

**GREER MIDDLE COLLEGE
CHARTER HIGH SCHOOL**
(A Component Unit of the South Carolina
Public Charter School District)

TAYLORS, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2018

(With Independent Auditors' Report Thereon)

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Annual Financial Report
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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

The Charter Committee
Greer Middle College Charter High School
Taylors, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Greer Middle College Charter High School (“the School”), a component unit of the South Carolina Public Charter School District as of and for the year ended June 30, 2018, which collectively comprise the School’s basic financial statements, as listed in the accompanying 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 the 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 and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of Greer Middle College Charter High School at June 30, 2018, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension liability and contribution schedules, and other post-employment benefits liability and contribution schedules as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information 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 the 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The introductory section, schedule of revenues, expenditures, and changes in fund balance – general fund, schedule of revenues, expenditures, and changes in fund balance – special revenue fund, schedule of revenues, expenditures, and changes in fund balance – EIA fund, and other supplemental schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Greer Middle College, Inc. 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 such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

August 24, 2018

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This discussion and analysis of Greer Middle College Charter High School's ("the School's") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$2,043,280. The School has invested \$2,332,173 in capital assets, net of accumulated depreciation and related debt. The School also reported \$60,999 of net position restricted for capital projects. Therefore, the School reported an unrestricted net deficit of \$4,436,452. This deficit is entirely due to the implementation of GASB Statements No. 68 and No. 75 as described more fully below.

The School implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, this year. With the reporting change, the School is allocated its proportionate share of the net liability for other postemployment benefits ("OPEB"), deferred outflows of resources, deferred inflows of resources, and expense of its OPEB plans. A restatement was done to the governmental activities net position to record the effects of the application of the new reporting guidance, which decreased beginning net position by \$2,887,180.

The School implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in a previous year. The School is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan.

The School's net position improved by \$149,342 during its tenth year of operation. The School is located on the Greer campus of Greenville Technical College. During the current fiscal year, the School completed a construction project to provide new educational facilities. Its new facilities enhance the educational experience for students and makes provision for increased enrollment. Enrollment was approximately 440 students for the high school program at the end of the school year.

As of the close of the current fiscal year, the School's governmental funds reported positive combined ending fund balances of \$2,197,687. This is a decrease in fund balances of \$291,654 from the previous year. This decrease resulted from the expenditure of approximately \$900,000 relating to the completion of its educational facilities.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,134,713.

The School's total capital assets, net of accumulated depreciation, increased by \$433,687 during the current fiscal year, as capital additions exceeded depreciation.

During the 2018 fiscal year, the School's governmental fund type revenues were \$4,491,714, as compared to \$3,995,181 in the prior fiscal year. Forty percent of the funding came from provisions of the South Carolina Education Funding Act. The other amounts came from state, federal and local sources.

During the current fiscal year, the School's governmental fund type expenditures were \$4,783,368 as compared to \$9,782,534 in the prior fiscal year.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – required supplementary information in the form of this management's discussion and analysis, the basic financial statements including government-wide and fund financial statements, the notes to the financial statements, and required supplementary information in the form of budgetary comparison schedules and notes to the budgetary comparison schedules.

The basic financial statements include two kinds of statements that present different views of the School. The first two statements are Government-wide Financial Statements that provide a broad overview of the School's overall financial status, in a manner similar to a private-sector enterprise.

The Statement of Net Position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the Government-wide Financial Statements distinguish functions of the School that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). However, all activities of the School are governmental activities, which include instruction, supporting services, and debt service. The School's operations do not include any business-type activities.

The Government-wide Financial Statements can be found at Exhibits A and B of this report.

The remaining basic financial statements are Fund Financial Statements which focus on individual parts of the School, reporting the school's operations in more detail than the government-wide statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the School are governmental funds, one of three types of funds (governmental, proprietary, and fiduciary).

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide Financial Statements. However, unlike the Government-wide Financial Statements, governmental Fund Financial Statements focus on near-term uses of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide Financial Statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide Financial Statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The School maintains two individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Special Revenue Fund. The Governmental Fund Financial Statements can be found at Exhibits C, D, E, and F of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements.

The School adopts an annual appropriated budget for its General Fund and Special Revenue Fund. A budgetary comparison statement has been provided in the required supplementary information section for these funds to demonstrate compliance with their budgets. These statements can be found at Exhibits G, H, and I of this report.

Major Features of Greer Middle College Charter High School		
Government-wide and Fund Financial Statements		
	Government-wide Statements	Fund Financial Statements
		<i>Government Funds Only</i>
Scope	Entire school unit	The activities of the School that are not proprietary or fiduciary
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods/services have been received and payment is due during the year or soon after

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by \$2,043,280 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2018 compared to 2017:

	Governmental Activities	
	2018	2017
Assets		
Current and other assets	\$ 2,468,804	\$ 2,761,401
Capital assets	7,988,506	7,554,819
Total assets	10,457,310	10,316,220
Deferred Outflows of Resources	641,805	512,344
Liabilities		
Long-term liabilities	12,581,596	9,840,582
Other liabilities	271,117	272,060
Total liabilities	12,852,713	10,112,642
Deferred Inflows of Resources	289,682	21,364
Net Position		
Net investment in capital assets	2,332,173	1,703,486
Restricted for capital projects	60,999	60,961
Unrestricted net position (deficit)	(4,436,452)	(1,069,889)
Total net position (deficit)	\$ (2,043,280)	\$ 694,558

During the current fiscal year, net position of the School's governmental activities improved by \$149,342. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from (\$1,069,889) at June 30, 2017, to an unrestricted net position of (\$4,436,452) at June 30, 2018.

This change primarily resulted from a prior period adjustment of \$2,887,180, which was required when the School implemented GASB Statement No. 75.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following table shows the changes in net position for fiscal year 2018 compared to 2017:

Changes in Net Position

	Governmental Activities	
	2018	2017
Revenues		
Program revenues:		
Operating grants and contributions	\$ 4,169,269	\$ 3,639,516
Charges for services and sales	315,715	314,125
General revenue:		
Local revenue	9,001	12,876
Other	13,945	28,663
Total revenues	4,507,930	3,995,180
Program Expenses		
Instruction	2,156,203	2,040,620
Support services	1,995,762	1,447,194
Interest and other charges	206,623	191,839
Total expenses	4,358,588	3,679,653
Increase in net position	\$ 149,342	\$ 315,527

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2018, the School's Governmental Funds reported combined fund balances of \$2,197,687 as compared to \$2,489,341 for the prior year.

With the enrollment of approximately 440 students, the School completed its tenth year of operation and has done well in keeping its operation costs low. The School's principal continues to exercise fiscal restraint in not spending any school funds unless necessary for operations. The School feels very good about the financial progress that it made during this school year.

