

TOWN OF JAMES ISLAND
INDEPENDENT AUDITOR'S REPORT
AND
BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

TABLE OF CONTENTS

		<u>PAGE</u>
Report	- Independent Auditor's Report	1-2
<u>Exhibit</u>	Basic Financial Statements:	
	Government Wide Financial Statements:	
A	- Statement of Net Position	3
B	- Statement of Activities	4
	Fund Financial Statements:	
C	- Balance Sheet – Governmental Fund	5
D	- Statement of Revenue, Expenditures, and Changes in Fund Balances	6-7
	- Notes to Basic Financial Statements	8-15
Schedule 1	- Budgetary Comparison Schedule	16

WILSON & QUIRK, LLC

CERTIFIED PUBLIC ACCOUNTANTS

632 St. Andrews Blvd., PO Box 31127

Charleston, South Carolina 29417

Telephone (843) 266-5400

Fax (843) 266-5405

Henry S. Wilson, CPA
Daniel Quirk, Jr., CPA, MBA

Laura M. Wilson, CPA
Ann L. Martin, CPA
Russell T. Deal, CPA, MBA

Members
American Institute of CPA's
South Carolina Association of CPA's

September 30, 2014

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements and the related notes of the Town of James Island, South Carolina, as of June 30, 2014 and for the year then ended, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the general fund as of June 30, 2014, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has elected to omit management's discussion and analysis. Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by the missing information.

Wilson & Quirk, LLC

THE TOWN OF JAMES ISLAND,
SOUTH CAROLINA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Exhibit "A"

<u>ASSETS</u>	<u>Governmental Activities</u>
<u>Current Assets</u>	
Cash and cash equivalents	\$ 2,285,926
Receivables:	
Insurance collection	48,442
Franchise fees	63,722
Local option sales tax	208,293
Alcohol beverage license	6,000
Business license	48,160
State aid to subdivisions	54,843
Miscellaneous	6,049
Tree Mitigation	9,573
Prepaid insurance	<u>2,857</u>
Total current assets	<u>2,733,865</u>
 <u>Property and Equipment</u>	
Land	293,800
Leasehold improvements	4,650
Office equipment	42,469
Vehicle	23,175
Park improvements	<u>16,200</u>
	380,294
Less: Accumulated depreciation	<u>(16,482)</u>
Total property and equipment	<u>363,812</u>
 Total Assets	 <u>\$ 3,097,677</u>
 <u>LIABILITIES</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued expenses	\$ 22,193
Accrued payroll and payroll taxes	16,236
Compensated absences	<u>13,875</u>
Total current liabilities	<u>52,304</u>
 <u>NET POSITION</u>	
Investment in capital assets	363,812
Unrestricted	<u>2,681,561</u>
Total net position	<u>3,045,373</u>
 Total Liabilities and Net Position	 <u>\$ 3,097,677</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,
SOUTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit "B"

	<u>Expense</u>	<u>Grants</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position</u>
<u>Functions/Programs</u>				
Primary Government:				
Government Activities:				
General government	\$ 375,080	\$ 00	\$ 900	\$ 374,180
Elected officials	444	00	00	444
Planning	54,320	00	6,490	47,830
Public works	66,572	00	00	66,572
Building inspection	48,552	00	6,679	41,873
Codes & safety	163,269	00	00	163,269
Parks & recreation	8,331	3,861	00	4,470
Facilities and equipment	<u>120,270</u>	<u>00</u>	<u>00</u>	<u>120,270</u>
Total government activity	<u>836,838</u>	<u>3,861</u>	<u>14,069</u>	<u>818,908</u>
General Revenues:				
Local option sales tax – revenue				325,973
Local option sales tax – property tax				823,380
State aid to subdivisions				250,064
Franchise fees				261,000
Brokers and insurance tax				390,147
Business licenses				173,334
Other				308
Donations				311,079
Liquor licenses				16,500
Tree mitigation				<u>11,473</u>
Total general revenue				<u>2,563,258</u>
Changes in net position				1,744,350
Net Position – Beginning				<u>1,301,023</u>
Net Position – Ending				<u>\$ 3,045,373</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,
SOUTH CAROLINA
BALANCE SHEET – GOVERNMENTAL FUND
AS OF JUNE 30, 2014

Exhibit "C"

<u>ASSETS</u>	<u>General Fund</u>
Cash and cash equivalents	\$ 2,285,926
Receivables:	
Insurance collection receivable	48,442
Franchise fee receivable	63,722
Local option sales tax receivable	208,293
Alcohol beverage license receivable	6,000
Business license receivable	48,160
State aid to subdivisions receivable	54,843
Miscellaneous	6,049
Tire mitigation	9,573
Prepaid insurance	<u>2,857</u>
Total Assets	<u>\$ 2,733,865</u>
 <u>LIABILITIES</u>	
Accounts payable and accrued expenses	\$ 22,193
Accrued payroll and payroll taxes	<u>16,236</u>
Total liabilities	<u>38,429</u>
 <u>FUND BALANCE</u>	
Nonspendable	2,857
Unassigned	<u>2,692,579</u>
Total fund balance	2,695,436
 Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund (net of accumulated depreciation)	363,812
Accrued leave is not due and payable in the current period, and therefore, is not recorded in the General Fund.	<u>(13,875)</u>
Net Position of Governmental Activities	<u>\$ 3,045,373</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,
SOUTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit "D"
Page 1

