

**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, 2019**

**(With Independent Auditors' Report Thereon)**

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Annual Financial Report  
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June 30, 2019**

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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 and each major fund 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, 2019, which collectively comprise the School's 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 the standards applicable to financial audits contained in 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 and each major fund of Greer Middle College Charter High School at June 30, 2019, 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, the budgetary comparison information, the 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 financial statements. Such information, although not a required part of the financial statements, is supplementary information required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 financial statements taken as a whole. The 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 financial statements of Greer Middle College Charter High School. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 30, 2019, 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*

Greenville, South Carolina  
August 30, 2019

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019**

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This discussion and analysis of Greer Middle College Charter High School's ("the School") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2019. 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 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 resources of the School exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$1,421,300 (net deficit). The School has invested \$7,978,731 in capital assets, net of accumulated depreciation, and financed these property acquisitions with \$11,012,000 in related debt. The School also has \$61,036 restricted for capital projects. Therefore, the School reported an unrestricted net deficit of \$3,197,273. This deficit in unrestricted net position was due primarily to two factors:

- The net pension liability of \$3,403,270 as required by Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions*. The School participates in the South Carolina Retirement System's ("SCRS") pension plans and the School is required by GASB 68 to recognize its proportionate share of the SCRS' unfunded liabilities on the School's Government-wide Financial Statements.
- The net other postemployment benefit ("OPEB") plan liability of \$2,898,593 as required by Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The School participates in the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") OPEB plans and the School is required by GASB 75 to recognize its proportionate share of the SCRHITF's unfunded liabilities on the School's Government-wide Financial Statements.

The School's total net position increased by \$621,980 during its most recent fiscal year.

As of the close of the current fiscal year, the School's Governmental Funds reported combined ending fund balances of \$7,591,356. This is an increase in the fund balances of \$5,393,669 from the previous year. The principal cause of the increase was that the School borrowed \$4,850,000 during the current year for planned capital improvements but had not expended those funds as of year-end.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,761,256.

The School's total capital assets, net of accumulated depreciation, decreased by \$9,775 during the current fiscal year, as depreciation exceeded property additions. During the current fiscal year, the School commenced a construction expansion project to provide a gymnasium and additional classroom space.

The School's total long-term debt increased by \$4,649,010 during the current fiscal year. The School borrowed \$4,850,000 through a note agreement to fund its planned construction project and repaid \$201,000 through scheduled debt payments.

During the 2019 fiscal year, the School's governmental fund-type revenues were \$5,048,711, an increase of \$556,997 from the previous year.

During the current fiscal year, the School's governmental fund-type expenditures were \$4,505,042.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019**

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**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 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, notes to the budgetary comparison schedules, and pension liability and contribution information.

The 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 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 Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance 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 Year Ended June 30, 2019**

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The School maintains two individual Governmental Funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance for the General Fund and the Special Revenue Fund. The Governmental Funds 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 Notes to the Financial Statements can be found immediately following Exhibit G of this report.

The School adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided in the required supplementary information section for this fund to demonstrate compliance with its budget. This statement can be found at Exhibit G of this report.

<b>Major Features of Greer Middle College Charter High School</b>		
<b>Government-wide and Fund Financial Statements</b>		
	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>
		<i>Government Funds Only</i>
<b>Scope</b>	Entire school unit	The activities of the School that are not proprietary or fiduciary
<b>Required financial statements</b>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<b>Type of asset/liability information</b>	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
<b>Type of inflow/outflow information</b>	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 Year Ended June 30, 2019**

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**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 of resources exceeded assets and deferred outflows of resources by \$1,421,300 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2019 compared to 2018:

	<b>Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current and other assets	\$ 7,861,784	\$ 2,468,804
Capital assets	7,978,731	7,988,506
Total assets	<u>15,840,515</u>	<u>10,457,310</u>
<b>Deferred Outflows of Resources</b>	<u>728,242</u>	<u>641,805</u>
<b>Liabilities</b>		
Other liabilities	270,428	271,117
Net pension liability	3,403,270	3,436,622
Net OPEB liability	2,898,593	2,781,974
Long-term liabilities	<u>11,012,000</u>	<u>6,363,000</u>
Total liabilities	<u>17,584,291</u>	<u>12,852,713</u>
<b>Deferred Inflows of Resources</b>	<u>405,766</u>	<u>289,682</u>
<b>Net Position</b>		
Net investment in capital	1,714,937	2,332,173
Restricted for capital projects	61,036	60,999
Unrestricted net position	<u>(3,197,273)</u>	<u>(4,436,452)</u>
Total net position	<u>\$ (1,421,300)</u>	<u>\$ (2,043,280)</u>

During the current fiscal year, net position of the School's governmental activities increased by \$621,980. 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 \$4,436,452 at June 30, 2018, to \$3,197,273 at June 30, 2019. The deficit net position for the year ended June 30, 2019 and 2018 is the result of reporting required under GASB No. 68, *Accounting and Financial Reporting for Pensions*.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019**

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The following table shows the changes in net position for fiscal year 2019 compared to 2018:

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Revenues</b>		
Program revenues:		
Operating grants	\$ 4,482,942	\$ 4,169,269
Charges for services and sales	382,645	315,715
General revenue:		
Local revenue	793	9,001
Other	139,079	13,945
	<u>5,005,459</u>	<u>4,507,930</u>
<b>Program Expenses</b>		
Instruction	2,287,439	2,156,203
Support services	1,886,615	1,995,762
Interest	209,425	206,623
	<u>4,383,479</u>	<u>4,358,588</u>
Total expenses		
	<u>4,383,479</u>	<u>4,358,588</u>
Increase in net position	<u>\$ 621,980</u>	<u>\$ 149,342</u>

***Governmental Activities:***

**FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS**

**Governmental Funds**

For the year ended June 30, 2019, the School's Governmental Funds reported combined fund balances of \$7,591,356 as compared to \$2,197,687 for the prior year.