The Special Revenue Fund consists of various federal and Education Improvement Act Funds. These funds were spent appropriately as mandated by the legislation that allowed for their distribution. The funds that were received during the year were expended during the current fiscal year; therefore, there was no fund balance at the end of the previous or current year.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

General Fund Budgetary Highlights

The School's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of the fiscal year 2017, there were no amendments to the School's General Fund budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2018, the School had \$7,988,506 net investment in capital assets, net of accumulated depreciation.

The total increase in the School's net investment in capital assets was \$628,687.

The following table shows fiscal 2018 balances compared to 2017:

**Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2018	2017
Buildings and facilities	\$ 7,881,193	\$ 566,433
Technology	48,056	24,512
Vehicles	31,561	21,351
Furniture and equipment	27,696	42,384
Construction in progress	-	6,900,139
	\$ 7,988,506	\$ 7,554,819
Totals		

Long-term Debt

At fiscal year-end, the School had long term indebtedness related to bonds payable of \$6,363,000. The School borrowed these funds during the prior fiscal year to finance the construction of its new educational facility. More detailed information about the School's debt is presented in the Notes to the Basic Financial Statements.

Contacting the School's Financial Management

This financial report is designed to provide interested parties with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School's business office located at 138 W. McElhanev Road, Taylors, South Carolina.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Net Position
June 30, 2018**

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 2,457,126
Due from governmental agencies	9,703
Prepaid expenses	1,975
Capital assets	8,999,999
Less accumulated depreciation and amortization	<u>(1,011,493)</u>
Total capital assets, net of depreciation	<u>7,988,506</u>
Total assets	<u>10,457,310</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions and OPEB	<u>641,805</u>
Total deferred outflows of resources	<u>641,805</u>
<u>LIABILITIES</u>	
Accounts payable	372
Accrued expenses	238,311
Unearned revenue	32,434
Net pension and OPEB liability	6,218,596
Long-term liabilities:	
Due within one year	201,000
Due in more than one year	<u>6,162,000</u>
Total liabilities	<u>12,852,713</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions and OPEB	<u>289,682</u>
Total deferred inflows of resources	<u>289,682</u>
<u>NET POSITION</u>	
Net investment in capital assets	2,332,173
Restricted for capital projects	60,999
Unrestricted net position (deficit)	<u>(4,436,452)</u>
Total net position (deficit)	<u>\$ (2,043,280)</u>

The notes to the financial statements are an integral part of this statement.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2018

<u>Functions / Programs</u>	<u>Program Revenues</u>			<u>Net Revenue (Expense) and Change in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 2,156,203	\$ 315,715	\$ 2,531,147	\$ (690,659)
Support services	1,995,762	-	1,585,051	410,711
Interest and other charges	206,623	-	53,071	153,552
Total governmental activities	4,358,588	315,715	4,169,269	(126,396)
Total	\$ 4,358,588	\$ 315,715	\$ 4,169,269	(126,396)
General revenues:				
				9,001
				11,016
				2,929
				22,946
				149,342
				694,558
				(2,887,180)
				(2,192,622)
				\$ (2,043,280)

The notes to the financial statements are an integral part of this statement.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,457,126	\$ -	\$ -	\$ 2,457,126
Due from governmental agencies	9,703	-	-	9,703
Due from other funds	-	-	3,153	3,153
Prepaid expenses	1,975	-	-	1,975
	<u>1,975</u>	<u>-</u>	<u>-</u>	<u>1,975</u>
Total assets	<u>\$ 2,468,804</u>	<u>\$ -0-</u>	<u>\$ 3,153</u>	<u>\$ 2,471,957</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 372	\$ -	\$ -	\$ 372
Accrued expenses	238,311	-	-	238,311
Unearned revenue	29,281	-	3,153	32,434
Due to other funds	3,153	-	-	3,153
	<u>3,153</u>	<u>-</u>	<u>-</u>	<u>3,153</u>
Total liabilities	<u>271,117</u>	<u>-0-</u>	<u>3,153</u>	<u>274,270</u>
Fund balances:				
Nonspendable	1,975	-	-	1,975
Restricted	60,999	-	-	60,999
Committed	-	-	-	-
Unassigned	2,134,713	-	-	2,134,713
	<u>2,134,713</u>	<u>-</u>	<u>-</u>	<u>2,134,713</u>
Total fund balances	<u>2,197,687</u>	<u>-0-</u>	<u>-0-</u>	<u>2,197,687</u>
Total liabilities and fund balances	<u>\$ 2,468,804</u>	<u>\$ -0-</u>	<u>\$ 3,153</u>	<u>\$ 2,471,957</u>

The notes to the financial statements are an integral part of this statement.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018**

Total fund balances - governmental funds	\$	2,197,687
<p style="margin-left: 40px;">Amounts reported for governmental activities in the Statement of Net Position are different because of the following:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$8,999,999 and the accumulated depreciation and amortization is \$1,011,493.</p>		
		7,988,506
<p style="margin-left: 40px;">Long-term liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
		(12,581,596)
<p style="margin-left: 40px;">Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.</p>		
		641,805
<p style="margin-left: 40px;">Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.</p>		
		<u>(289,682)</u>
Net position of governmental activities	\$	<u><u>(2,043,280)</u></u>

The notes to the financial statements are an integral part of this statement.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General</u>	<u>Special Revenue Fund</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 458,617	\$ -	\$ -	\$ 458,617
State	1,784,954	60,435	2,153,034	3,998,423
Federal	-	34,674	-	34,674
Intergovernmental	-	-	-	-
	<u>2,243,571</u>	<u>95,109</u>	<u>2,153,034</u>	<u>4,491,714</u>
EXPENDITURES				
Current:				
Instruction	1,860,911	47,956	80,639	1,989,506
Support services	1,448,714	47,153	6,010	1,501,877
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	401,623	-	-	401,623
Capital outlay	890,362	-	-	890,362
	<u>4,601,610</u>	<u>95,109</u>	<u>86,649</u>	<u>4,783,368</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,358,039)</u>	<u>-</u>	<u>2,066,385</u>	<u>(291,654)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	2,066,385	-	-	2,066,385
Operating transfer out	-	-	(2,066,385)	(2,066,385)
	<u>2,066,385</u>	<u>-</u>	<u>(2,066,385)</u>	<u>-</u>
Net change in fund balances	(291,654)	-0-	-0-	(291,654)
FUND BALANCE, July 1, 2017	<u>2,489,341</u>	<u>-0-</u>	<u>-0-</u>	<u>2,489,341</u>
FUND BALANCE, June 30, 2018	<u>\$ 2,197,687</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,197,687</u>