	<u>General Fund</u>
<u>Revenues</u>	
Local option sales tax – revenue	\$ 325,973
Local option sales tax – property tax	823,380
State aid to subdivisions	250,064
Permits	6,679
Business license	187,134
Liquor license	16,500
Franchise fees	277,178
Plan reviews and rezoning	6,265
Insurance collection program	390,147
Other	5,294
Donations	1,079
Tree mitigation	<u>11,473</u>
Total revenues	<u>2,301,166</u>
<u>Expenditures</u>	
Current:	
General government	372,534
Elected officials	444
Planning	52,973
Public Works	65,107
Building inspection	47,195
Code & safety	163,587
Parks and recreation	8,331
Facilities and equipment	108,288
Capital outlay	<u>52,144</u>
Total expenditures	<u>870,603</u>
Excess (deficiency) of revenues over expenditures	1,430,563
<u>Other Financing Sources</u>	
Operating transfers	<u>00</u>
Net change in fund balance	1,430,563
Fund Balance – Beginning	<u>1,264,873</u>
Fund Balance – Ending	<u>\$ 2,695,436</u>

See notes to financial statements.

THE TOWN OF JAMES ISLAND,
SOUTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Exhibit "D"
Page 2

Net change in fund balances – total governmental fund	\$ 1,430,563
---	--------------

The amount of current financial resources reported as revenues in the general fund that were accrued as revenues in the Statement of Activities in the prior year	(29,978)
---	----------

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

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

Donated park property	310,000
Capital outlay	52,144
Depreciation expense	(11,982)

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

Compensated absences	<u>(6,397)</u>
----------------------	----------------

Change in Net Position of Governmental Activities	<u>\$ 1,744,350</u>
---	---------------------

See notes to financial statements.

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

General

The Town of James Island (the Town) was created by South Carolina Code Section 5-1-70 and began operations August 2, 2013. Services provided by the Town include zoning, permitting, public works, disaster and emergency preparedness, recreation, elections and general government. The Town is governed by a mayor and town council.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

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

B. Basis of Presentation

Government-wide Financial Statements:

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

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Fund Financial Statements:

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

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

The General Fund of the financial reporting entity is described below:

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

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Basis of Accounting

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

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

D. Assets, Liabilities, Equity, Revenue and Expenses

Cash equivalents – For the purpose of the Statement of Net Assets, cash, including time deposits includes all demand and savings accounts of the Town.

Receivables

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

Property Tax

The Town did not levy property taxes. During the year ended June 30, 2014, the Town received local option sales tax revenues from the State of South Carolina.

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Government-wide Statements:

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

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

Vehicle	5 years
Leasehold improvements	4.2 years
Office Equipment	3 years
Park Improvements	20 years

Fund Financial Statements:

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

Compensated Absences

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

Equity Classifications

Government-wide Statements:

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

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

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned.

E. Estimates

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

F. Subsequent Events

Management has evaluated subsequent events through October 10, 2014, the date the financial statements were available.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

The following reflects the allocation of deposits by risk category as of June 30, 2014:

<u>Type of Deposits</u>	<u>Bank Balance</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total Carrying Value</u>
Demand deposits	<u>\$ 2,292,312</u>	<u>\$ 2,292,312</u>	<u>\$ 00</u>	<u>\$ 00</u>	<u>\$ 2,285,926</u>

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4. CAPITAL ASSETS

Capital asset activity for the period ended June 30, 2014 was as follows:

Governmental Activities:	Balance 8/1/13	Additions	Disposals	Balance 6/30/14
Land	\$ 00	\$ 293,800	\$ 00	\$ 293,800
Leasehold Improvements	4,650	00	00	4,650
Equipment	13,500	28,969	00	42,469
Vehicle	00	23,175	00	23,175
Park improvements	00	16,200	00	16,200
	18,150	362,144	00	380,294
Less: accumulated depreciation	(4,500)	(11,982)	00	(16,482)
Net Capital Assets – Governmental	<u>\$ 13,650</u>	<u>\$ 350,162</u>	<u>\$ 00</u>	<u>\$ 363,812</u>

Depreciation expense is \$11,982 for the governmental activities and is allocated to facilities and equipment.