The Special Revenue Funds 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.

**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 2019, amendments to the School's General Fund budget resulted in an insignificant change in fund balances.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2019**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2019, the School had \$7,978,731 net investment in capital assets. The year-end total of capital assets was \$9,411,092, with a total accumulated depreciation of \$1,432,361. The depreciation expense taken during the year was \$420,868, and capital asset additions were \$411,093.

The following table shows fiscal 2019 balances compared to 2018:

	<b>Capital Assets (Net of Depreciation)</b>	
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Buildings and facilities	\$ 7,494,795	\$ 7,881,193
Technology	41,151	48,056
Vehicles	121,213	31,561
Furniture and equipment	32,770	27,696
Construction in progress	288,802	-
<b>Totals</b>	<b>\$ 7,978,731</b>	<b>\$ 7,988,506</b>

The School commenced a construction expansion project to provide a gymnasium and additional classroom space.

**Long-term Debt**

At fiscal year-end, the School had \$11,012,000 in notes payable versus \$6,363,000 in the prior year, as shown in the following table:

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Note payable to South Carolina Jobs - Economic Development Authority	\$ 6,162,000	\$ 6,363,000
Note payable to South Carolina Jobs - Economic Development Authority	4,850,000	-
<b>Total long-term debt</b>	<b>\$ 11,012,000</b>	<b>\$ 6,363,000</b>

**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 McElhaney Road, Taylors, South Carolina 29687.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Statement of Net Position  
June 30, 2019**

	<b><u>Governmental Activities</u></b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 7,816,592
Due from other governmental units	24,334
Prepaid expenses	20,858
Capital assets	9,411,092
Less accumulated depreciation and amortization	<u>(1,432,361)</u>
Total capital assets, net of depreciation	<u>7,978,731</u>
Total assets	<u>15,840,515</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB plan charges	<u>728,242</u>
Total deferred outflows of resources	<u>728,242</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	227,767
Due to other governmental units	275
Revenue collected in advance	42,386
Pension liability	3,403,270
OPEB liability	2,898,593
Long-term liabilities:	
Due within one year	206,000
Due in more than one year	<u>10,806,000</u>
Total liabilities	<u>17,584,291</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB plan credits	<u>405,766</u>
Total deferred inflows of resources	<u>405,766</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	1,714,937
Restricted for capital projects	61,036
Unrestricted net position (deficit)	<u>(3,197,273)</u>
Total net position (deficit)	<u>\$ (1,421,300)</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, 2019**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net Revenue (Expense) and Change in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:				
Instruction	\$ 2,287,439	\$ 382,645	\$ 2,339,342	\$ 434,548
Support services	1,886,615	-	1,929,423	42,808
Interest and other charges	209,425	-	214,177	4,752
Total governmental activities	4,383,479	382,645	4,482,942	482,108
 Total	\$ 4,383,479	\$ 382,645	\$ 4,482,942	482,108
General revenues:				
				793
				109,431
				29,648
				139,872
				621,980
				(2,043,280)
				\$ (1,421,300)

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, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 7,816,592	\$ -	\$ -	\$ 7,816,592
Due from other governmental units	15,000	9,334	-	24,334
Due from other funds	9,334	-	-	9,334
Prepaid expenses	20,858	-	-	20,858
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 7,861,784</u>	<u>\$ 9,334</u>	<u>\$ -0-</u>	<u>\$ 7,871,118</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 22,607	\$ -	\$ -	\$ 22,607
Accrued expenses	205,160	-	-	205,160
Due to other funds	-	9,334	-	9,334
Due to other governmental units	275	-	-	275
Unearned revenue	42,386	-	-	42,386
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>270,428</u>	<u>9,334</u>	<u>-0-</u>	<u>279,762</u>
Fund balances:				
Nonspendable	20,858	-	-	20,858
Restricted	61,036	-	-	61,036
Committed	4,748,206	-	-	4,748,206
Unassigned	2,761,256	-	-	2,761,256
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>7,591,356</u>	<u>-0-</u>	<u>-0-</u>	<u>7,591,356</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 7,861,784</u>	<u>\$ 9,334</u>	<u>\$ -0-</u>	<u>\$ 7,871,118</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, 2019**

Total fund balances - governmental funds	\$ 7,591,356
Amounts reported for governmental activities in the Statement of Net Position are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of assets is \$9,411,092 and the accumulated depreciation is \$1,432,361.	7,978,731
Long-term liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,403,270)
Long-term liabilities, including net OPEB plan obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(2,898,593)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,012,000)
Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	728,242
Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	<u>(405,766)</u>
Net position of governmental activities	<u><u>\$ (1,421,300)</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**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local	\$ 522,517	\$ 1,060	\$ -	\$ 523,577
State	2,066,448	76,179	2,315,695	4,458,322
Federal	-	66,812	-	66,812
Intergovernmental	-	-	-	-
	<u>2,588,965</u>	<u>144,051</u>	<u>2,315,695</u>	<u>5,048,711</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,063,869	72,690	38,008	2,174,567
Support services	1,351,891	49,485	2,662	1,404,038
Community services	77,900	-	-	77,900
Intergovernmental	-	21,876	-	21,876
Debt service:				
Redemption of principal	201,000	-	-	201,000
Interest	209,425	-	-	209,425
Capital outlay	416,236	-	-	416,236
	<u>4,320,321</u>	<u>144,051</u>	<u>40,670</u>	<u>4,505,042</u>
Excess (deficiency) of revenues over expenditures	<u>(1,731,356)</u>	<u>-</u>	<u>2,275,025</u>	<u>543,669</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term notes	4,850,000	-	-	4,850,000
Operating transfers in	2,275,025	-	-	2,275,025
Operating transfers out	-	-	(2,275,025)	(2,275,025)
	<u>7,125,025</u>	<u>-</u>	<u>(2,275,025)</u>	<u>4,850,000</u>
Net change in fund balances	5,393,669	-0-	-0-	5,393,669
FUND BALANCE, July 1, 2018	<u>2,197,687</u>	<u>-0-</u>	<u>-0-</u>	<u>2,197,687</u>
FUND BALANCE, June 30, 2019	<u>\$ 7,591,356</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 7,591,356</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 Balance of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019**