The notes to the financial statements are an integral part of this statement.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018**

Total net change in fund balance - Governmental Funds	\$ (291,654)
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:</p>	
<p>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 net capital outlays (\$890,362) exceed amortization and depreciation expense (\$456,675) in the period.</p>	433,687
<p>Repayment of long-term notes is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	195,000
<p>Governmental Funds report certain non-employer OPEB contributions as revenue. However, in the Statement of Activities, such contributions are not recorded as revenue.</p>	16,290
<p>Governmental Funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension and OPEB expense. This is the amount by which the costs of benefits earned (\$512,219) exceeds employer contributions (\$308,238).</p>	<u>(203,981)</u>
Change in net position of Governmental Activities	<u><u>\$ 149,342</u></u>

The notes to the financial statements are an integral part of this statement.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 132,000	\$ 132,000	\$ 458,617	\$ 326,617
State	1,868,500	1,868,500	1,784,954	(83,546)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>2,000,500</u>	<u>2,000,500</u>	<u>2,243,571</u>	<u>243,071</u>
EXPENDITURES				
Current:				
Instruction	1,852,700	1,852,700	1,860,911	(8,211)
Support services	1,197,550	1,197,550	1,448,714	(251,164)
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	381,000	381,000	401,623	(20,623)
Capital outlay	56,000	56,000	890,362	(834,362)
	<u>3,487,250</u>	<u>3,487,250</u>	<u>4,601,610</u>	<u>(1,114,360)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,486,750)</u>	<u>(1,486,750)</u>	<u>(2,358,039)</u>	<u>(871,289)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	<u>1,988,500</u>	<u>1,988,500</u>	<u>2,066,385</u>	<u>77,885</u>
Total other financing sources (uses)	<u>1,988,500</u>	<u>1,988,500</u>	<u>2,066,385</u>	<u>77,885</u>
Net change in fund balance	<u>\$ 501,750</u>	<u>\$ 501,750</u>	(291,654)	<u>\$ (793,404)</u>
Fund balance - July 1, 2017			<u>2,489,341</u>	
Fund balance - June 30, 2018			<u>\$ 2,197,687</u>	

The notes to the financial statements are an integral part of this statement.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Fund
For Fiscal Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	14,200	14,200	60,435	46,235
Federal	57,500	57,500	34,674	(22,826)
Intergovernmental	-	-	-	-
	<u>71,700</u>	<u>71,700</u>	<u>95,109</u>	<u>23,409</u>
EXPENDITURES				
Current:				
Instruction	36,153	36,153	47,956	(11,803)
Support services	35,547	35,547	47,153	(11,606)
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
	<u>71,700</u>	<u>71,700</u>	<u>95,109</u>	<u>(23,409)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance - July 1, 2017			<u>-0-</u>	
Fund balance - June 30, 2018			<u>\$ -0-</u>	

The notes to the financial statements are an integral part of this statement.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
EIA Fund
For Fiscal Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	2,162,303	2,162,303	2,153,034	(9,269)
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>2,162,303</u>	<u>2,162,303</u>	<u>2,153,034</u>	<u>(9,269)</u>
EXPENDITURES				
Current:				
Instruction	161,748	161,748	80,639	81,109
Support services	12,055	12,055	6,010	6,045
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	-	-	-	-
	<u>173,803</u>	<u>173,803</u>	<u>86,649</u>	<u>87,154</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,988,500</u>	<u>1,988,500</u>	<u>2,066,385</u>	<u>77,885</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	<u>(1,988,500)</u>	<u>(1,988,500)</u>	<u>(2,066,385)</u>	<u>(77,885)</u>
Total other financing sources (uses)	<u>(1,988,500)</u>	<u>(1,988,500)</u>	<u>(2,066,385)</u>	<u>(77,885)</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u>-0-</u>
Fund balance - July 1, 2017			<u>-0-</u>	
Fund balance - June 30, 2018			<u>\$ -0-</u>	

The notes to the financial statements are an integral part of this statement.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Greer Middle College Charter High School (“the School”) conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The School is a charter school under legislation enacted on June 18, 1996. A charter school is considered a public school and the School is a part of the South Carolina Public Charter School District (“the School District”) for the purposes of state law and state constitution. Because the School District Board of Trustees can significantly influence operations and the School District provides substantial financial support, the School’s financial statements are included in those of the School District as a discretely presented component unit.

B. Government-wide and Fund Financial Statements

The Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities which report information on all of the activities of the School. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers who purchase, use or directly benefit from services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate financial statements are provided for the governmental funds. Major individual governmental funds are reported as separate columns in the Fund Financial Statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the School.

The School reports the following major governmental funds:

- The General Fund is the School’s primary operating fund. It accounts for all financial resources of the School, except those required to be accounted for in another fund.
- The Special Revenue Fund accounts for specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Money in this fund is expended according to the provisions of general statutes applicable to charter schools.

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance

1) Deposits and Investments

The School's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The School pools money from two funds to facilitate disbursements and maximize investment income. Investments are reported at fair value.

2) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

3) Capital Assets

Capital assets include equipment, furniture, technology, vehicles and leasehold improvements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Furniture and accessories	7
Business machines	7
Copiers	5
Communications equipment	7
Computer hardware	5
Computer software	5
Audio visual equipment	7
Vehicles	5

4) Compensated Absences

It is the School's policy to permit employees to accumulate earned but unused medical leave benefits. The medical leave policy of the School provides for the accumulation of up to 90 days earned sick leave with such leave being fully vested when earned. The current portion of the accumulated sick leave pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. All vacation pay is accrued when incurred in the Government-wide Financial Statements. A liability for these amounts, if material, is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5) Long-term Obligations

In the Government-wide Financial Statements long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the Fund Financial Statements, governmental fund types recognize principal and interest payments as expenditures of the current period and report the face amount of debt issued as other financing sources.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

6) Pension Plan

In Government-wide Financial Statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The School recognizes a net pension liability (“NPL”), which represents the School’s proportionate share of the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the School’s fiscal year-end. Changes in the NPL during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in NPL that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

7) Postemployment Benefits Other Than Pensions

In Government-wide Financial Statements, postemployment benefits other than pensions (“OPEB”) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as OPEB expenditures on the modified accrual basis of accounting. For purposes of measuring the 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 OPEB plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. School contributions to the pension and OPEB plans subsequent to the measurement date and the net difference between expected and actual experience in the pension and OPEB plans are included as deferred outflows of resources. These deferred charges are either (a) recognized in the subsequent period as a reduction of the net pension and OPEB liability (which includes pension and OPEB contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension and OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The net difference between projected and actual earnings on pension and OPEB plan investments are included as deferred inflows of resources. These deferred credits are amortized in a systematic and rational way as a reduction to pension and OPEB expense in future periods in accordance with GAAP.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

9) Fund Equity

In the Fund Financial Statements, fund balance classifications depict the nature of the net resources reported in the governmental funds. Individual governmental funds may include nonspendable resources and amounts that are restricted, committed, or assigned, or any combination of these classifications. The General Fund also includes unassigned amounts. The School considers that committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used. The School's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the School Board through motions passed at School Board meetings. The School also has funds committed for a capital project. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

Nonspendable Fund Balance - includes amounts which cannot be spent. This includes items that may not be in spendable form or that may be legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

Restricted Fund Balance - includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed Fund Balance - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by a formal action of the School Board.

