment from other governmental units	-	-	11,756	11,756
Total intergovernmental revenues	<u>-</u>	<u>-</u>	<u>11,756</u>	<u>11,756</u>
3000 Revenue from state sources				
3130 Special programs				
3103 State aid to classrooms	78,564	78,564	-	(78,564)
3181 Retiree insurance	66,008	66,008	83,204	17,196
3900 Other state revenue				
3993 PEBA on-behalf	13,320	13,320	13,320	-
Total state sources	<u>157,892</u>	<u>157,892</u>	<u>96,524</u>	<u>(61,368)</u>
Total revenue all sources	<u>3,395,227</u>	<u>3,395,227</u>	<u>3,340,246</u>	<u>(54,981)</u>
Expenditures				
100 Instruction				
110 General instruction				
114 High school programs				
100 Salaries	124,169	123,949	123,480	469
200 Employee benefits	54,419	55,195	55,189	6
Total	<u>178,588</u>	<u>179,144</u>	<u>178,669</u>	<u>475</u>
115 Career and technology education (vocational)				
100 Salaries	915,881	911,379	685,883	225,496
200 Employee benefits	415,737	413,353	311,147	102,206
300 Purchased services	35,000	73,438	68,081	5,357
400 Supplies and materials	115,000	78,556	68,717	9,839
500 Capital outlay	15,000	-	-	-
600 Other objects	3,000	3,000	2,390	610
Total	<u>1,499,618</u>	<u>1,479,726</u>	<u>1,136,218</u>	<u>343,508</u>
Total general instruction	<u>1,678,206</u>	<u>1,658,870</u>	<u>1,314,887</u>	<u>343,983</u>
120 Exceptional programs				
127 Learning disabilities				
100 Salaries	79,884	79,884	79,883	1
200 Employee benefits	25,597	25,670	25,636	34
Total	<u>105,481</u>	<u>105,554</u>	<u>105,519</u>	<u>35</u>
Total exceptional programs	<u>105,481</u>	<u>105,554</u>	<u>105,519</u>	<u>35</u>
160 Other exceptional programs				
162 Limited English proficiency				
100 Salaries	76,046	76,296	76,296	-
200 Employee benefits	30,163	30,538	30,538	-
Total	<u>106,209</u>	<u>106,834</u>	<u>106,834</u>	<u>-</u>
Total other exceptional programs	<u>106,209</u>	<u>106,834</u>	<u>106,834</u>	<u>-</u>
190 Instructional pupil activity				
600 Other objects	4,500	3,500	3,497	3
Total	<u>4,500</u>	<u>3,500</u>	<u>3,497</u>	<u>3</u>
Total instructional pupil activity	<u>4,500</u>	<u>3,500</u>	<u>3,497</u>	<u>3</u>
Total instruction	<u>1,894,396</u>	<u>1,874,758</u>	<u>1,530,737</u>	<u>344,021</u>

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Beaufort-Jasper Academy for Career Excellence
Schedule 5 - Budgetary Comparison Schedule - General Fund, Continued
For the fiscal year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures, Continued				
200 Support services				
210 Pupil services				
211 Attendance and social work services				
400 Supplies and materials	200	-	-	-
	200	-	-	-
212 Guidance services				
100 Salaries	146,055	110,279	109,877	402
200 Employee benefits	52,230	42,418	41,218	1,200
300 Purchased services	700	869	856	13
400 Supplies and materials	750	452	450	2
600 Other objects	200	-	-	-
	199,935	154,018	152,401	1,617
213 Health services				
100 Salaries	68,907	30,018	10,344	19,674
200 Employee benefits	22,376	16,648	3,368	13,280
300 Purchased services	100	-	-	-
400 Supplies and materials	1,500	382	382	-
	92,883	47,048	14,094	32,954
217 Career specialist services				
100 Salaries	63,568	67,188	67,188	-
200 Employee benefits	32,198	33,880	33,872	8
300 Purchased services	-	830	830	-
	95,766	101,898	101,890	8
Total pupil services	388,784	302,964	268,385	34,579
220 Instructional staff services				
223 Supervision of special programs				
100 Salaries	57,331	57,331	56,789	542
200 Employee benefits	18,239	18,239	18,106	133
300 Purchased services	100	-	-	-
600 Other objects	200	-	-	-
	75,870	75,570	74,895	675
224 Improvement of instruction - inservice training				
300 Purchased services	7,500	11,395	11,394	1
400 Supplies and materials	100	175	175	-
600 Other objects	350	26	25	1
	7,950	11,596	11,594	2
Total instructional staff services	83,820	87,166	86,489	677
230 General administration services				
231 Board of education				
200 Employee benefits	22,146	26,193	26,193	-
300 Purchased services	3,900	5,076	4,574	502
318 Audit	25,000	33,201	34,701	(1,500)
319 Legal	19,000	2,807	1,806	1,001
400 Supplies and materials	200	200	116	84
600 Other objects	10,500	10,136	10,136	-
	80,746	77,613	77,526	87
233 School administration				
100 Salaries	278,414	313,124	299,110	14,014
200 Employee benefits	117,376	128,820	128,702	118
300 Purchased services	3,250	7,514	7,514	-
400 Supplies and materials	5,500	9,504	9,491	13
600 Other objects	2,700	2,905	2,905	-
	407,240	461,867	447,722	14,145
Total general administration services	487,986	539,480	525,248	14,232