Total net change in fund balances - governmental funds	\$ 5,393,669
<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 depreciation (\$420,868) exceeds capital outlays (\$411,093) in the period.</p>	(9,775)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.</p>	(4,850,000)
<p>Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$490,189) exceeds employee contributions (\$377,275).</p>	(112,914)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	<u>201,000</u>
Change in net position of governmental activities	<u><u>\$ 621,980</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 the Year Ended June 30, 2019**

	<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>
<b>REVENUES</b>				
Local	\$ 140,000	\$ 140,000	\$ 522,517	\$ 382,517
State	1,764,653	1,764,653	2,066,448	301,795
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>1,904,653</u>	<u>1,904,653</u>	<u>2,588,965</u>	<u>684,312</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,055,000	2,055,000	2,063,869	(8,869)
Support services	969,017	969,017	1,351,891	(382,874)
Community services	73,787	73,787	77,900	(4,113)
Intergovernmental	-	-	-	-
Debt service:				
Redemption of principal	201,000	201,000	201,000	-
Interest	247,000	247,000	209,425	37,575
Capital outlay	12,000	12,000	416,236	(404,236)
	<u>3,557,804</u>	<u>3,557,804</u>	<u>4,320,321</u>	<u>(762,517)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,653,151)</u>	<u>(1,653,151)</u>	<u>(1,731,356)</u>	<u>(78,205)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term notes	-	-	4,850,000	4,850,000
Transfer from EIA Fund	2,015,895	2,015,895	2,275,025	259,130
	<u>2,015,895</u>	<u>2,015,895</u>	<u>7,125,025</u>	<u>5,109,130</u>
Net change in fund balance	<u>\$ 362,744</u>	<u>\$ 362,744</u>	5,393,669	<u>\$ 5,030,925</u>
FUND BALANCE, July 1, 2018			<u>2,197,687</u>	
FUND BALANCE, June 30, 2019			<u>\$ 7,591,356</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 Financial Statements**  
**June 30, 2019**

**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 (“the Board”) 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 Financial Statements  
June 30, 2019**

**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, short-term investments with original maturities of three months or less from the date of acquisition, and investments in the State Treasurer’s Local Government Investment Pool (“LGIP”). The School pools money from two funds to facilitate disbursements and maximize investment income. Investments are reported at fair value. The School had no investments at June 30, 2019.

**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:

<u>Assets</u>	<u>Years</u>
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 Financial Statements**  
**June 30, 2019**

**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 Financial Statements**  
**June 30, 2019**

**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 Financial Statements**  
**June 30, 2019**

**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 Financial Statements**  
**June 30, 2019**

**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. Cash and Cash Equivalents**

Custodial credit risk for cash and cash equivalents is the risk that, in the event of a bank failure, the School's deposits might not be recovered. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the state of South Carolina. At June 30, 2019, the School's carrying amount of deposits was \$7,816,592 and the bank balance was \$7,830,633, of which \$7,269,597 was neither collateralized nor covered by Federal Depository Insurance ("FDIC").

The School's cash balances include amounts invested in the State Treasurer's Local Government Investment Pool accounts with a total carrying value and fair market value of \$1,025,012 at June 30, 2019. The local government investment pool is a 2a7-like pool which is not registered with the Securities and Exchange Commission as an investment company but has a policy that it will operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The South Carolina Treasurer oversees the pool. In accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value determined annually based upon quoted market prices. The fair value of the position in the pool is the same as the value of the pool shares. Financial statements for the LGIP may be obtained by writing the Office of the State Treasurer, Local Government Investment Pool, P.O. Box 11778, Columbia, SC 29211-1960.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and facilities	\$ 8,621,085	\$ -	\$ -	\$ 8,621,085
Technology	240,914	7,993	-	248,907
Vehicles	70,200	100,343	-	170,543
Furniture and equipment	67,800	13,955	-	81,755
Total assets being depreciated	<u>8,999,999</u>	<u>122,291</u>	<u>-</u>	<u>9,122,290</u>
Construction in progress	<u>-</u>	<u>288,802</u>	<u>-</u>	<u>288,802</u>
Total capital assets	<u>8,999,999</u>	<u>411,093</u>	<u>-</u>	<u>9,411,092</u>
Less accumulated depreciation for:				
Buildings and facilities	739,892	386,398	-	1,126,290
Technology	192,858	14,898	-	207,756
Vehicles	38,639	10,691	-	49,330
Furniture and equipment	40,104	8,881	-	48,985
Total accumulated depreciation	<u>1,011,493</u>	<u>420,868</u>	<u>-</u>	<u>1,432,361</u>
Net capital assets being depreciated	<u>\$ 7,988,506</u>	<u>\$ (9,775)</u>	<u>\$ -0-</u>	<u>\$ 7,978,731</u>
Governmental activities capital assets, net	<u>\$ 7,988,506</u>	<u>\$ (9,775)</u>	<u>\$ -0-</u>	<u>\$ 7,978,731</u>