Assigned Fund Balance - includes amounts that are constrained by the School's intent to be used for a specific purpose but are neither restricted nor committed. Assignments of fund balance are established by the School's administration.

Unassigned Fund Balance - is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

10) Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. 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.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, Deferred Inflows/Outflows of Resources and Net Position or Fund Balance, Continued

11) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The School believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

12) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets for all governmental funds are adopted on the modified accrual basis for accounting, which is consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end and the School does not employ encumbrance accounting.

Each budget is prepared by function and object as dictated by the State of South Carolina adopted Program Oriented Budgeting and Accounting System and for management control purposes. The School's policies allow funds to be transferred between functions. However, the total budget cannot be increased beyond that level without approval of the School's Charter Committee. The legal level of control is at the fund level. During the year, the School revised the budget. The administration has discretionary authority to make transfers between appropriation accounts. The budget amounts in the financial statements are as amended by the administration.

B. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations in the Support Services expenditure category.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2018, the School's carrying amount of deposits was \$2,457,126 and the bank balance was \$2,520,792, of which \$2,208,831 was neither collateralized nor covered by Federal Depository Insurance ("FDIC"). The School had no investments at June 30, 2018. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and facilities	\$ 888,191	\$ 7,732,894	\$ -	\$ 8,621,085
Technology	203,207	37,707	-	240,914
Vehicles	50,300	19,900	-	70,200
Furniture and equipment	67,800	-	-	67,800
Total assets being depreciated	<u>1,209,498</u>	<u>7,790,501</u>	<u>-</u>	<u>8,999,999</u>
Construction in progress	<u>6,900,139</u>	<u>(6,900,139)</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>8,109,637</u>	<u>890,362</u>	<u>-</u>	<u>8,999,999</u>
Less accumulated depreciation for:				
Buildings and facilities	321,758	418,134	-	739,892
Technology	178,695	14,163	-	192,858
Vehicles	28,949	9,690	-	38,639
Furniture and equipment	25,416	14,688	-	40,104
Total accumulated depreciation	<u>554,818</u>	<u>456,675</u>	<u>-</u>	<u>1,011,493</u>
Net capital assets being depreciated	<u>\$ 7,554,819</u>	<u>\$ 433,687</u>	<u>\$ -0-</u>	<u>\$ 7,988,506</u>
Governmental activities capital assets, net	<u>\$ 7,554,819</u>	<u>\$ 433,687</u>	<u>\$ -0-</u>	<u>\$ 7,988,506</u>

Depreciation expense charged to functions/programs was as follows:

Governmental activities:

Instruction	\$ 22,514
Support Services	<u>434,161</u>
Total depreciation / amortization expense for governmental activities	<u>\$ 456,675</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Long-Term Debt

Long-term debt consists of the following as of June 30, 2018:

Note payable to South Carolina Jobs-Economic Development Authority, interest payable semi-annually at 2.81% starting April 2017, principal payable annually in installments ranging from \$195,000 to \$369,000 starting April 2018 through 2041. The loan is secured by accounts receivable, inventory, equipment, and general revenues.	\$ 6,363,000
Less current portion of long-term debt	<u>201,000</u>
Total long-term debt	<u>\$ 6,162,000</u>

Maturities of debt outstanding at June 30, 2018, are as follows:

Year Ending June 30	
2019	\$ 201,000
2020	206,000
2021	212,000
2022	218,000
Thereafter	<u>5,526,000</u>
Total	<u>\$ 6,363,000</u>

In June 2016, the School borrowed \$6,558,000 from South Carolina Jobs-Economic Development Authority (“the Authority”) evidenced by a loan agreement. The Authority issued \$6,558,000 Economic Development Revenue Bonds in connection with this loan agreement. These tax-exempt bonds pay interest monthly at 2.81% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements.

Long-term liability activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ <u>6,558,000</u>	\$ <u>-</u>	\$ <u>195,000</u>	\$ <u>6,363,000</u>	\$ <u>201,000</u>
Governmental activities:					
Long-term liabilities	\$ <u>6,558,000</u>	\$ <u>-</u>	\$ <u>195,000</u>	\$ <u>6,363,000</u>	\$ <u>201,000</u>

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018

IV. OTHER INFORMATION

A. Risk Management

The School is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School maintains a \$1,000,000 per occurrence general liability policy and a \$2,000,000 per occurrence errors and omissions policy with a commercial carrier.

The School carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and claims have not exceeded coverage in any of the past two fiscal years.

B. Employee Retirement Systems and Pension Plans

The South Carolina Public Employee Benefit Authority (“PEBA”), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority (“SFAA”), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems (“the Systems”) and serves as a co-trustee of the Systems in conducting that review. Effective July 1, 2017, the Retirement System Funding and Administration Act of 2017 assigned the PEBA Board of Directors as the Custodian of the Retirement Trust Funds and assigned SC PEBA and the Retirement Systems Investment Commission (“RSIC”) as co-trustees of the Retirement Trust Funds.

PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the Systems’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link 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 considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Descriptions – The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective 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 allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (“State ORP”) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

Plan 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:

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Plan Membership, continued

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

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers 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.

Plan 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. A brief summary of 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.

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Funding Policy – Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA board may increase the percentage rate in SCRS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9% of earnable compensation for SCRS. An increase in the contribution rates adopted by the PEBA board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA board are insufficient to maintain a thirty-year amortization schedule of the unfunded liabilities of the plans, the PEBA board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than ninety percent, then the PEBA board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than ninety percent. Any decrease in contribution rates must maintain the 2.9% differential between the SCRS employer and employee contribution rates. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than ninety percent, then effective on the following July first, and annually thereafter as necessary, the PEBA board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 90%.

The Retirement System Funding and Administration Act increases employer contribution rates to 13.56% for SCRS, effective July 1, 2017. It also removes the 2.9% differential and increases and establishes a ceiling on employee contribution rates at 9% for SCRS. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation’s ultimate scheduled employer rate is 18.56% for SCRS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a twenty-year amortization schedule. The recent pension reform legislation also changes the long term funded ratio requirement from ninety to eighty-five.

