

**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, 2020**

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Annual Financial Report  
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June 30, 2020**

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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, 2020, and the related notes to the financial statements, 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, 2020, 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 28, 2020, 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 28, 2020

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020**

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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, 2020. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should read the information presented herein in conjunction with additional information we have furnished in the School's financial statements, which follow this narrative.

**FINANCIAL HIGHLIGHTS**

**Government-Wide Financial Statements**

In the Statement of Net Position, the liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the 2020 fiscal year by \$1,534,034 (net deficit). The School has invested \$12,112,699 in capital assets, net of accumulated depreciation, and financed these property acquisitions with \$11,295,500 in related debt. The School also has \$61,075 restricted for capital projects. Therefore, the School reported a deficit balance in unrestricted net deficit of \$3,980,332.

Included in liabilities is the net pension obligation of \$3,613,895 and other post-employment benefit obligation of \$3,208,183.

The School's total net position decreased by \$112,734 during its most recent fiscal year.

**Fund Financial Statements**

As of the close of the current fiscal year, the School's Governmental Funds reported combined ending fund balances of \$3,799,325. This is a decrease in the fund balances of \$3,792,031 from the previous year. The principal cause of the decrease was that the School borrowed \$4,850,000 during the previous fiscal year for planned capital improvements and expended those funds during the current fiscal year.

At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,613,439.

The School's total capital assets, net of accumulated depreciation, increased by \$4,133,968 during the current fiscal year, as the School continued a construction expansion project to provide a gymnasium and additional classroom space.

The School's total long-term debt increased by \$283,500 during the current fiscal year, as the School borrowed \$489,500 from a bank under the Paycheck Protection Program ("the PPP") and made its scheduled debt payments.

During the 2020 fiscal year, the School's governmental fund-type revenues were \$5,265,897, an increase of \$217,186 from the previous year.

During the current fiscal year, the School's governmental fund-type expenditures were \$9,547,428.

**Overall**

The 135-day student count increased by 14, from 460 students in the prior year to 474 students in the current year. The 135-day enrollment count is the basis for most of the state funds that the School receives.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis serves as an introduction to the School's Financial Statements. The School's Financial Statements consist of three components:

- Government-Wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

In addition to the Financial Statements, this report contains Required Supplementary Information that will enhance the reader's understanding of the financial condition of the School.

**Government-Wide Financial Statements**

The Government-Wide Financial Statements 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.

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.

**Fund Financial Statements**

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 Funds 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.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

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.

The School maintains two individual Governmental Funds. Information is presented separately in the Governmental Funds 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.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found following Exhibit F of this report.

**Other Information**

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.

<b>Major Features of Greer Middle College Charter High School 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, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

**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 \$1,534,034 at the close of the most recent fiscal year.

The following table provides a summary of the School's net position for 2020 compared to 2019:

	<b>Net Position</b>	
	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current and other assets	\$ 4,451,075	\$ 7,861,784
Capital assets	12,112,699	7,978,731
Total assets	<u>16,563,774</u>	<u>15,840,515</u>
<b>Deferred Outflows of Resources</b>	<u>1,104,055</u>	<u>728,242</u>
<b>Liabilities</b>		
Other liabilities	651,750	270,428
Net pension liability	3,613,895	3,403,270
Net OPEB liability	3,208,183	2,898,593
Long-term liabilities	<u>11,295,500</u>	<u>11,012,000</u>
Total liabilities	<u>18,769,328</u>	<u>17,584,291</u>
<b>Deferred Inflows of Resources</b>	<u>432,535</u>	<u>405,766</u>
<b>Net Position</b>		
Net investment in capital	2,385,223	1,714,937
Restricted for capital projects	61,075	61,036
Unrestricted net position	<u>(3,980,332)</u>	<u>(3,197,273)</u>
Total net position	<u>\$ (1,534,034)</u>	<u>\$ (1,421,300)</u>

During the current fiscal year, net position of the School's governmental activities decreased by \$112,734. 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 \$3,197,273 at June 30, 2019, to \$3,980,332 at June 30, 2020. The deficit net position for the year ended June 30, 2020 and 2019 is primarily 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, 2020**

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**OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

The following table shows the changes in net position for fiscal year 2020 compared to 2019:

**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Program revenues:		
Operating grants	\$ 4,714,786	\$ 4,482,942
Charges for services and sales	331,502	382,645
General revenue:		
Local revenue	24,447	793
Other	195,160	139,079
	<u>5,265,895</u>	<u>5,005,459</u>
<b>Program Expenses</b>		
Instruction	2,764,629	2,287,439
Support services	2,374,896	1,886,615
Interest	239,104	209,425
	<u>5,378,629</u>	<u>4,383,479</u>
Increase in net position	<u>\$ (112,734)</u>	<u>\$ 621,980</u>

***Governmental Activities:***

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

**Governmental Funds**

For the year ended June 30, 2020, the School's Governmental Funds reported combined fund balances of \$3,799,325 as compared to \$7,591,356 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 2020, 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, 2020**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2020, the School had \$12,112,699 net investment in capital assets.

The total increase in the School's net investment in capital assets was \$4,133,968.