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Beaufort-Jasper Academy for Career Excellence
Schedule 5 - Budgetary Comparison Schedule - General Fund, Continued
For the fiscal year ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures, Continued				
200 Support services, continued				
250 Finance and operations services				
252 Fiscal services				
100 Salaries	62,280	62,280	61,690	590
200 Employee benefits	29,436	29,436	29,303	133
300 Purchased services	1,000	800	785	15
400 Supplies and materials	250	370	370	-
600 Other objects	2,500	3,552	3,554	(2)
	<u>95,466</u>	<u>96,438</u>	<u>95,702</u>	<u>736</u>
254 Operation and maintenance of plant				
300 Purchased services	185,600	219,096	240,726	(21,630)
321 Utilities	4,000	6,022	5,503	519
400 Supplies and materials	18,000	11,951	16,553	(4,602)
470 Energy	128,000	129,542	136,883	(7,341)
500 Capital outlay	7,500	24,590	23,900	690
600 Other objects	100	347	336	11
	<u>343,200</u>	<u>391,548</u>	<u>423,901</u>	<u>(32,353)</u>
258 Security				
300 Purchased services	88,816	95,403	95,403	-
	<u>88,816</u>	<u>95,403</u>	<u>95,403</u>	<u>-</u>
Total finance and operations services	<u>527,482</u>	<u>583,389</u>	<u>615,006</u>	<u>(31,617)</u>
260 Central support services				
263 Information services				
300 Purchased services	500	-	-	-
	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
264 Staff services				
100 Salaries	-	2,800	2,800	-
200 Employee benefits	-	965	966	(1)
300 Purchased services	500	-	-	-
	<u>500</u>	<u>3,765</u>	<u>3,766</u>	<u>(1)</u>
266 Technology and data processing services				
300 Purchased services	81,000	104,313	104,313	-
400 Supplies and materials	9,600	4,633	4,588	45
500 Capital outlay	2,500	-	-	-
	<u>93,100</u>	<u>108,946</u>	<u>108,901</u>	<u>45</u>
Total central support services	<u>94,100</u>	<u>112,711</u>	<u>112,667</u>	<u>44</u>
Total support services	<u>1,582,172</u>	<u>1,625,710</u>	<u>1,607,795</u>	<u>17,915</u>
Total expenditures	<u>3,476,568</u>	<u>3,500,468</u>	<u>3,138,532</u>	<u>361,936</u>
Other financing sources				
5230 Transfer from Special Revenue EIA Fund	76,341	76,341	-	(76,341)
5300 Sale of capital assets	5,000	5,000	15,516	10,516
Total other financing sources	<u>81,341</u>	<u>81,341</u>	<u>15,516</u>	<u>(65,825)</u>
Deficit of revenues under expenditures and other financing sources	<u>\$ -</u>	<u>\$ (23,900)</u>	<u>217,230</u>	<u>\$ 241,130</u>
Fund balance, beginning of year			<u>428,983</u>	
Fund balance, end of year			<u>\$ 646,213</u>	

Footnote: Accounting principles generally accepted in the United States of America serve as the budgetary basis of accounting.