Depreciation expense charged to functions/programs was as follows:

**Governmental activities:**

Instruction	\$ 14,249
Support Services	<u>406,619</u>
Total depreciation / amortization expense for governmental activities	<u>\$ 420,868</u>

During the current fiscal year, the School began a construction project for an activity center to provide a gymnasium and additional classroom space. The total contracted cost is approximately \$4,500,000. The School has expended approximately \$300,000 as of June 30, 2019. The amount expended as of year-end is included as construction in progress.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**C. Long-Term Debt**

Long-term debt consists of the following as of June 30, 2019:

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.	\$ 6,162,000
Note payable to South Carolina Jobs-Economic Development Authority, interest payable semi-annually at 4.39% starting October 2019, principal payable annually in installments ranging from \$118,000 to \$317,000 starting April 2021 through 2044. The loan is secured by accounts receivable, inventory, equipment, and general revenues.	<u>4,850,000</u>
Total	11,012,000
Less current portion of long-term debt	<u>206,000</u>
Total long-term debt	<u><u>\$ 10,806,000</u></u>

Maturities of debt outstanding at June 30, 2019, are as follows:

<b>Year Ending June 30</b>	
2020	\$ 206,000
2021	330,000
2022	341,200
2023	352,600
2024	364,200
Thereafter	<u>9,418,000</u>
<b>Total</b>	<u><u>\$ 11,012,000</u></u>

In 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 semi-annually at 2.81% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements.

In June 2019, the School borrowed \$4,850,000 from South Carolina Jobs-Economic Development Authority evidenced by a loan agreement. The Authority issued \$4,850,000 Economic Development Revenue Bonds in connection with this loan agreement. These tax-exempt bonds pay interest semi-annually at an initial rate of 4.39% and are subject to mandatory redemption. The repayment provisions of the loan agreement are identical to the bond requirements.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS, Continued**

**C. Long-Term Debt, continued**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 6,363,000	\$ 4,850,000	\$ 201,000	\$ 11,012,000	\$ 206,000

**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 School participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, and 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](http://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.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**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 and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

The State Optional Retirement Program (“State ORP”) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts, and individuals first elected to the General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party record keepers.

**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:

**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 South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party record keepers. For this reason, State ORP assets 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 employer to the member’s account with the ORP vendor 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 the benefit terms is as follows:

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Plan Benefits, continued**

**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.

**Funding Policy** – Contributions are prescribed in Title 9 of the South Carolina Code of Laws. If the scheduled employee and employer contributions provided in statute, or the rates last adopted by the PEBA board, are insufficient to maintain the amortization period set in statute, the PEBA board shall increase employer contribution rates as necessary.

After June 30, 2027, if the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85%, 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 85%. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85%, 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 85%.

The Retirement System Funding and Administration Act establishes a ceiling on employee contributions rates at 9% for SCRS. The employer contribution rates will continue to increase annually by 1% 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 period.

As noted above, both employees and the School are required to contribute to the plans at rates established and as amended by the PEBA. The School's contributions are actuarially determined but are communicated to and paid by the School as a percentage of the employees' annual eligible compensation.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Contribution Summary** – Required employer and employee contribution rates for the past three years are as follows:

	SCRS and State ORP Rates		
	2019	2018	2017
Employer Contribution Rate: <sup>^</sup>			
Retirement*	14.41%	13.41%	11.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
	14.56%	13.56%	11.56%
 Employee Contribution Rate	9.00%	9.00%	8.66%

<sup>^</sup> 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.

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
2019	\$ 191,483	100%	\$ 51,659	100%
2018	169,309	100%	44,120	100%
2017	148,995	100%	29,068	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
2019	\$ 1,315,128	\$ 540,357	\$ 1,855,485
2018	1,248,589	515,420	1,764,009
2017	1,288,890	443,099	1,731,989

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

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2015.

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**IV. OTHER INFORMATION, Continued**

**B. Employee Retirement Systems and Pension Plans, Continued**

**Actuarial Assumptions, continued**

The June 30, 2018, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (“GRS”) and are based on an actuarial valuation performed as of July 1, 2017. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2018, using generally accepted actuarial principles.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2018:

	<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 Systems’ 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, 2018, total pension liability are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
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 return represents 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 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. 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>
<b>Global Equity</b>	<b>47.0%</b>		
Global Public Equity	33.0%	6.99%	2.31%
Private Equity	9.0%	8.73%	0.79%
Equity Options Strategies	5.0%	5.52%	0.28%
<b>Real Assets</b>	<b>10.0%</b>		
Real Estate (Private)	6.0%	3.54%	0.21%
Real Estate (REITs)	2.0%	5.46%	0.11%
Infrastructure	2.0%	5.09%	0.10%
<b>Opportunistic</b>	<b>13.0%</b>		
GTAA/Risk Parity	8.0%	3.75%	0.30%
Hedge Funds (non-PA)	2.0%	3.45%	0.07%
Other Opportunistic Strategies	3.0%	3.75%	0.11%
<b>Diversified Credit</b>	<b>18.0%</b>		
Mixed Credit	6.0%	3.05%	0.18%
Emerging Markets Debt	5.0%	3.94%	0.20%
Private Debt	7.0%	3.89%	0.27%
<b>Conservative Fixed Income</b>	<b>12.0%</b>		
Core Fixed Income	10.0%	0.94%	0.09%
Cash and Short Duration (Net)	2.0%	0.34%	0.01%
Total Expected Real Return	<u>100.0%</u>		<u>5.03%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.28%</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, 2018, 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	\$ 48,821,730,067	\$ 26,414,916,370	\$22,406,813,697	54.1%