The following table shows fiscal 2020 balances compared to 2019:

	<b>Capital Assets (Net of Depreciation)</b>	
	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Buildings and facilities	\$ 7,056,763	\$ 7,494,795
Technology	27,049	41,151
Vehicles	128,889	121,213
Furniture and equipment	177,583	32,770
Construction in progress	4,722,415	288,802
	<hr/>	<hr/>
Totals	\$ <u>12,112,699</u>	\$ <u>7,978,731</u>

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

**Long-term Debt**

At fiscal year-end, the School had \$11,295,500 in notes payable versus \$11,012,000 in the prior year, as shown in the following table:

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
	Note payable to South Carolina Jobs - Economic Development Authority	\$ 5,956,000
Note payable to South Carolina Jobs - Economic Development Authority	4,850,000	4,850,000
Note payable to bank under Paycheck Protection Program	489,500	-
	<hr/>	<hr/>
Total long-term debt	\$ <u>11,295,500</u>	\$ <u>11,012,000</u>

More detailed information about the School's debt and other long-term liabilities is presented in the Notes to the Financial Statements.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2020**

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**Economic Factors**

The following key economic indicators reflect the operations of the School:

- The School continues to see community support as evidenced by the volunteerism, local organizations donating classroom and office supplies, private donations, and support through fundraising.
- The School has a returning staff of professionals that are committed to the School.
- The School will continue to seek both federal and private grant funds to supplement its Education Finance Act (“EFA”) funding.

**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, 2020**

	<b>Governmental Activities</b>
<b><u>ASSETS</u></b>	
Cash and cash equivalents	\$ 4,369,180
Due from other governmental units	35,608
Prepaid expenses	46,287
Capital assets	14,040,935
Less accumulated depreciation and amortization	<u>(1,928,236)</u>
Total capital assets, net of depreciation	<u>12,112,699</u>
Total assets	<u>16,563,774</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB plan charges	<u>1,104,055</u>
Total deferred outflows of resources	<u>1,104,055</u>
<b><u>LIABILITIES</u></b>	
Accounts payable and accrued expenses	631,215
Revenue collected in advance	20,535
Pension liability	3,613,895
OPEB liability	3,208,183
Long-term liabilities:	
Due within one year - notes payable	520,358
Due in more than one year - notes payable	<u>10,775,142</u>
Total liabilities	<u>18,769,328</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred pension and OPEB plan credits	<u>432,535</u>
Total deferred inflows of resources	<u>432,535</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	2,385,223
Restricted for capital projects	61,075
Unrestricted net position (deficit)	<u>(3,980,332)</u>
Total net position (deficit)	<u>\$ (1,534,034)</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, 2020**

<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	\$ 2,764,629	\$ 331,502	\$ 2,434,664	\$ 1,537
Support services	2,374,896	-	2,069,556	(305,340)
Interest and other charges	239,104	-	210,566	(28,538)
Total governmental activities	<u>5,378,629</u>	<u>331,502</u>	<u>4,714,786</u>	<u>(332,341)</u>
Total	<u>\$ 5,378,629</u>	<u>\$ 331,502</u>	<u>\$ 4,714,786</u>	<u>(332,341)</u>
General revenues:				
				24,447
				120,042
				<u>75,118</u>
				<u>219,607</u>
				(112,734)
				<u>(1,421,300)</u>
				<u>\$ (1,534,034)</u>

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, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 4,369,180	\$ -	\$ -	\$ 4,369,180
Due from other governmental units	-	35,608	-	35,608
Due from other funds	35,608	-	-	35,608
Prepaid expenses	<u>46,287</u>	<u>-</u>	<u>-</u>	<u>46,287</u>
 Total assets	 <u>\$ 4,451,075</u>	 <u>\$ 35,608</u>	 <u>\$ -0-</u>	 <u>\$ 4,486,683</u>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 346,687	\$ -	\$ -	\$ 346,687
Accrued expenses	284,528	-	-	284,528
Due to other funds	-	35,608	-	35,608
Unearned revenue	<u>20,535</u>	<u>-</u>	<u>-</u>	<u>20,535</u>
 Total liabilities	 <u>651,750</u>	 <u>35,608</u>	 <u>-0-</u>	 <u>687,358</u>
Fund balances:				
Nonspendable	46,287	-	-	46,287
Restricted	61,075	-	-	61,075
Committed	1,078,524	-	-	1,078,524
Unassigned	<u>2,613,439</u>	<u>-</u>	<u>-</u>	<u>2,613,439</u>
 Total fund balances	 <u>3,799,325</u>	 <u>-0-</u>	 <u>-0-</u>	 <u>3,799,325</u>
 Total liabilities and fund balances	 <u>\$ 4,451,075</u>	 <u>\$ 35,608</u>	 <u>\$ -0-</u>	 <u>\$ 4,486,683</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, 2020**