As noted above, both employees and the School are required to contribute to the plans at rates established and as amended by the PEBA.

Contribution Summary – The contribution requirements for the current and two preceding years are as follows:

	SCRS and State ORP Rates		
	2018	2017	2016
Employer Contribution Rate: [^]			
Retirement*	13.41%	11.41%	10.91%
Incidental Death Benefit	0.15%	0.15%	0.15%
	13.56%	11.56%	11.06%
 Employee Contribution Rate	 9.00%	 8.66%	 8.16%

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

* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Contribution Summary, continued

The required contributions and percentages of amounts contributed by the School to the plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions	
	Required	% Contributed	Required	% Contributed
2018	\$ 169,309	100%	\$ 44,120	100%
2017	148,995	100%	29,068	100%
2016	143,779	100%	20,814	100%

Eligible payrolls of the School covered under the plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	Total Payroll
2018	\$ 1,248,589	\$ 515,420	\$ 1,764,009
2017	1,288,890	443,099	1,731,989
2016	1,299,990	343,467	1,643,457

Actuarial Assumptions – Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. The June 30, 2017, total pension liability, net pension liability, and sensitivity information were determined by the System’s consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2017, using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Actuarial Assumptions, continued

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017.

	<u>SCRS</u>
Actuarial Cost Method	Entry age normal
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	3.0% to 12.5% (varies by service)
Benefit adjustments	lesser of 1% or \$500 annually

*Includes inflation at 2.25%

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

Assumptions used in the determination of the June 30, 2017, total pension liability are as follows:

Former Job Class	Males	Females
Educators	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%

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

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Long-Term Expected Rate of Return, continued

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Global Equity	45.0%		
Global Public Equity	31.0%	6.72%	2.08%
Private Equity	9.0%	9.60%	0.86%
Equity Options Strategies	5.0%	5.91%	0.30%
Real Assets	8.0%		
Real Estate (Private)	5.0%	4.32%	0.22%
Real Estate (REITs)	2.0%	6.33%	0.13%
Infrastructure	1.0%	6.26%	0.06%
Opportunistic	17.0%		
GTAA/Risk Parity	10.0%	4.16%	0.42%
Hedge Funds (non-PA)	4.0%	3.82%	0.15%
Other Opportunistic Strategies	3.0%	4.16%	0.12%
Diversified Credit	18.0%		
Mixed Credit	6.0%	3.92%	0.24%
Emerging Markets Debt	5.0%	5.01%	0.25%
Private Debt	7.0%	4.37%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.60%	0.16%
Cash and Short Duration (Net)	2.0%	0.92%	0.02%
Total Expected Real Return	<u>100.0%</u>		<u>5.31%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.56%</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability (“NPL”) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB No. 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2017, for SCRS are presented below:

<u>System</u>	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Employers' Net Pension Liability (Asset)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
SCRS	\$ 48,244,437,494	\$ 25,732,829,268	\$ 22,511,608,226	53.3%

The total pension liability is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 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.

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

At June 30, 2018, the School reported a liability of \$3,436,622 for its proportionate share of the PEBA's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2017. The School's proportion of the net pension liability was based on the School's contributions received by PEBA during the measurement period, relative to the total employer contributions received from all of PEBA's participating employers. At June 30, 2017, the School's proportion was .015266%, which was a decrease of .000102% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the School recognized pension expense of \$342,897 for its proportionate share of the PEBA's pension expense. At June 30, 2018, the School reported its proportionate share of the PEBA's 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>
Net difference between expected and actual experience	\$ 15,320	\$ 1,905
Assumption changes	201,177	
Net difference between projected and actual earnings on pension plan investments	95,935	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	16,355	24,758
School contributions subsequent to the measurement date	<u>213,429</u>	<u>-</u>
	<u>\$ 542,216</u>	<u>\$ 26,663</u>

\$213,429 reported as deferred outflows of resources related to pensions resulting from School contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ 91,423
2020	141,454
2021	95,078
2022	<u>(25,831)</u>
	<u>\$ 302,124</u>

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IV. OTHER INFORMATION, Continued

B. Employee Retirement Systems and Pension Plans, Continued

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

Pension Liability Sensitivity - The following presents the School’s proportionate share of the net pension liability, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Asset Class</u>	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
School's proportionate share of the net pension liability	\$ 4,429,334	\$ 3,436,622	\$ 2,834,279

Pension Plan Fiduciary Net Position - Detailed information regarding the fiduciary net position of the plan administered by PEBA is available in the system’s audited financial statements for the fiscal year ended June 30, 2017 (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2017.

C. Other Post-Employment Benefits Trust Funds

PEBA administers the state’s other post-employment benefits trusts. PEBA, Insurance Benefits issues a CAFR for the OPEB Trust Funds. This information is publicly available through the Insurance Benefits’ link on PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report 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”), which were established by the State of South Carolina as Act 195 effective on 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. Due to the immateriality of the amounts represented by the School’s participation in the SCLTDITF, the net OPEB liability, OPEB expense, deferred inflows of resources and deferred outflows of resources related to the SCLTDITF are not recorded in the School’s financial statements.

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.

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IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

Plan Descriptions, continued

The OPEB Trusts are cost-sharing multiple-employer defined benefit 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.

Plan Membership – Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, 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. Benefits become effective when the former employee retires under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability (“BLTD”) benefits are provided to active state, school district and participating local government employees approved for disability.

Plan 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.

The SCLTDITF is a long-term disability plan that covers employees of the State of South Carolina, including all agencies and public school districts and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Funding Policy – Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through annual appropriations by the General Assembly for active employees to the PEBA, Insurance Benefits and participating retirees to PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the PEBA, Insurance Benefits. For active employees who are not funded by State General Fund appropriations, participating employers are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office. The covered payroll surcharge for the year ended June 30, 2017 was 5.33 percent and increased to 5.50 percent for the year ended June 30, 2018. The South Carolina Retirement System collects the monthly surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include mandatory transfers of accumulated PEBA, Insurance Benefits’ reserves and income generated from investments. Employer contributions 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.

BLTD benefits are funded through a person’s premium charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was \$3.22 for the fiscal year ended June 30, 2017. The SCLTDITF premium is billed monthly by PEBA, Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income.

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IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

Funding Policy, continued

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 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.