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 requirement 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, 2019, the School reported a liability of \$3,403,270 for its proportionate share of the PEBA's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined based on the most recent actuarial valuation report as of July 1, 2017 that was projected forward to the measurement date. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the School's proportion was 0.015189%, which was a decrease of 0.000077% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized pension expense of \$321,969 for its proportionate share of the PEBA's pension expense. At June 30, 2019, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual experience	\$ 6,143	\$ 20,027
Assumption changes	135,023	-
Net difference between projected and actual earnings on pension plan investments	168,515	114,452
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	8,626	23,594
School contributions subsequent to the measurement date	<u>243,142</u>	<u>-</u>
	<u>\$ 561,449</u>	<u>\$ 158,073</u>

\$243,142 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<b>Year Ended June 30</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ 130,644
2021	77,747
2022	(42,212)
2023	<u>(5,945)</u>
	<u>\$ 160,234</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 table 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	\$ 4,348,876	\$ 3,403,371	\$ 2,727,425

**Pension Plan Fiduciary Net Position** - Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the separately issued CAFR containing financial statements and required supplementary information for the SCRS. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at [www.peba.sc.gov](http://www.peba.sc.gov), or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**C. Other Post-Employment Benefits Trust Funds**

PEBA – Insurance Benefits is the state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trust, and retirement systems.

The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the SFAA also reviews certain PEBA Board decisions in administering the State Health Plan and other postemployment benefits (“OPEB”). See Note IV. B. for more details on the PEBA and the SFAA.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits’ link on PEBA’s website at [www.peba.sc.gov](http://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 in May 2008. The SCRHITF was created to fund and account for the employer costs of the State’s retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State’s Basic Long-Term Disability Income Benefit Plan.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Plan Descriptions, continued**

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

The OPEB Trusts are cost-sharing multiple-employer defined benefit 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 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. Since the employer contribution/premium paid and the proportionate share of the net OPEB liability and related deferred outflows and inflows of resources related to the SCLTDITF are not material to the School, no SCLTDITF OPEB amounts have been recorded in these financial statements and only limited note disclosures have been provided related to these benefits.

**Funding Policy** – Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2018 was 5.50%. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer’s active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer’s contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits’ reserves and the annual appropriation budgeted by the General Assembly. 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**

The covered payroll surcharge rates for the past two years were as follows:

	Year Ended June 30,	
	2019	2018
Employer Contribution Rate:^	6.05%	5.50%

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

The required payroll surcharge, percentages of amounts contributed, and eligible payroll by the School covered by the SCRHITF for the past two years were as follows:

Year Ended June 30,	Contributions			Eligible Payroll
	Required	% Contributed		
2019	\$ 112,257	100%	\$	1,855,485
2018	97,020	100%		1,764,009

The State (via state appropriations) and the PEBA – Insurance Benefits (via state statute to transfer amounts above 140% of incurred but not reported claims) contributed to the SCRHITF on behalf of the School approximately \$21,876 for the year ended June 30, 2018 (measurement period). The contributions from these non-employer contributing entities are recognized as state revenues and intergovernmental expenditures in the School’s governmental fund financial statements.

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

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

**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.

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Actuarial Assumptions, continued**

The total OPEB liability, net OPEB liability, and sensitivity information were determined by the consulting actuary and are based on an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2018 using generally accepted actuarial principles.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2017
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:	3.62% as of June 30, 2018
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 healthy 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 6.75% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 4 years
Retiree Participation:	79% for retirees who are eligible for funded premiums 59% participation for retirees who are eligible for partial funded premiums 20% participation for retirees who are eligible for non-funded premiums
Notes:	There were no benefit changes during the current year; the discount rate changed from 3.59% as of June 30, 2016 to 3.62% as of June 30, 2018

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**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Long-term Expected Rate of Return** – The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 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%
<b>Total</b>	<b>100.00%</b>		<b>1.84%</b>
Expected Inflation			2.25%
<b>Total Return</b>			<b>4.09%</b>
<b>Investment Return Assumption</b>			<b>4.00%</b>

**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 system and represents that particular system’s total OPEB liability (“TOL”) determined in accordance with GASB No. 74 less its fiduciary net position.

The following table represents the components of the NOL as of the June 30, 2018 measurement date:

<u>SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND</u>				
<u>Fiscal Year Ending</u>	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</u>
June 30, 2017	\$14,659,610,970	\$ 1,114,774,760	\$13,544,836,210	7.60%
June 30, 2018	\$15,387,115,010	\$ 1,216,530,062	\$14,170,584,948	7.91%

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 NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts’ notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts’ actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts’ funding requirements.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2019**

**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**

At June 30, 2019, the School reported a liability of \$2,898,593 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2018, and the TOL for the SCRHITF used to calculate the NOL was determined by an actuarial valuation as of June 30, 2017 that was projected forward to the measurement date. The School's proportion of the NOL was based on a projection of the School's long-term share of contributions to the SCRHITF relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2018 measurement date, the School's proportion was 0.020455%, which was a decrease of 0.000084% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the School recognized OPEB expense of \$167,709 for its proportionate share of the PEBA's OPEB expense for SCRHITF. At June 30, 2019, 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Net difference between expected and actual experience	\$ 43,422	\$ 1,010
Assumption changes	-	236,033
Net difference between projected and actual earnings on OPEB plan investments	11,114	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	10,650
School contributions subsequent to the measurement date	<u>112,257</u>	<u>-</u>
	<u>\$ 166,793</u>	<u>\$ 247,693</u>

\$112,257 reported as deferred outflows of resources related to the School's contributions subsequent to the measurement date to the SCRHITF will be recognized as a reduction of the NOL in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to the SCRHITF will be recognized in OPEB expense as follows:

<b><u>Year Ended June 30</u></b>	<b><u>Deferred Outflows (Inflows) of Resources</u></b>
2020	\$ (36,326)
2021	(36,326)
2022	(37,516)
2023	(39,402)
Thereafter	<u>(43,587)</u>
	<u>\$ (193,157)</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2019**

**IV. OTHER INFORMATION, Continued**

**C. Other Post-Employment Benefits Trust Funds, Continued**

**Discount Rate** – The discount rate of 3.62% was used to measure the TOL 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).