Total fund balances - governmental funds	\$ 3,799,325
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 \$14,040,935 and the accumulated depreciation is \$1,928,236.	12,112,699
Long-term liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,613,895)
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.	(3,208,183)
Long-term liabilities, including notes payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,295,500)
Deferred outflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	1,104,055
Deferred inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	<u>(432,535)</u>
Net position of governmental activities	<u><u>\$ (1,534,034)</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, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local	\$ 529,219	\$ -	\$ -	\$ 529,219
State	2,205,966	69,043	2,395,834	4,670,843
Federal	-	35,835	-	35,835
Intergovernmental	30,000	-	-	30,000
	<u>2,765,185</u>	<u>104,878</u>	<u>2,395,834</u>	<u>5,265,897</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	2,497,320	27,509	47,444	2,572,273
Support services	1,678,544	55,479	1,680	1,735,703
Community services	88,068	-	-	88,068
Intergovernmental	-	21,890	-	21,890
Debt service:				
Redemption of principal	206,000	-	-	206,000
Interest	452,019	-	-	452,019
Capital outlay	4,456,994	-	14,481	4,471,475
	<u>9,378,945</u>	<u>104,878</u>	<u>63,605</u>	<u>9,547,428</u>
Excess (deficiency) of revenues over expenditures	<u>(6,613,760)</u>	<u>-</u>	<u>2,332,229</u>	<u>(4,281,531)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from long-term notes	489,500	-	-	489,500
Operating transfers in	2,332,229	-	-	2,332,229
Operating transfers out	-	-	(2,332,229)	(2,332,229)
	<u>2,821,729</u>	<u>-</u>	<u>(2,332,229)</u>	<u>489,500</u>
Net change in fund balances	(3,792,031)	-0-	-0-	(3,792,031)
FUND BALANCE, July 1, 2019	<u>7,591,356</u>	<u>-0-</u>	<u>-0-</u>	<u>7,591,356</u>
FUND BALANCE, June 30, 2020	<u>\$ 3,799,325</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 3,799,325</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, 2020**

Total net change in fund balances - governmental funds	\$ (3,792,031)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$4,629,843), less disposals, exceeds depreciation (\$495,875) in the period.	4,133,968
Proceeds from long-term notes provide current financial resources in the governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(489,500)
Governmental funds report certain non-employer OPEB contributions as revenue. However, in the Statement of Activities, such contributions are not recorded as revenue.	21,890
Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions is reported as pension and OPEB expense. This is the amount by which the costs of benefits earned (\$653,532) exceeds employer contributions (\$460,471).	(193,061)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	<u>206,000</u>
Change in net position of governmental activities	<u><u>\$ (112,734)</u></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, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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's Board through motions passed at the School's 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. As required by a note payable agreement (see Note III. C.), the School Board has committed the remaining funds from borrowings under this agreement to complete its construction project. Funds in the amount of \$1,078,524 remain committed for this purpose as of June 30, 2020.

**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, 2020**

**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, 2020**

**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, 2020, the School's carrying amount of deposits was \$4,369,180 and the bank balance was \$4,376,331, all of which was either covered by Federal Depository Insurance ("FDIC") or collateralized.

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 \$1,043,173 at June 30, 2020. 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, 2020**

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

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2020 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	248,907	-	-	248,907
Vehicles	170,543	38,763	-	209,306
Furniture and equipment	81,755	157,467	-	239,222
Total assets being depreciated	<u>9,122,290</u>	<u>196,230</u>	<u>-</u>	<u>9,318,520</u>
Construction in progress	<u>288,802</u>	<u>4,433,613</u>	<u>-</u>	<u>4,722,415</u>
Total capital assets	<u>9,411,092</u>	<u>4,629,843</u>	<u>-</u>	<u>14,040,935</u>
Less accumulated depreciation for:				
Buildings and facilities	1,126,290	438,033	-	1,564,323
Technology	207,756	14,101	-	221,857
Vehicles	49,330	31,087	-	80,417
Furniture and equipment	48,985	12,654	-	61,639
Total accumulated depreciation	<u>1,432,361</u>	<u>495,875</u>	<u>-</u>	<u>1,928,236</u>
Net capital assets being depreciated	<u>\$ 7,978,731</u>	<u>\$ 4,133,968</u>	<u>\$ -0-</u>	<u>\$ 12,112,699</u>
Governmental activities capital assets, net	<u>\$ 7,978,731</u>	<u>\$ 4,133,968</u>	<u>\$ -0-</u>	<u>\$ 12,112,699</u>

Depreciation expense charged to functions/programs was as follows:

**Governmental activities:**

Instruction	\$ 14,101
Support Services	<u>481,774</u>
Total depreciation / amortization expense for governmental activities	<u>\$ 495,875</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 \$5,045,000. The School has expended \$4,722,415 as of June 30, 2020, which is included as construction in progress.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2020**

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

**C. Long-Term Debt**

Long-term debt consists of the following as of June 30, 2020:

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.	\$ 5,956,000
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.	4,850,000
Note payable to bank in connection with Paycheck Protection Program, principal payable monthly at \$27,194, plus interest at 1%, starting December 2020 through May 2022.	<u>489,500</u>
Total	11,295,500
Less current portion of long-term debt	<u>520,358</u>
Total long-term debt	\$ <u><u>10,775,142</u></u>

Maturities of debt outstanding at June 30, 2020, are as follows:

<b>Year Ending June 30</b>	
2021	\$ 520,358
2022	640,342
2023	352,600
2024	365,200
2025	377,000
Thereafter	<u>9,040,000</u>
<b>Total</b>	<b>\$ <u><u>11,295,500</u></u></b>

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.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2020**

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

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

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.