Actuarial Assumptions – 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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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IV. OTHER INFORMATION, Continued

D. Other Post-Employment Benefits Trust Funds, Continued

Actuarial Assumptions, continued

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.56% as of June 30, 2017
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality:	For health retirees, the 2016 Public Retirees of South Carolina Mortality Table for Males and the 2016 Public Retirees of South Carolina Mortality Table for Females are used with fully generational mortality projections based on Scale AA from the year 2016. Multipliers are applied to the base tables based on gender and employment type.
Health Care Trend Rate:	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	79% for retirees who are eligible for funded premiums
Notes:	There were no benefit changes during the year; the discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017

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IV. OTHER INFORMATION, Continued

D. Other Post-Employment Benefits Trust Funds, Continued

Actuarial Assumptions, continued

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	4.00, net of Plan investment expense; including inflation
Single Discount Rate:	3.87% as of June 30, 2017
Salary, Termination, and Retirement Rates:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence:	The rates used in the valuation are based on the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery:	For participants in payment, 1987 CGDT Group Disability; for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years
Offsets:	40% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan offset varies based on employee group
Notes:	There were no benefit changes during the year; the discount rate changed from 3.74% as of June 30, 2016 to 3.87% as of June 30, 2017

Roll Forward Disclosure – The actuarial valuation was performed as of June 30, 2016. Updated procedures were used to roll forward the total OPEB liability.

Long-term Expected Rate of Return – The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2017 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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>	<u>Allocation Weighted Long-Term Expected Real Rate of Return</u>
U.S. Domestic Fixed Income	80.00%	2.09%	1.67%
Cash	20.00%	0.84%	0.17%
Total	<u>100.00%</u>		<u>1.84%</u>
Expected Inflation			<u>2.25%</u>
Total Return			<u>4.09%</u>
Investment Return Assumption			<u><u>4.00%</u></u>

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IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – 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 following table represents the components of the net OPEB liability as of June 30, 2017:

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	\$14,659,610,970	\$ 1,114,774,760	\$13,544,836,210	7.60%
SCLTDITF	\$ 38,510,568	\$ 36,697,589	\$ 1,812,979	95.29%

The total OPEB liability is calculated by the Trusts’ actuary, and each Trust’s fiduciary net position is reported in the Trust’s financial statements. The net OPEB liability 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, 2018, the School reported a liability of \$2,781,974 for its proportionate share of the PEBA’s net OPEB liability for the SCRHITF. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The School’s proportion of the net OPEB liability was based on a projection of the School’s long-term share of contributions received by PEBA during the measurement period, relative to the total projected employer contributions received from all of PEBA’s participating employers. At June 30, 2017, the School’s proportion was .020539%.

For the year ended June 30, 2018, the School recognized OPEB expense of \$169,322 for its proportionate share of the PEBA’s OPEB expense for SCRHITF. At June 30, 2018, the School reported its proportionate share of the PEBA’s deferred outflows of resources and deferred inflows of resources related to SCRHITF from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 4,780	\$ 1,207
Assumption changes	-	261,771
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	41
School contributions subsequent to the measurement date	94,809	-
	<u>\$ 99,589</u>	<u>\$ 263,019</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

\$94,809 reported as deferred outflows of resources related to SCRHITF resulting from School contributions to the PEBA subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the SCRHITF will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ (40,914)
2020	(40,914)
2021	(40,914)
2022	(42,109)
Thereafter	<u>(93,388)</u>
	<u>\$ (258,239)</u>

Discount Rate – The discount rate of 3.56% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the 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).

A discount rate of 3.87% was used to measure the total OPEB liability for the SCLTDITF. This discount rate was based on an expected rate of return on plan investments of 4.00% and a municipal bond rate of 3.56%. The projection of cash flows to determine this discount rate assumed that employer contributions will remain \$38.64 per year for each covered active employee. Based on these assumptions, the plan’s Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

OPEB Liability Sensitivity – The following table presents the School’s proportionate share of the SCRHITF’s net OPEB liability calculated using a single discount rate of 3.56%, as well as what the School’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 (2.56%)</u>	<u>Discount Rate (3.56%)</u>	<u>1% Increase (4.56%)</u>
School's proportionate share of the SCRHITF net OPEB liability	\$ 3,276,379	\$ 2,781,974	\$ 2,383,362

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

IV. OTHER INFORMATION, Continued

C. Other Post-Employment Benefits Trust Funds, Continued

OPEB Liability Sensitivity, continued

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
School's proportionate share of the SCRHITF net OPEB liability	\$ 2,281,334	\$ 2,781,974	\$ 3,430,182

Additional Financial and Actuarial Information – 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 OPEB Trust Funds audited financial statements.

D. Commitments and Contingencies

The School participates in a number of federal and state assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of program expenditures that may be disallowed by the granting agencies cannot be determined at this time. Based on prior experience, the School's management believes such disallowances, if any, would be immaterial.

E. Subsequent Events

In preparing these financial statements, Greer Middle College Charter High School has evaluated events and transactions for potential recognition or disclosure through August 24, 2018, the date the financial statements were available to be issued. There were no such events requiring recording or disclosure for the year ended June 30, 2018.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2018**

V) PRIOR PERIOD ADJUSTMENT FOR OPEB LIABILITY

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB 75”) was issued by the GASB in 2015. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan are now required to recognize a liability for the proportionate share of the net OPEB liability of that plan. It is GASB’s intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the state and local government’s financial obligations to current and former employees for past services rendered.

Effective July 1, 2017, the School implemented GASB 75. The adoption had no impact on the School’s governmental financial statements, which continue to report expenditures in the amount of the contractually required contributions. However, the adoption has resulted in the restatement of the School’s net position as of July 1, 2017 for its Government-wide Financial Statements to reflect the reporting of net OPEB liabilities and deferred outflows and inflows of resources for its OPEB plans in accordance with the provisions of GASB 75. The School reports a net OPEB liability for its participation in the SCRHITF and SCLTDITF, along with related deferred outflows and inflows of resources. This resulted in a restatement of previously reported net position for Governmental Activities:

Government-Wide Net Position	Governmental Activities
Net position as previously reported at June 30, 2017	\$ 694,558
Net OPEB liability (measurement date)	(2,971,712)
Deferred outflows - School's contributions made during fiscal year 2017	<u>84,532</u>
Total prior period adjustment	<u>(2,887,180)</u>
Net position as restated, July 1, 2017	<u><u>\$ (2,192,622)</u></u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability	0.015266%	0.015368%	0.015195%	0.015383%
School's proportionate share of the net pension liability	\$ 3,436,622	\$ 3,282,582	\$ 2,881,805	\$ 2,648,443
School's covered-employee payroll	\$ 1,731,989	\$ 1,643,457	\$ 1,607,460	\$ 1,622,886
School's proportionate share of the net pension liability as a percentage of the covered-employee payroll	198.42%	199.74%	179.28%	163.19%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of School Contributions - Pension Plan
June 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 213,429	\$ 178,063	\$ 164,593	\$ 155,295
Contributions in relation to the contractually required contributions	<u>213,429</u>	<u>178,063</u>	<u>164,593</u>	<u>155,295</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
School's covered-employee payroll	\$ 1,764,009	\$ 1,731,989	\$ 1,643,457	\$ 1,607,460
Contributions as percentage of covered-employee payroll	12.10%	10.28%	10.02%	9.66%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net OPEB Liability
June 30, 2018**