**OPEB Liability Sensitivity** – The following table presents the School’s proportionate share of the SCRHITF’s NOL calculated using a single discount rate of 3.62%, as well as what the School’s NOL would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(2.62%)</b>	<b>(3.62%)</b>	<b>(4.62%)</b>
School's proportionate share of the SCRHITF net OPEB liability	\$ 3,414,821	\$ 2,898,593	\$ 2,482,472

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
School's proportionate share of the SCRHITF net OPEB liability	\$ 2,385,074	\$ 2,898,593	\$ 3,562,478

**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.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL**  
**TAYLORS, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2019**

**IV. OTHER INFORMATION, Continued**

**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 30, 2019, 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, 2019.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of the Proportionate Share of the Net Pension Liability  
June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability	0.015189%	0.015266%	0.015368%	0.015195%	0.015383%
School's proportionate share of the net pension liability	\$ 3,403,270	\$ 3,436,622	\$ 3,282,582	\$ 2,881,805	\$ 2,648,443
School's covered-employee payroll	\$ 1,764,009	\$ 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	192.93%	198.42%	199.74%	179.28%	163.19%
Plan fiduciary net position as a percentage of the total pension liability	54.10%	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, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 243,142	\$ 213,429	\$ 178,063	\$ 164,593	\$ 155,295
Contributions in relation to the contractually required contributions	<u>243,142</u>	<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>	<u>\$ -0-</u>
School's covered-employee payroll	\$ 1,855,485	\$ 1,764,009	\$ 1,731,989	\$ 1,643,457	\$ 1,607,460
Contributions as percentage of covered-employee payroll	13.10%	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, 2019**

	<u>SCRHITF</u>	
	<u>2019</u>	<u>2018</u>
School's proportion of the net OPEB liability	0.020455%	0.020539%
School's proportionate share of the net OPEB liability	\$ 2,898,593	\$ 2,781,974
School's covered-employee payroll	\$ 1,764,009	\$ 1,731,989
School's proportionate share of the net OPEB liability as a percentage of the covered-employee payroll	164.32%	160.62%
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of School Contributions - OPEB Plan  
June 30, 2019**

	<u>SCRHITF</u>	
	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 112,257	\$ 97,020
Contributions in relation to the contractually required contributions	<u>112,257</u>	<u>97,020</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
School's covered-employee payroll	\$ 1,855,485	\$ 1,764,009
Contributions as percentage of covered-employee payroll	6.05%	5.50%

**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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 10,000	\$ 29,648	\$ 19,648
1600 Food services			
1630 Special sales to pupils	-	117,716	117,716
1700 Pupil activities			
1720 Bookstore sales	-	1,686	1,686
1740 Student fees	-	59,638	59,638
1790 Other pupil activity income	-	203,605	203,605
1900 Other revenue from local sources			
1910 Rentals	-	148	148
1920 Contributions and donations - private sources	125,000	109,431	(15,569)
1990 Miscellaneous local revenue			
1999 Revenue from other local sources	<u>5,000</u>	<u>645</u>	<u>(4,355)</u>
Total local sources	<u>140,000</u>	<u>522,517</u>	<u>382,517</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3180 Fringe benefits employer contributions	450,000	480,910	30,910
3181 Retiree insurance	-	59,491	59,491
3300 Education Finance Act (EFA)			
3314 High school	516,000	540,587	24,587
3320 Part-time programs			
3323 Learning disabilities	72,000	83,840	11,840
3327 Vocational	600,000	665,717	65,717
3330 Miscellaneous EFA programs			
3331 Autism	15,000	25,546	10,546
3332 High achieving students	30,000	52,781	22,781
3334 Limited English proficiency	1,000	999	(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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3350 Residential treatment facilities (RTF)			
3351 Academic assistance	\$ 12,000	\$ 14,702	\$ 2,702
3352 Pupils in poverty	20,000	43,348	23,348
3353 Dual enrollment	48,653	79,884	31,231
3392 NBC excess EFA formula	-	1,879	1,879
3900 Other state revenue			
3993 PEBA on-behalf	-	16,764	16,764
3999 Revenue from other sources	-	-	-
	<u>1,764,653</u>	<u>2,066,448</u>	<u>301,795</u>
Total state sources			
	<u>1,904,653</u>	<u>2,588,965</u>	<u>684,312</u>
<b>EXPENDITURES</b>			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	1,220,000	1,228,320	(8,320)
200 Employee benefits	495,000	492,651	2,349
300 Purchased services	170,000	171,608	(1,608)
400 Supplies and materials	95,000	96,214	(1,214)
500 Capital outlay	12,000	25,622	(13,622)
115 Career and technology education programs			
400 Supplies and materials	-	60	(60)
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	49,000	48,489	511
200 Employee benefits	23,000	22,580	420
300 Purchased services	2,000	2,350	(350)
400 Supplies and materials	1,000	1,597	(597)
	<u>2,067,000</u>	<u>2,089,491</u>	<u>(22,491)</u>
Total instruction			