In May 2020, the School received a note payable from a bank in connection with the Paycheck Protection Program. The note matures in May 2022 and bears interest at 1%. The note payable is eligible for forgiveness and management expects the full amount to be forgiven during 2020. If the full amount of the loan is not forgiven, the expected monthly payment of principal of \$27,194, plus interest, will begin in December 2020. The balance of the loan was \$489,500 at June 30, 2020.

Interest expense paid at June 30, 2020 was \$452,019.

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

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Bonds and notes payable \$	11,012,000	\$ 489,500	\$ 206,000	\$ 11,295,500	\$ 520,358

**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 custodian, 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 (“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.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2020**

**IV. OTHER INFORMATION, Continued**

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

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

PEBA issues a Comprehensive Annual Financial Report (“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.

**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.

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**IV. OTHER INFORMATION, Continued**

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

**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/current annual salary. A brief summary of benefit terms for each system is as follows:

**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** – Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year through July 1, 2022. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the PEBA board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85%. 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%.

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		
	2020	2019	2018
Employer Contribution Rate: <sup>^</sup>			
Retirement*	15.41%	14.41%	13.41%
Incidental Death Benefit	0.15%	0.15%	0.15%
	<u>15.56%</u>	<u>14.56%</u>	<u>13.56%</u>
Employee Contribution Rate	<u>9.00%</u>	<u>9.00%</u>	<u>9.00%</u>

<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 service provider 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
2020	\$ 256,274	100%	\$ 63,611	100%
2019	191,483	100%	51,659	100%
2018	169,309	100%	44,120	100%

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly “State” funded 1 percent of the SCRS contribution increases for the year ended June 30, 2019. The State’s budget appropriated these funds directly to the PEBA for the South Carolina Retirement System trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2019 (measurement date) to the School were approximately \$16,764 for the SCRS.

The School recognized contributions (on-behalf benefits) from the State of approximately \$16,764 for the year ended June 30, 2020. These contributions by the State are recognized as intergovernmental revenues and pension expenditures in the School’s governmental fund financial statements.

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
2020	\$ 1,647,004	\$ 602,373	\$ 2,249,377
2019	1,315,128	540,357	1,855,485
2018	1,248,589	515,420	1,764,009

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**IV. OTHER INFORMATION, Continued**

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

**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.

The June 30, 2019, 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, 2018. The total pension liability was rolled-forward from the valuation date to the plans’ fiscal year end, June 30, 2019, 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, 2019:

	<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, 2019 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 20-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 2019 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>51.0%</b>		
Global Public Equity	35.0%	7.29%	2.55%
Private Equity	9.0%	7.67%	0.69%
Equity Options Strategies	7.0%	5.23%	0.37%
<b>Real Assets</b>	<b>12.0%</b>		
Real Estate (Private)	8.0%	5.59%	0.45%
Real Estate (REITs)	1.0%	8.16%	0.08%
Infrastructure (Private)	2.0%	5.03%	0.10%
Infrastructure (Public)	1.0%	6.12%	0.06%
<b>Opportunistic</b>	<b>8.0%</b>		
Global Tactical Asset Allocation	7.0%	3.09%	0.22%
Other Opportunistic Strategies	1.0%	3.82%	0.04%
<b>Credit</b>	<b>15.0%</b>		
High Yield Bonds/Bank Loans	4.0%	3.14%	0.13%
Emerging Markets Debt	4.0%	3.31%	0.13%
Private Debt	7.0%	5.49%	0.38%
<b>Rate Sensitive</b>	<b>14.0%</b>		
Core Fixed Income	13.0%	1.62%	0.21%
Cash and Short Duration (Net)	1.0%	0.31%	0.00%
Total Expected Real Return	<u>100.0%</u>		<u>5.41%</u>
Inflation for Actuarial Purposes			<u>2.25%</u>
Total Expected Nominal Return			<u>7.66%</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 (“TPL”) determined in accordance with GASB No. 67 less that system’s fiduciary net position. NPL totals, as of June 30, 2019, 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	\$ 50,073,060,256	\$ 27,238,916,138	\$ 22,834,144,118	54.4%

The TPL is calculated by the Systems’ actuary, and each plan’s fiduciary net position is reported in the Systems’ financial statements. The NPL is disclosed in accordance with the 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, 2020, the School reported a liability of \$3,613,895 for its proportionate share of the PEBA's NPL. The NPL was measured as of June 30, 2019, and the TPL used to calculate the NPL was determined based on the most recent actuarial valuation report as of July 1, 2018 that was projected forward to the measurement date. The School's proportion of the NPL 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, 2019 measurement date, the School's proportion was 0.015827%, which was a decrease of 0.000638% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School recognized pension expense of \$443,597 for its proportionate share of the PEBA's pension expense. At June 30, 2020, the School reported its proportionate share of the PEBA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual experience	\$ 2,484	\$ 25,962
Assumption changes	72,825	-
Net difference between projected and actual earnings on pension plan investments	113,279	81,284
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	102,658	13,407
School contributions subsequent to the measurement date	<u>319,885</u>	<u>-</u>
	<u>\$ 611,131</u>	<u>\$ 120,653</u>

\$319,885 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to the PEBA will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 123,375
2022	(1,778)
2023	35,844
2024	<u>13,152</u>
	<u>\$ 170,593</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 TPL.