SCRHITF2018

School's proportion of the net OPEB liability	0.020539%
School's proportionate share of the net OPEB liability	\$ 2,781,974
School's covered-employee payroll	\$ 1,731,989
School's proportionate share of the net OPEB liability as a percentage of the covered-employee payroll	160.62%
Plan fiduciary net position as a percentage of the total OPEB liability	7.60%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of School Contributions - OPEB Plan
June 30, 2018**

	<u>SCRHITF</u>
	<u>2018</u>
Contractually required contributions	\$ 94,809
Contributions in relation to the contractually required contributions	<u>94,809</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>
School's covered-employee payroll	\$ 1,764,009
Contributions as percentage of covered-employee payroll	5.37%

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 2,000	\$ 2,929	\$ 929
1600 Food services			
1630 Special sales to pupils	-	106,098	106,098
1700 Pupil activities			
1720 Bookstore sales	-	2,444	2,444
1740 Student fees	-	57,920	57,920
1790 Other pupil activity income	-	139,179	139,179
1900 Other revenue from local sources			
1920 Contributions & donations private sources	125,000	136,245	11,245
1950 Refund of prior year's expenditures	-	11,016	11,016
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	5,000	2,786	(2,214)
Total local sources	<u>132,000</u>	<u>458,617</u>	<u>326,617</u>
3000 Revenue from state sources:			
3100 Restricted state funding			
3180 Fringe benefits employer contributions	406,000	425,082	19,082
3300 Education Finance ACT (EFA)			
3310 Full-time programs			
3314 High school	620,500	569,705	(50,795)
3316 Speech handicapped	10,000	4,561	(5,439)
3320 Part-time programs			
3323 Learning disabilities	100,000	85,065	(14,935)
3324 Hearing handicapped	10,000	6,170	(3,830)
3327 Vocational	530,000	523,450	(6,550)
3330 Miscellaneous EFA programs			
3331 Autism	20,000	18,572	(1,428)
3332 High achieving students	50,000	46,185	(3,815)
3334 Limited English proficiency	5,000	1,159	(3,841)
3351 Academic assistance	20,000	16,791	(3,209)
3352 Pupils in poverty	20,000	18,333	(1,667)
3353 Dual credit enrollment	50,000	49,485	(515)
3399 Other EFA programs	10,000	3,632	(6,368)

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
3900 Other state revenue			
3399 Other EFA programs	17,000	16,764	(236)
Total state revenue	1,868,500	1,784,954	(83,546)
Total revenue all sources	2,000,500	2,243,571	243,071
EXPENDITURES			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	1,147,500	1,147,690	(190)
200 Employee benefits	450,000	450,184	(184)
300 Purchased services	11,000	11,655	(655)
400 Supplies and materials	120,000	123,822	(3,822)
500 Capital outlay	1,000	1,348	(348)
600 Other objects	35,000	36,816	(1,816)
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	61,000	61,244	(244)
200 Employee benefits	24,000	24,596	(596)
300 Purchased services	4,000	4,674	(674)
190 Instructional pupil activity			
660 Instructional pupil activity	200	230	(30)
Total instruction	1,853,700	1,862,259	(8,559)
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	\$ 83,000	\$ 83,174	\$ (174)
200 Employee benefits	44,000	44,817	(817)
400 Supplies and materials	1,000	737	263
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
300 Purchased services	2,000	1,505	495
500 Capital outlay	35,000	36,359	(1,359)

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
230 General administrative services			
231 Board of education			
318 Audit services	7,000	7,000	-
400 Supplies and materials	7,000	9,797	(2,797)
600 Other objects	4,000	4,043	(43)
233 School administration			
100 Salaries	310,000	316,745	(6,745)
200 Employee benefits	110,000	113,536	(3,536)
300 Purchased services	210,000	212,810	(2,810)
400 Supplies and materials	10,000	12,857	(2,857)
600 Other objects	3,000	3,711	(711)
250 Finance and operations services			
252 Fiscal services			
300 Purchased services	75,000	77,398	(2,398)
600 Other objects	3,000	3,340	(340)
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	832,755	(832,755)
254 Operation and maintenance of plant			
300 Purchased services	1,000	102,978	(101,978)
400 Supplies and materials	3,000	3,380	(380)
260 Central support services			
262 Planning			
100 Salaries	\$ 55,000	\$ 57,077	\$ (2,077)
200 Employee benefits	17,000	20,092	(3,092)
300 Purchased services	4,000	6,709	(2,709)
400 Supplies and materials	500	761	(261)
264 Staff services			
300 Purchased services	500	499	1

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
270 Supporting services - pupil activity			
271 Pupil services activities			
100 Salaries	20,000	24,100	(4,100)
200 Employee benefits	5,000	290	4,710
300 Purchased services	130,000	139,028	(9,028)
400 Supplies and materials	92,550	96,974	(4,424)
500 Capital outlay	20,000	19,900	100
600 Other objects	-	105,356	(105,356)
	<u>1,252,550</u>	<u>2,337,728</u>	<u>(1,085,178)</u>
Total support services			
500 Debt services			
610 Redemption of principal	195,000	195,000	-
620 Interest	186,000	205,623	(19,623)
690 Other objects	-	1,000	(1,000)
	<u>381,000</u>	<u>401,623</u>	<u>(20,623)</u>
Total debt services			
Total expenditures	<u>3,487,250</u>	<u>4,601,610</u>	<u>(1,114,360)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5220 Transfer from Special Revenue Fund (excludes indirect cost)	1,988,500	2,066,385	77,885
	<u>1,988,500</u>	<u>2,066,385</u>	<u>77,885</u>
Total other financing sources (uses)			
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 501,750</u>	<u>(291,654)</u>	<u>\$ (793,404)</u>
FUND BALANCE, July 1, 2017		<u>2,489,341</u>	
FUND BALANCE, June 30, 2018		<u>\$ 2,197,687</u>	