Beaufort-Jasper Academy for Career Excellence

Schedule A-1 - Special Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance

For the fiscal year ended June 30, 2024

		Occupational Education	*Other Special Revenue Programs	Student Activity Funds	Total
Revenues					
1000	Revenue from local sources				
1900	Other revenue from local sources				
1920	Contributions and donations from private sources	\$ -	\$ -	\$ 2,000	\$ 2,000
1990	Miscellaneous local revenue				
1999	Revenue from other local sources	-	766	31,521	32,287
	Total local sources	-	766	33,521	34,287
3900	Other state revenue				
3999	Revenue from other state sources	-	7,500	-	7,500
	Total state sources	-	7,500	-	7,500
4000	Revenue from federal sources				
4200	Occupational education				
4210	Perkins Aid, Title I	45,823	-	-	45,823
4900	Other federal sources				
4977	ESSER II	-	536	-	536
	Total federal sources	45,823	536	-	46,359
	Total revenue all sources	45,823	8,802	33,521	88,146
Expenditures					
100	Instruction				
110	General instruction				
115	Career and technology education (vocational) programs				
400	Supplies and materials	22,604	1,302	-	23,906
500	Capital outlay	-	7,500	-	7,500
	Total general instruction	22,604	8,802	-	31,406
	Total instruction	22,604	8,802	-	31,406
200	Support services				
270	Support services pupil activity				
271	Pupil services activities				
600	Other objects	23,219	-	30,734	53,953
	Total support services pupil activity	23,219	-	30,734	53,953
	Total support services	23,219	-	30,734	53,953
	Total expenditures	45,823	8,802	30,734	85,359
	Revenues over expenditures	-	-	2,787	2,787
	Fund balance, beginning of year	-	-	109,728	109,728
	Fund balance, end of year	\$ -	\$ -	\$ 112,515	\$ 112,515

***Other Special Revenue Programs**

207	Perkins Aid, Title I	827	Teacher Mini Grants
225	ESSER II Funds	844	Parkers Donations
285	Cooperative Agr. For Emergency Response	861	Community Giving Program

Beaufort-Jasper Academy for Career Excellence

Schedule A-2 - Education Improvement Act Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - All Programs

For the fiscal year ended June 30, 2024

Revenues

3000	Revenue from state sources		
3500	Education Improvement Act		
3528	Industry certificates	\$	38,421
3529	Career and technology education equipment		251,318
3577	Teacher supplies		6,650
	Total state sources		<u>296,389</u>
	Total revenue all sources		<u>296,389</u>

Expenditures

100	Instruction		
110	General instruction		
115	Career and technology education (vocational)		
100	Salaries		139,924
200	Employee benefits		66,300
300	Purchased services		30,488
400	Supplies and materials		53,182
500	Capital outlay		5,179
600	Other objects		350
	Total general instruction		<u>295,423</u>
	Total instruction		<u>295,423</u>
200	Support services		
224	Improvement of instruction inservice and staff training		
300	Purchased services		966
	Total support services		<u>966</u>
	Total expenditures		<u>296,389</u>
	Revenues over (under) expenditures		-
	Fund balance, beginning of year		<u>-</u>
	Fund balance, end of year	\$	<u><u>-</u></u>

Beaufort-Jasper Academy for Career Excellence

Schedule A-3 - Education Improvement Act Fund

Summary Schedule by Program

For the fiscal year ended June 30, 2024

		<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In/(Out)</u>	<u>Unearned Revenue</u>
3500	Education Improvement Act				
3528	Industry certificates	38,421	38,421	-	-
3529	Career and technology education equipment	251,318	251,318	-	4,907
3577	Teacher supplies	6,650	6,650	-	-
	Total	<u>\$ 296,389</u>	<u>\$ 296,389</u>	<u>\$ -</u>	<u>\$ 4,907</u>

Beaufort-Jasper Academy for Career Excellence

Schedule B-1 - Detailed Schedule of Due to State Department of Education

As of June 30, 2024

<u>Program</u>	<u>Grant or Project Number</u>	<u>Revenue and Subfund Codes</u>	<u>Description</u>	<u>Amount Due</u>
None				<u>\$ -</u>



**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 Directors
Beaufort-Jasper Academy for Career Excellence
Ridgeland, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Beaufort-Jasper Academy for Career Excellence (the “Academy”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Academy’s basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 financial statements. 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.

A handwritten signature in cursive script that reads "Manley Garvin, LLC".

Greenwood, South Carolina
November 19, 2024

Beaufort-Jasper Academy for Career Excellence

Schedule of Findings and Responses

June 30, 2024

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness identified? yes no
- Significant deficiency identified? yes none reported

Noncompliance material to financial statements noted?

yes no

B. FINANCIAL STATEMENT FINDINGS

None

C. COMPLIANCE FINDINGS

None

Beaufort-Jasper Academy for Career Excellence
Summary Schedule of Prior Year Audit Findings and Responses
June 30, 2024

None noted.