**Pension Liability Sensitivity** - The following table presents the School’s proportionate share of the NPL, calculated using the discount rate disclosed in the preceding paragraph, as well as what the School’s proportionate share of the NPL 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	\$ 4,552,752	\$ 3,613,895	\$ 2,830,365

**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 a state agency responsible for the administration and management of the state’s employee insurance programs, other post-employment benefits trusts, 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, 2019 was 6.05 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF 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 three years were as follows:

	Year Ended June 30,		
	2020	2019	2018
Employer Contribution Rate:^	6.25%	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 three years were as follows:

Year Ended June 30,	Contributions		Eligible Payroll
	Required	% Contributed	
2020	\$ 140,586	100%	\$ 2,249,377
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 \$21,890 for the year ended June 30, 2019 (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.

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**IV. OTHER INFORMATION, Continued**

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

**Actuarial Assumptions, continued**

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

The 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, 2018. The total OPEB liability was rolled-forward from the valuation date to the OPEB plan's fiscal year ended June 30, 2019 using generally accepted actuarial principles.

Additional information as of the latest actuarial valuation for SCRHITE:

Valuation Date:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	3.13% as of June 30, 2019
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 6.40% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 14 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 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019; minor updates were made to the healthcare trend rate assumption

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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 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation. This information is summarized in the following table:

<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%	0.60%	0.48%
Cash	20.00%	0.10%	0.02%
<b>Total</b>	<u>100.00%</u>		<u>0.50%</u>
Expected Inflation			2.25%
<b>Total Return</b>			<u>2.75%</u>
<b>Investment Return Assumption</b>			<u>2.75%</u>

**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, 2019 measurement date, as well as the two prior years:

<b>SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND</b>				
<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, 2019	\$16,516,264,617	\$ 1,394,740,049	\$15,121,524,568	8.44%
June 30, 2018	\$15,387,115,010	\$ 1,216,530,062	\$14,170,584,948	7.91%
June 30, 2017	\$14,659,610,970	\$ 1,114,774,760	\$13,544,836,210	7.60%

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2020**

**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, 2020, the School reported a liability of \$3,208,183 for its proportionate share of the NOL for the SCRHITF. The NOL was measured as of June 30, 2019, and the TOL for the SCRHITF used to calculate the NOL was determined by an actuarial valuation as of June 30, 2018 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, 2019 measurement date, the School's proportion was 0.021216%, which was an increase of 0.000761% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the School recognized OPEB expense of \$210,976 for its proportionate share of the PEBA's OPEB expense for SCRHITF. At June 30, 2020, 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>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual experience	\$ 37,777	\$ 104,283
Assumption changes	212,288	198,668
Net difference between projected and actual earnings on OPEB plan investments	3,753	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	98,520	8,931
School contributions subsequent to the measurement date	140,586	-
	<u>\$ 492,924</u>	<u>\$ 311,882</u>

\$140,586 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to the SCRHITF will be recognized in OPEB expense as follows:

<b>Year Ended June 30</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2021	\$ (4,946)
2022	(6,180)
2023	(8,137)
2024	25,804
Thereafter	<u>33,915</u>
	<u>\$ 40,456</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Notes to the Financial Statements  
June 30, 2020**

**IV. OTHER INFORMATION, Continued**

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

**Discount Rate** – The discount rate of 3.13% 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 3.13%, 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 (2.13%)</b>	<b>Discount Rate (3.13%)</b>	<b>1% Increase (4.13%)</b>
School's proportionate share of the SCRHITF net OPEB liability	\$ 3,803,261	\$ 3,208,183	\$ 2,730,607

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	\$ 2,618,220	\$ 3,208,183	\$ 3,976,489

**OPEB Plan Fiduciary Net Position** – Detailed information regarding the fiduciary net position of the OPEB Plans administered by PEBA is available in the separately issued financial statements and required supplementary information for the South Carolina Public Employee Benefit Authority, Insurance Benefits and Other Post-Employment Benefits Trust Funds. This information is publicly available through the Insurance 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 – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223.

**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.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL**  
**TAYLORS, SOUTH CAROLINA**  
**Notes to the Financial Statements**  
**June 30, 2020**

**IV. OTHER INFORMATION, Continued**

**E. Other**

In December 2019, an outbreak of novel coronavirus (“COVID-19”) originated in China and spread to other countries, including the U.S. In March 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency, and have limited most aspects of business, education, travel, and personal physical interactions. It is anticipated that these substantial impacts will continue for some time. Beginning in March 2020, the School was forced to move to remote educational offerings and cancel certain afterschool and other programs. These necessary actions did cause school-related revenue and contributions to decrease and additional expenses to be incurred. Future significant impacts may include continued possible adjustments to school operations and calendar and may include disruptions or restrictions on employees’ ability to work. Changes in the operating environment may also increase operating costs. Management of the School is carefully monitoring this situation and has budgeted so as to enable the School to maintain its financial stability.