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2018**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education* (EA Projects) (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES								
3000 Revenue from state sources								
3100 Restricted state funding								
3118 EEDA career specialist	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,153	\$ -	\$ 47,153
3600 Education lottery act revenue								
3630 K-12 technology initiative	-	-	-	-	-	13,282	-	13,282
Total state sources	-	-	-	-	-	60,435	-	60,435
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins Aid, Title I	-	-	-	-	-	-	-	-
4300 Elementary and Secondary Education Act of 1965 (ESEA)								
4342 Title II Teacher advancement program	-	-	-	-	-	-	-	-
4351 Improving teacher quality	-	-	-	-	-	-	7,384	7,384
4500 Programs for children with disabilities								
4510 Individuals with Disabilities Education Act (IDEA)	-	27,290	-	-	-	-	-	27,290
Total federal sources	-	27,290	-	-	-	-	7,384	34,674
Total revenues all sources	-	27,290	-	-	-	60,435	7,384	95,109

* See Schedule 6A for a listing of LEA subfund codes for each program

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2018**

	<u>Title I (BA Projects) (201/202)</u>	<u>IDEA (CA Projects) (203/204)</u>	<u>Preschool Handicapped (CG Projects) (205/206)</u>	<u>CATE (VA Projects) (207/208)</u>	<u>Adult Education (EA Projects) (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
EXPENDITURES								
100 Instruction								
110 General instruction								
114 High school programs								
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,384	\$ 7,384
300 Purchased services	-	-	-	-	-	-	-	-
400 Supplies and materials	-	-	-	-	-	13,282	-	13,282
127 Learning disabilities								
100 Salaries	-	27,290	-	-	-	-	-	27,290
400 Supplies and materials	-	-	-	-	-	-	-	-
Total instruction	<u>-</u>	<u>27,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,282</u>	<u>7,384</u>	<u>47,956</u>
200 Support services								
210 Pupil services								
212 Guidance services								
100 Salaries	-	-	-	-	-	47,153	-	47,153
230 General administrative services								
233 School administration								
400 Supplies and materials	-	-	-	-	-	-	-	-
600 Other objects	-	-	-	-	-	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,153</u>	<u>-</u>	<u>47,153</u>
Total expenditures	<u>-</u>	<u>27,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,435</u>	<u>7,384</u>	<u>95,109</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES								
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, July 1, 2017	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2018	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Program Classifications - Special Revenue Fund
For Fiscal Year Ended June 30, 2018**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
<u>928</u>	EEDA career specialist	\$ 47,153	3118
963	K-12 technology initiative	<u>13,282</u>	3630
		<u>\$ 60,435</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
267	Improving teacher quality	\$ <u>7,384</u>	4351
		<u>\$ 7,384</u>	

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2018**

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3507 Aid to district technology	\$	5,269
3511 Professional development		4,254
3525 Career and technology education equipment		78
3529 Career and technology education		32,500
3532 National board salary supplement		6,335
3538 Students at risk of school failure		20,864
3550 Teacher salary increase		67,029
3555 Teacher salary fringe		10,855
3558 Reading		2,063
3577 Teacher supplies		7,150
3583 Charter school funding		1,988,501
3595 EEDA supplies and materials		1,444
3597 Aid to districts		6,692
Total state sources		<u>2,153,034</u>
 Total revenue all sources	 \$	 <u><u>2,153,034</u></u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2018**

EXPENDITURES

100 Instruction		
110 General instruction		
114 High school programs		
100 Salaries	\$	30,050
200 Employee benefits		1,335
300 Purchased services		2,019
400 Supplies and materials		14,660
115 Career and technology education programs		
500 Capital outlay		32,500
120 Exceptional programs		
127 Learning disabilities		
100 Salaries		75
Total instruction		<u>80,639</u>
200 Support services		
210 Pupil services		
212 Guidance services		
300 Purchased services		320
400 Supplies and materials		1,124
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
300 Purchased services		4,254
270 Support services - pupil activity		
271 Pupil services activities		
300 Purchased services		312
Total support services		<u>6,010</u>
Total expenditures		<u>86,649</u>
OTHER FINANCING SOURCES (USES)		
Interfund transfers, from (to) other funds		
420-710 Transfer to General Fund (excludes indirect costs)		<u>(2,066,385)</u>
Total other financing sources (uses)		<u>(2,066,385)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES		<u>-0-</u>
FUND BALANCE, July 1, 2017		<u>-0-</u>
FUND BALANCE, June 30, 2018	\$	<u><u>-0-</u></u>

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Fiscal Year Ended June 30, 2018

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3507 Aid to district technology	\$ 5,269	\$ 5,269	\$ -	\$ -	\$ -
3511 Professional development	4,254	4,254	-	-	-
3519 Grade 10 assessments	-	-	-	-	1,724
3525 Career and technology education equipment	78	78	-	-	-
3529 Career and technology education	32,500	32,500	-	-	-
3532 National board salary supplement	6,335	6,335	-	-	-
3538 Students at risk of school failure	20,864	20,864	-	-	-
3550 Teacher salary increase	67,029	-	-	(67,029)	-
3555 Teacher salary fringe	10,855	-	-	(10,855)	-
3558 Reading	2,063	2,063	-	-	-
3577 Teacher supplies	7,150	7,150	-	-	-
3583 Work-based learning	1,988,501	-	-	(1,988,501)	-
3595 EEDA supplies and materials	1,444	1,444	-	-	1,429
3597 Aid to districts	6,692	6,692	-	-	-
TOTALS	<u>\$ 2,153,034</u>	<u>\$ 86,649</u>	<u>\$ -0-</u>	<u>\$ (2,066,385)</u>	<u>\$ 3,153</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2018**

<u>Program</u>	<u>Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
Teacher supplies	N/A	3577/377	Unexpended funds	\$ <u>275.00</u>
				\$ <u><u>275.00</u></u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2018**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Deficiency(ies) identified? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Section II - Financial Statement Findings

2018-001

Custodial Credit Risk

Condition and criteria:

The School is permitted by the State of South Carolina to have its deposits held at financial institutions to the extent that they do not exceed the FDIC limit of \$250,000.

Cause:

The School maintains operating accounts at three banks and during the year deposits exceeded \$250,000 in one of the banking institutions.

Effect:

The School is required to maintain sufficient collateral for all of its deposits through arrangements with its financial institutions. By not maintaining sufficient collateral, the School is at risk of losing excess deposits.

Auditor's Recommendation:

The School should make arrangements to satisfactorily collateralize its deposits.

Auditee's Response:

The School will allocate excess deposits to another banking institution and will monitor deposits so that they do not exceed FDIC limits.

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

The Charter Committee
Greer Middle College Charter High School
Taylors, South Carolina

We have audited the financial statements of Greer Middle College Charter High School as of and for the year ended June 30, 2017, and have issued our report thereon dated August 24, 2018. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

A deficiency in 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 combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Smith and Company CPAs PA

Greenville, South Carolina
August 24, 2018