**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, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	\$ 88,000	\$ 86,692	\$ 1,308
200 Employee benefits	48,000	46,752	1,248
300 Purchased services	-	120	(120)
400 Supplies and materials	-	(974)	974
220 Instructional staff services			
221 Improvement of instruction curriculum development			
300 Purchased services	24,000	19,620	4,380
400 Supplies and materials	1,000	640	360
230 General and administrative services			
231 Board of education			
318 Audit services	7,000	7,000	-
400 Supplies and materials	82,717	47,196	35,521
233 School administration			
100 Salaries	338,000	352,726	(14,726)
200 Employee benefits	114,000	126,624	(12,624)
300 Purchased services	72,000	76,489	(4,489)
400 Supplies and materials	12,000	10,127	1,873
600 Other objects	4,000	5,659	(1,659)
250 Finance and operations services			
252 Fiscal services			
600 Other objects	5,000	4,367	633
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	290,271	(290,271)
254 Operations and maintenance of plant			
300 Purchased services	60,000	93,794	(33,794)
321 Public utility services (excludes gas, oil, elec.)	42,000	61,634	(19,634)
400 Supplies and materials	4,000	3,430	570
260 Central support services			
264 Staff services			
300 Purchased services	-	926	(926)

**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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
270 Support services - pupil activity			
271 Pupil services activities			
100 Salaries	\$ 34,300	\$ 19,740	\$ 14,560
200 Employee benefits	1,000	1,220	(220)
300 Purchased services	-	121,355	(121,355)
400 Supplies and materials	27,000	205,189	(178,189)
500 Capital outlay	-	100,343	(100,343)
660 Pupil activity	5,000	61,565	(56,565)
	<u>969,017</u>	<u>1,742,505</u>	<u>(773,488)</u>
Total support services			
300 Community services			
330 Civic services			
100 Salaries	52,000	52,838	(838)
200 Employee benefits	20,000	20,609	(609)
300 Purchased services	1,787	3,798	(2,011)
400 Supplies and materials	-	655	(655)
	<u>73,787</u>	<u>77,900</u>	<u>(4,113)</u>
Total community services			
500 Debt service			
610 Redemption of principal	201,000	201,000	-
620 Interest	247,000	209,425	37,575
	<u>448,000</u>	<u>410,425</u>	<u>37,575</u>
Total debt service			
Total expenditures	<u>3,557,804</u>	<u>4,320,321</u>	<u>(762,517)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	4,850,000	4,850,000
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	2,015,895	2,275,025	259,130
	<u>2,015,895</u>	<u>7,125,025</u>	<u>5,109,130</u>
Total other financing sources (uses)			
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 362,744</u>	5,393,669	<u>\$ 5,030,925</u>
FUND BALANCE, July 1, 2018		<u>2,197,687</u>	
FUND BALANCE, June 30, 2019		<u>\$ 7,591,356</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, 2019**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants* (900s)</b>	<b>Other Special Revenue Programs* (200s/800s)</b>	<b>Total</b>
<b>REVENUES</b>								
2000 Intergovernmental revenue								
2100 Payments from other governmental units								
2102 Recycling grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,060	\$ 1,060
Total local sources	-	-	-	-	-	-	1,060	1,060
3000 Revenue from state sources								
3100 Restricted state funding								
3110 Occupational education								
3118 EEDA career specialists	-	-	-	-	-	47,153	-	47,153
3187 Teacher supplies	-	-	-	-	-	7,150	-	7,150
3900 Other state revenue								
3999 Revenue from other state sources	-	-	-	-	-	21,876	-	21,876
Total state sources	-	-	-	-	-	76,179	-	76,179
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins aid, Title I	-	-	-	12,893	-	-	-	12,893
4300 Elementary and Secondary Education Act of 1965 (ESEA)								
4351 Improving teacher quality	-	-	-	-	-	-	9,071	9,071

\* See Schedule 7 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, 2019**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
4500 Programs for children with disabilities								
4510 Individuals with Disabilities Education Act (IDEA)	\$ -	\$ 44,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,848
Total federal sources	-	44,848	-	12,893	-	-	9,071	66,812
Total revenue all sources	-	44,848	-	12,893	-	76,179	10,131	144,051
<b>EXPENDITURES</b>								
100 Instruction								
110 General instruction								
114 High school programs								
100 Salaries	-	-	-	-	-	-	7,799	7,799
400 Supplies and materials	-	-	-	-	-	7,150	-	7,150
115 Career and technology education programs								
400 Supplies and materials	-	-	-	12,893	-	-	-	12,893
120 Exceptional programs								
127 Learning disabilities								
100 Salaries	-	42,641	-	-	-	-	-	42,641
200 Employee benefits	-	8	-	-	-	-	-	8
400 Supplies and materials	-	2,199	-	-	-	-	-	2,199
Total instruction	-	44,848	-	12,893	-	7,150	7,799	72,690
200 Support services								
210 Pupil services								
212 Guidance services								
100 Salaries	-	-	-	-	-	47,153	-	47,153