In response to the pandemic, Congress passed the Corona Aid, Relief, and Economic Security Act (“CARES”), which, among other provisions, introduced additional aid to effected organizations through the Paycheck Protection Program (“PPP”). This program allows eligible entities to borrow up to 2.5 times the average monthly eligible payroll costs of the previous year. These funds must be used solely for specified purposes, which include payroll expenses, rent, interest payments, and utilities. To the extent the borrower meets certain requirements, all or some portion of the loan may be forgiven.

The School determined its eligibility for PPP and borrowed \$489,500 under this program in May 2020. It anticipated that it would be able to expend the loan proceeds and maintain employment levels in such a manner that it would meet the requirements for full forgiveness of the loan. See Note III. C. above for further information on note payable.

**F. 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 28, 2020, 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, 2020.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of the Proportionate Share of the Net Pension Liability  
June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability	0.015827%	0.015189%	0.015266%	0.015368%	0.015195%	0.015383%
School's proportionate share of the net pension liability	\$ 3,613,895	\$ 3,403,270	\$ 3,436,622	\$ 3,282,582	\$ 2,881,805	\$ 2,648,443
School's covered-employee payroll	\$ 1,855,485	\$ 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	194.77%	192.93%	198.42%	199.74%	179.28%	163.19%
Plan fiduciary net position as a percentage of the total pension liability	54.40%	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, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 319,885	\$ 243,142	\$ 213,429	\$ 178,063	\$ 164,593	\$ 155,295
Contributions in relation to the contractually required contributions	<u>319,885</u>	<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>	<u>\$ -0-</u>
School's covered-employee payroll	\$ 2,249,377	\$ 1,855,485	\$ 1,764,009	\$ 1,731,989	\$ 1,643,457	\$ 1,607,460
Contributions as percentage of covered-employee payroll	14.22%	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, 2020

	<u>SCRHITF</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
School's proportion of the net OPEB liability	0.021216%	0.020455%	0.020539%
School's proportionate share of the net OPEB liability	\$ 3,208,183	\$ 2,898,593	\$ 2,781,974
School's covered-employee payroll	\$ 1,855,485	\$ 1,764,009	\$ 1,731,989
School's proportionate share of the net OPEB liability as a percentage of the covered-employee payroll	172.90%	164.32%	160.62%
Plan fiduciary net position as a percentage of the total OPEB liability	8.44%	7.91%	7.60%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of School Contributions - OPEB Plan  
June 30, 2020**

	<u>SCRHITF</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 140,586	\$ 112,257	\$ 97,020
Contributions in relation to the contractually required contributions	<u>140,586</u>	<u>112,257</u>	<u>97,020</u>
Contribution deficiency (excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
School's covered-employee payroll	\$ 2,249,377	\$ 1,855,485	\$ 1,764,009
Contributions as percentage of covered-employee payroll	6.25%	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, 2020**

	<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	\$ 75,118	\$ 65,118
1600 Food services			
1630 Special sales to pupils	131,550	101,083	(30,467)
1700 Pupil activities			
1720 Bookstore sales	3,000	2,599	(401)
1740 Student fees	-	60,370	60,370
1790 Other pupil activity income	-	167,450	167,450
1900 Other revenue from local sources			
1910 Rentals	-	990	990
1920 Contributions and donations from private sources	86,000	120,042	34,042
1990 Miscellaneous local revenue			
1993 Receipt of insurance proceeds	-	180	180
1999 Revenue from other local sources	-	1,387	1,387
Total local sources	<u>230,550</u>	<u>529,219</u>	<u>298,669</u>
2000 Intergovernmental revenue			
2100 Payments from other governmental units	-	30,000	30,000
Total intergovernmental revenue	<u>-</u>	<u>30,000</u>	<u>30,000</u>
3000 Revenue from state sources			
3100 Restricted state funding			
3180 Fringe benefits employer contrib (no carryover prov)	510,000	507,350	(2,650)
3181 Retiree insurance (no carryover provision)	70,000	66,363	(3,637)
3186 State aid to classrooms - teacher salary	75,000	72,443	(2,557)
3300 Education Finance Act (EFA)			
3314 High school	720,000	722,084	2,084
3320 Part-time programs			
3323 Learning disabilities	91,000	93,850	2,850
3327 Vocational	498,000	500,373	2,373