NOTE 5. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Plan Description – The Town contributes to the South Carolina Retirement System (SCRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Retirement Division of the SC Public Employee Benefit Authority (SC PEBA). The South Carolina State Legislature established the SCRS on July 1, 1945, for the benefit of teachers and employees of the State and its political subdivisions. The Plan's provisions are established under Title 9 of the South Carolina Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the SCRS is issued and publicly available on the web at www.retirement.sc.gov or by submitting a request to the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

All full-time or part-time employees of covered employers must join the SCRS unless they are specifically exempted by statute or are eligible for and elect to participate in the State ORP. This plan provides retirement, disability, survivor, and death benefits to eligible members or beneficiaries. A member of SCRS may receive reduced monthly pension benefits at early retirement age 55 with 25 years of service, reduced 4% for each year of service under 28 or full benefits at age 65 or 28 years of service regardless of age. A member must have 5 years of earned service to qualify for disability retirement unless the injury is job related. Group life insurance is paid with a lump-sum payment equal to one year's salary payable to the beneficiary upon the death of an active member with at least one year of service and a lump sum payment to the retiree's beneficiary of up to \$6,000 based on years of service at retirement.

Provided that the actuarial assumed rate of investment return adopted by the SC PEBA is at or above 7.5 percent, each July 1, eligible SCRS retirees receive an automatic cost-of-living adjustment equal to the percentage of the annual increase in the CPI-W as of the previous December 31, up to an increase of 2 percent.

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5. EMPLOYEE RETIREMENT SYSTEMS AND PLANS (Continued)

Funding Policy – Employees covered under SCRS are required to contribute 7.50% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 10.6% of annual covered payroll. The rate is comprised of 10.45% for retirement and .15% for group life insurance. Required and actual contributions for the twelve months ended June 30, 2014 and the eleven months ended June 30, 2013 were \$58,412 and \$19,366, respectively.

NOTE 6. RISK MANAGEMENT

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

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

NOTE 7. OPERATING LEASE

The Town leases office space under a lease through August 31, 2016. Base rent for the period ending June 30, 2014 was \$5,360 per month. Rent increases 5 percent per annum on the anniversary date of September 1.

Total rental expenditures for the year ended June 30, 2014 for operating leases were \$69,955.

Total remaining minimum rental commitments at June 30, 2014:

Year Ended

June 30, 2015	\$ 67,004
June 30, 2016	70,346
June 30, 2017	12,410

THE TOWN OF JAMES ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8. POST EMPLOYEE BENEFITS OTHER THAN PENSIONS

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

NOTE 9. NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The Town has implemented this statement in the year ended June 30, 2014; however, it does not have any assets or liabilities that meet the definition of deferred outflows of resources or deferred inflows of resources.

TOWN OF JAMES ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE ELEVEN MONTHS ENDED JUNE 30, 2014

Schedule 1

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
<u>Revenues</u>				
Local option sales tax	\$ 996,000	\$ 996,000	\$ 1,149,353	\$ 153,353
State aid to subdivisions	248,500	248,500	250,064	1,564
Franchise fee	650,000	650,000	277,178	(372,822)
Brokers and insurance tax	150,000	150,000	390,147	240,147
Business licenses	120,000	120,000	187,134	67,134
Building permit fees	30,000	30,000	6,679	(23,321)
Plan reviews, re-inspections & rezonings	8,800	8,800	6,265	(2,535)
Other	2,000	2,000	5,294	3,294
Donations	00	00	1,079	1,079
Liquor licenses	7,000	7,000	16,500	9,500
Tree mitigation	00	00	11,473	11,473
Total revenue	<u>2,212,300</u>	<u>2,212,300</u>	<u>2,301,166</u>	<u>88,866</u>
<u>Expenditures</u>				
General government	372,000	372,000	372,534	(534)
Elected officials	3,000	3,000	444	2,556
Planning	69,000	69,000	52,973	16,027
Public works	498,800	498,800	65,107	433,693
Building inspection	69,000	69,000	47,195	21,805
Code & safety	190,200	190,200	163,587	26,613
Parks & recreation	11,500	11,500	8,331	3,169
Facilities & equipment	278,800	278,800	108,288	170,512
Property tax credits	720,000	720,000	00	720,000
Capital outlay	00	00	52,144	(52,144)
Total expenditures	<u>2,212,300</u>	<u>2,212,300</u>	<u>870,603</u>	<u>1,341,697</u>
Excess (deficiency) of revenues over expenditures before other sources (uses)	<u>00</u>	<u>00</u>	<u>1,430,563</u>	<u>1,430,563</u>
Other Financing Sources (Uses)	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	<u>00</u>	<u>00</u>	<u>1,430,563</u>	<u>1,430,563</u>
<u>Fund Balances</u>				
Beginning of Year	<u>1,264,873</u>	<u>1,264,873</u>	<u>1,264,873</u>	<u>00</u>
End of Year	<u>\$ 1,264,873</u>	<u>\$ 1,264,873</u>	<u>\$ 2,695,436</u>	<u>\$ 1,430,563</u>

See notes to financial statements.