**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, 2019**

	<b>Title I (BA Projects) (201/202)</b>	<b>IDEA (CA Projects) (203/204)</b>	<b>Preschool Handicapped (CG Projects) (205/206)</b>	<b>CATE (VA Projects) (207/208)</b>	<b>Adult Education (243)</b>	<b>Other Designated Restricted State Grants (900s)</b>	<b>Other Special Revenue Programs (200s/800s)</b>	<b>Total</b>
220 Instructional staff services								
221 Improvement of instruction curriculum development								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640	\$ 640
400 Supplies and materials	-	-	-	-	-	-	632	632
270 Support services - pupil activity								
266 Technology and data processing services								
400 Supplies and materials	-	-	-	-	-	-	1,060	1,060
Total support services	-	-	-	-	-	47,153	2,332	49,485
410 Intergovernmental expenditures								
419 Payments from nonemployer contributions								
720 Transits	-	-	-	-	-	21,876	-	21,876
Total intergovernmental expenditures	-	-	-	-	-	21,876	-	21,876
Total expenditures	-	44,848	-	12,893	-	76,179	10,131	144,051
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2018	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2019	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Special Revenue Fund - Schedule of Program Classifications  
For Year Ended June 30, 2019**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
917	Teacher supplies	\$ 7,150	3187
928	EEDA career specialists	47,153	3118
994	PEBA nonemployer contributions	<u>21,876</u>	3994
		<u>\$ 76,179</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
267	Improving teacher quality	\$ 9,071	4351
803	Recycling grant	<u>1,060</u>	2102
		<u>\$ 10,131</u>	

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Special Revenue Fund  
Summary Schedule for Designated State Restricted Grants  
For Year Ended June 30, 2019**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
917	3118	EEDA career specialists	\$ 47,153	\$ 47,153	\$ -	\$ -	\$ -
928	3187	Teacher supplies	7,150	7,150	-	-	-
939	3994	PEBA nonemployer contributions	21,876	21,876	-	-	-
			<u>\$ 76,179</u>	<u>\$ 76,179</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</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, 2019**

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3507 Aid to district technology	\$	6,479
3519 Grade 10 assessments		5,703
3532 National board salary supplement		6,413
3538 Students at risk of school failure		6,372
3550 Teacher salary increase		75,725
3555 Teacher salary fringe		15,534
3583 Charter school funding		2,183,766
3595 EEDA - supplies and materials		2,662
3597 Aid to districts		<u>13,041</u>
 Total state sources		 <u>2,315,695</u>
 Total revenues all sources		 <u>2,315,695</u>

EXPENDITURES

100 Instruction		
110 General instruction		
114 High school programs		
100 Salaries		22,663
200 Employee benefits		1,413
300 Purchased services		7,453
400 Supplies and materials		<u>6,479</u>
 Total instruction		 <u>38,008</u>
 200 Support services		
210 Pupil services		
212 Guidance services		
400 Supplies and materials		<u>2,662</u>
 Total support services		 <u>2,662</u>
 Total expenditures		 <u>40,670</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, 2019**

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ <u>(2,275,025)</u>
Total other financing sources (uses)	<u>(2,275,025)</u>

EXCESS/DEFICIENCY OF REVENUES OVER  
EXPENDITURES

-0-

FUND BALANCE, July 1, 2018

-0-

FUND BALANCE, June 30, 2019

\$ -0-

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Education Improvement Act  
Summary Schedule by Program  
For Year Ended June 30, 2019**

	<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>
PROGRAM					
3500 Education Improvement Act					
3507 Aid to district technology	\$ 6,479	\$ 6,479	\$ -	\$ -	\$ -
3519 Grade 10 assessments	5,703	5,703	-	-	-
3532 National board salary supplement	6,413	6,413	-	-	-
3538 Students at risk of school failure	6,372	6,372	-	-	-
3550 Teacher salary increase	75,725	-	-	(75,725)	-
3555 Teacher salary fringe	15,534	-	-	(15,534)	-
3583 Charter school funding	2,183,766	-	-	(2,183,766)	-
3595 EEDA - supplies and materials	2,662	2,662	-	-	-
3597 Aid to districts	13,041	13,041	-	-	-
	<u>2,315,695</u>	<u>40,670</u>	<u>-0-</u>	<u>(2,275,025)</u>	<u>-0-</u>
TOTALS	\$ <u>2,315,695</u>	\$ <u>40,670</u>	\$ <u>-0-</u>	\$ <u>(2,275,025)</u>	\$ <u>-0-</u>

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

<u>Program</u>	<u>Project Number</u>	<u>Revenue &amp; Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>	<u>Status of Amounts Due to Grantors</u>
Teacher supplies	N/A	3577/377	Unexpended funds	\$ <u>275.00</u>	Unpaid as of 08/30/19
				\$ <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, 2019**

**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?   X   yes      \_\_\_\_\_ no

**Section II - Financial Statement Findings**

**2019-001**

**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. All bank accounts with balances exceeding depository insurance limits must be adequately collateralized. At June 30, 2019, the School was under collateralized.

**Cause:**

The School maintains operating and project accounts at a bank and during the year deposits exceeded \$250,000 in that banking institution.

**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 in order to remain in compliance with state law.

**Auditee's Response:**

The School will address adequate collateralization with its banking institutions and will monitor deposits so that they do not exceed FDIC limits.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of Prior Year Findings  
For Fiscal Year Ended June 30, 2019**

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**Section I - Financial Statement Findings**

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**2018-001****Custodial Credit Risk**

<b>Condition and criteria:</b>	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.
<b>Cause:</b>	The School maintains operating accounts at three banks and during the year deposits exceeded \$250,000 in one of the banking institutions.
<b>Effect:</b>	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.
<b>Auditor's Recommendation:</b>	The School should make arrangements to satisfactorily collateralize its deposits.
<b>Status:</b>	The School continued to have deposits in excess of insurance limits during the current year. The comment is repeated as 2019-001.

**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, 2019, and have issued our report thereon dated August 30, 2019. 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 internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards. That matter is disclosed on the Schedule of Findings and Questioned Costs as Finding 2019-001.

**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 30, 2019