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
3330 Miscellaneous EFA programs			
3331 Autism	\$ 35,000	\$ 38,380	\$ 3,380
3332 High achieving students	51,000	53,983	2,983
3334 Limited english proficiency	1,000	996	(4)
3350 Residential Treatment Facilities (RTF)			
3351 Academic assistance	12,000	14,362	2,362
3352 Pupils in poverty	38,000	39,819	1,819
3353 Dual credit enrollment	79,000	79,199	199
3900 Other state revenue			
3993 PEBA on-behalf	16,764	16,764	-
3999 Revenue from other state sources	10,386	-	(10,386)
	<u>2,207,150</u>	<u>2,205,966</u>	<u>(1,184)</u>
Total state sources			
	<u>2,437,700</u>	<u>2,765,185</u>	<u>327,485</u>
<b>EXPENDITURES</b>			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	1,380,000	1,436,577	(56,577)
200 Employee benefits	573,570	629,620	(56,050)
300 Purchased services	213,000	289,372	(76,372)
400 Supplies and materials	38,000	78,079	(40,079)
500 Capital outlay	-	192,358	(192,358)
115 Career and Technology Education programs			
400 Supplies and materials	-	(30)	30
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	29,000	33,462	(4,462)
200 Employee benefits	14,000	15,573	(1,573)
300 Purchased services	12,000	14,667	(2,667)
400 Supplies and materials	1,000	-	1,000
	<u>2,260,570</u>	<u>2,689,678</u>	<u>(429,108)</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	\$ 92,000	\$ 94,245	\$ (2,245)
200 Employee benefits	51,000	52,941	(1,941)
400 Supplies and materials	500	(1,680)	2,180
220 Instructional staff services			
221 Improvement of instruction curriculum development			
300 Purchased services	12,000	12,042	(42)
400 Supplies and materials	500	348	152
230 General administrative services			
231 Board of education			
300 Purchased services	-	652	(652)
318 Audit services	7,000	7,000	-
400 Supplies and materials	48,000	56,673	(8,673)
233 School administration			
100 Salaries	490,000	525,754	(35,754)
200 Employee benefits	185,942	192,327	(6,385)
300 Purchased services	106,000	111,796	(5,796)
400 Supplies and materials	7,200	8,214	(1,014)
600 Other objects	5,000	8,866	(3,866)
250 Finance and operations services			
252 Fiscal services			
600 Other objects	3,000	7,374	(4,374)
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	3,200	(3,200)
254 Operation and maintenance of plant			
100 Salaries	42,000	46,878	(4,878)
200 Employee benefits	5,000	6,794	(1,794)
300 Purchased services	36,000	71,394	(35,394)
321 Public utility services (excludes gas, oil, elec.)	42,000	61,785	(19,785)
400 Supplies and materials	4,000	6,337	(2,337)
500 Capital outlay			
520 Construction services	-	4,222,673	(4,222,673)

**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, 2020**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
260 Central support services			
264 Staff services			
300 Purchased services	\$ -	\$ 1,646	\$ (1,646)
270 Support services - pupil activity			
271 Pupil service activities			
100 Salaries	-	347	(347)
200 Employee benefits	1,000	1,344	(344)
300 Purchased services	-	132,106	(132,106)
400 Supplies and materials	83,268	225,539	(142,271)
500 Capital outlay	-	38,763	(38,763)
660 Pupil activity	5,000	47,822	(42,822)
Total support services	1,226,410	5,943,180	(4,716,770)
300 Community services			
330 Civic services			
100 Salaries	47,000	60,536	(13,536)
200 Employee benefits	16,500	23,064	(6,564)
300 Purchased services	6,400	3,755	2,645
400 Supplies and materials	-	713	(713)
Total community services	69,900	88,068	(18,168)
500 Debt services			
610 Redemption of principal	206,000	206,000	-
620 Interest	242,000	452,019	(210,019)
Total debt service	448,000	658,019	(210,019)
Total expenditures	4,004,880	9,378,945	(5,374,065)

**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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Interfund transfers from (to) other funds			
5230 Transfer from Special Revenue EIA Fund	\$ 2,252,521	\$ 2,332,229	\$ 79,708
5400 Proceeds from long-term notes	<u>          -</u>	<u>489,500</u>	<u>489,500</u>
Total other financing sources (uses)	<u>2,252,521</u>	<u>2,821,729</u>	<u>569,208</u>
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>\$ 685,341</u>	(3,792,031)	<u>\$ (4,477,372)</u>
<b>FUND BALANCE, July 1, 2019</b>		<u>7,591,356</u>	
<b>FUND BALANCE, June 30, 2020</b>		<u>\$ 3,799,325</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, 2020**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
<b>REVENUES</b>								
3000 Revenue from state sources								
3100 Restricted state funding								
3110 Occupational education								
3118 EEDA career specialists	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,153	\$ -	\$ 47,153
3900 Other state revenue								
3999 Revenue from other state sources	-	-	-	-	-	21,890	-	21,890
Total state sources	-	-	-	-	-	69,043	-	69,043
4000 Revenue from federal sources								
4300 Elementary and Secondary Educ Act of 1965 (ESEA)								
4341 Lang instr ltd english prof/immig, Title III	-	-	-	-	-	-	1,079	1,079
4351 Supporting effective instruction	-	-	-	-	-	-	7,747	7,747
4500 Programs for children with disabilities								
4510 Individ with Disabilities Educ Act (IDEA)	-	27,009	-	-	-	-	-	27,009
Total federal sources	-	27,009	-	-	-	-	8,826	35,835
Total revenue all sources	-	27,009	-	-	-	69,043	8,826	104,878

\* 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, 2020**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants* (900s)</u>	<u>Other Special Revenue Programs* (200s/800s)</u>	<u>Total</u>
<b>EXPENDITURES</b>								
100 Instruction								
110 General instruction								
114 High school programs								
300 Purchased services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
120 Exceptional programs								
127 Learning disabilities								
100 Salaries	-	27,009	-	-	-	-	-	27,009
Total instruction	-	27,009	-	-	-	-	500	27,509
200 Support services								
210 Pupil services								
212 Guidance services								
100 Salaries	-	-	-	-	-	47,153	-	47,153
220 Instructional staff services								
221 Improvement of instr curriculum develop								
300 Purchased services	-	-	-	-	-	-	8,326	8,326
Total support services	-	-	-	-	-	47,153	8,326	55,479

**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, 2020**

	<u>Title I (201/202)</u>	<u>IDEA (203/204)</u>	<u>Preschool Preschool Handicapped (205/206)</u>	<u>CATE (207/208)</u>	<u>Adult Education (243)</u>	<u>Other Designated Restricted State Grants (900s)</u>	<u>Other Special Revenue Programs (200s/800s)</u>	<u>Total</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
410 Intergovernmental expenditures								
419 Payments to PEBA nonemployer contrib								
720 Transits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,890	\$ -	\$ 21,890
Total intergovernmental expenditures	-	-	-	-	-	21,890	-	21,890
Total expenditures	-	27,009	-	-	-	69,043	8,826	104,878
<b>EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>FUND BALANCE, July 1, 2019</b>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<b>FUND BALANCE, June 30, 2020</b>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Special Revenue Fund - Schedule of Program Classifications  
For Year Ended June 30, 2020**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
928	EEDA career specialists	\$ 47,153	3118
994	PEBA nonemployer contributions	<u>21,890</u>	3994
		<u>\$ 69,043</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
267	Lang instr ltd english prof.immig, Title III	\$ 1,079	4341
267	Supporting effective instruction	<u>7,747</u>	4351
		<u>\$ 8,826</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, 2020**

<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	\$ -	\$ -	\$ -
939	3994	PEBA nonemployer contributions	21,890	21,890	-	-	-
			<u>\$ 69,043</u>	<u>\$ 69,043</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, 2020**

**REVENUES**

3000 Revenue from state sources		
3500 Education improvement act		
3507 Aid to districts - technology	\$	493
3529 Career and Technology Education		17,995
3532 National Board sal supplemnt (no carryover)		6,473
3538 Students at risk of school failure		15,151
3550 Teacher salary increase (no carryover prov)		80,011
3555 Teacher salary fringe (no carryover prov)		20,412
3577 Teacher supplies (no carryover provision)		7,975
3583 Charter school payments		2,231,806
3595 EEDA - supplies and materials		1,680
3597 Aid to districts		<u>13,838</u>
Total state sources		<u>2,395,834</u>
Total revenues all sources		<u>2,395,834</u>

**EXPENDITURES**

100 Instruction		
110 General instruction		
114 High school programs		
100 Salaries		34,308
200 Employee benefits		1,397
300 Purchased services		250
400 Supplies and materials		11,489
500 Capital outlay		<u>14,481</u>
Total instruction		<u>61,925</u>
200 Support services		
210 Pupil services		
212 Guidance services		
400 Supplies and materials		<u>1,680</u>
Total support services		<u>1,680</u>
Total expenditures		<u>63,605</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, 2020**

**OTHER FINANCING SOURCES (USES)**

Interfund transfers, from (to) other funds	
420-710 Transfer to General Fund (excludes indirect costs)	\$ <u>(2,332,229)</u>
Total other financing sources (uses)	<u>(2,332,229)</u>

**EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES** -0-

**FUND BALANCE, July 1, 2019** -0-

**FUND BALANCE, June 30, 2020** \$ -0-

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Education Improvement Act  
Summary Schedule by Program  
For Year Ended June 30, 2020**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3507 Aid to district technology	\$ 493	\$ 493	\$ -	\$ -	\$ -
3529 Career and Technology Education	17,995	17,995	-	-	-
3532 National board salary supplement	6,473	6,473	-	-	-
3538 Students at risk of school failure	15,151	15,151	-	-	-
3550 Teacher salary increase	80,011	-	-	(80,011)	-
3555 Teacher salary fringe	20,412	-	-	(20,412)	-
3577 Teacher supplies (no carryover provision)	7,975	7,975	-	-	-
3583 Charter school funding	2,231,806	-	-	(2,231,806)	-
3595 EEDA - supplies and materials	1,680	1,680	-	-	-
3597 Aid to districts	13,838	13,838	-	-	-
	<u>2,395,834</u>	<u>63,605</u>	<u>-0-</u>	<u>(2,332,229)</u>	<u>-0-</u>
<b>TOTALS</b>	<b>\$ 2,395,834</b>	<b>\$ 63,605</b>	<b>\$ -0-</b>	<b>\$ (2,332,229)</b>	<b>\$ -0-</b>

**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>
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None.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of Findings and Questioned Costs  
For Fiscal Year Ended June 30, 2020**

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**Section I - Summary of Auditors' Results**

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***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?                                      \_\_\_\_\_ yes        X   no

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**Section II - Financial Statement Findings**

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None.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL  
TAYLORS, SOUTH CAROLINA  
Schedule of Prior Year Findings  
For Fiscal Year Ended June 30, 2020**

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**Section I - Financial Statement Findings**

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**2019-001**

**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 entered into an agreement to fully collateralize all deposits in excess of insurance limits. The comment is not repeated in the current year.

**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, 2020, and have issued our report thereon dated August 28, 2020. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

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

*Martin Smith and Company CPAs PA*

Greenville, South Carolina  
August 28, 2020