

GREER MIDDLE COLLEGE, INC.

**(a Component Unit of the School District
of Greenville County)**

GREER, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2014**

(With Independent Auditors' Report Thereon)

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2014

FINANCIAL SECTION

Independent Auditors' Report on Financial Statements

Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

Exhibit

Government-wide Financial Statements:

- A** Statement of Net Position
- B** Statement of Activities

Fund Financial Statements:

- C** Balance Sheet - Governmental Funds
- D** Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
- E** Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
- F** Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual:

- G** General Fund
- H** Special Revenue Fund
- I** EIA Fund

- J** **Notes to Financial Statements**

OTHER SUPPLEMENTAL SCHEDULES

Schedule

- 1** Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund

- 2** Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund

- 3** Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – Special Projects Fund

- 3A** Schedule of Program Classifications – Special Projects Fund

- 4** Education Improvement Act – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Annual Financial Report
Table of Contents
June 30, 2014

AUDITORS' REPORTS ON OTHER MATTERS

Schedule

- | | |
|----------|---|
| 5 | Education Improvement Act – Summary Schedule by Program |
| 6 | 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 <u>Government Auditing Standards</u> |
| 7 | Findings |



MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT
ON FINANCIAL STATEMENTS

The Charter Committee
Greer Middle College, Inc.
Greer, South Carolina

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Greer Middle College, Inc. (the "School"), a component unit of the School District of Greenville County, Greenville, South Carolina as of and for the year ended June 30, 2014, which collectively comprise the School's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of Greer Middle College, Inc. at June 30, 2014, 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 and budgetary comparison information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The introductory section, schedule of revenues, expenditures, and changes in fund balance – general fund, and schedule of revenues, expenditures, and changes in fund balance – special revenue fund are presented for purposes of additional analysis and are not a required part of the basic financial statements of Greer Middle College, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, 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 July 31, 2014, 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.

July 31, 2014

Martin Smith & Company CPAs PA

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

This discussion and analysis of Greer Middle College, Inc. (the "School's") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

The assets of the School exceeded its liabilities at the close of the most recent fiscal year by \$1,222,914 (net position). The School has invested \$813,095 in capital assets, net of accumulated depreciation. Therefore, the School reported an unrestricted net position of \$352,206. The School also reported \$57,613 of net position restricted for capital projects.

The School's total net position improved by \$420,440 during its sixth year of operation. The School is currently benefitting from prior year investments in its campus and has been able to keep its facility costs low with a favorable lease arrangement for portable classrooms with Greenville County Schools. The School is located on the Greer campus of Greenville Technical College. Enrollment was 395 students for the high school program at the end of the school year.

Base funding provided through the Education Funding Act was \$58,000 above the amount from the previous year due to the slightly higher base funding amount and a modest increase in the number of students served. Due to recent legislative changes in how schools are funded, the amount of EFA funds that the School could receive going forward could be reduced. The School has been assured that hold harmless funding will be available to assist the School during the fiscal year ending June 30, 2015, but it is not yet clear how the amount of those funds will be determined. Greer Middle College is close to maximum enrollment, and the School continues to explore options to fund and build a permanent facility for its operations.

As of the close of the current fiscal year, the School's governmental funds reported positive combined ending fund balances of \$736,918. This is an increase in fund balances of \$442,980 from the previous year.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$672,711.

The School's total capital assets, net of accumulated depreciation, decreased by \$28,218 during the current fiscal year.

During the 2014 fiscal year, the School's governmental fund type revenues were \$3,166,891. Eighty-one percent of the funding came from provisions of the South Carolina Education Funding Act. The other amounts came from state, federal and local sources.

During the current fiscal year, the School's governmental fund type expenditures were \$2,723,911.

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found at Exhibits A and B of this report.

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS, continued

The School maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special revenue fund. The basic governmental fund financial statements can be found at Exhibits C, D, E, and F of this report.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found at Exhibit I of this report.

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

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

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, assets exceeded liabilities by \$1,222,914 at the close of the most recent fiscal year.

Table 1 provides a summary of the School's net position for 2014 compared to 2013:

| | | Governmental Activities | |
|-------------------------------------|----|--------------------------------|-------------|
| | | 2014 | 2013 |
| Assets | | | |
| Current and other assets | \$ | 942,865 | \$ 488,327 |
| Capital assets | | 813,095 | 841,313 |
| Total assets | | 1,755,960 | 1,329,640 |
| Liabilities | | | |
| Long-term liabilities | | 327,099 | 332,777 |
| Other liabilities | | 205,947 | 194,389 |
| Total liabilities | | 533,046 | 527,166 |
| Net Position | | | |
| Net investment in capital assets | | 813,095 | 841,314 |
| Restricted for capital projects | | 57,613 | - |
| Unrestricted net position (deficit) | | 352,206 | (38,840) |
| Total net position | \$ | 1,222,914 | \$ 802,474 |

During the current fiscal year, net position of the School's governmental activities improved by \$420,440. 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 a deficit of \$38,840 at June 30, 2013, to an unrestricted net position of \$352,206 at June 30, 2014.

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The following table shows the changes in net position for fiscal year 2014 compared to 2013.

Changes in Net Position

| | Governmental Activities | |
|--------------------------------|--------------------------------|-------------------|
| | 2014 | 2013 |
| Revenues | | |
| Program revenues: | | |
| Operating grants | \$ 502,913 | \$ 399,714 |
| Charges for services and sales | 14,397 | 309 |
| General revenue: | | |
| Local revenue | 2,564,963 | 2,506,282 |
| Other | 84,618 | 104,061 |
| Total revenues | <u>3,166,891</u> | <u>3,010,366</u> |
| Program Expenses | | |
| Instruction | 1,783,228 | 1,751,277 |
| Support services | 963,223 | 976,097 |
| Interest | - | - |
| Total expenses | <u>2,746,451</u> | <u>2,727,374</u> |
| Increase in net position | <u>\$ 420,440</u> | <u>\$ 282,992</u> |

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2014, the School's governmental funds reported combined fund balances of \$736,917 as compared to \$293,937 for the prior year.

With the enrollment of 395 students, the School completed its sixth year of operation and has done well in keeping its operation costs low. The School's principal continues to exercise fiscal restraint in not spending any school funds unless necessary for operations. The School feels very good about the financial progress that it made during this school year.

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

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 2014, amendments to the School's general fund budget resulted in an increase to net change in fund balances from a budgeted surplus of \$269,781 to a budgeted surplus of \$441,534.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the School had \$813,095 net investment in capital assets.

The total decrease in the School's net investment in capital assets was \$28,218. The year end total of capital assets was \$1,145,275 with a total accumulated depreciation expense of \$332,180. The depreciation expense charged during the year was \$77,661.

The following table shows fiscal 2014 balances compared to 2013.

Capital Assets
(Net of Depreciation)

| | Governmental Activities | |
|--------------------------|--------------------------------|-------------------|
| | 2014 | 2013 |
| Buildings and facilities | \$ 701,539 | \$ 722,753 |
| Technology | 42,896 | 62,842 |
| Vehicles | 18,051 | 23,261 |
| Furniture and equipment | 18,479 | 10,077 |
| Construction in progress | <u>32,130</u> | <u>22,380</u> |
| Totals | <u>\$ 813,095</u> | <u>\$ 841,313</u> |

Long-term Debt

At fiscal year-end, the School had no long term indebtedness.

As noted earlier, other obligations include accrued sick leave. More detailed information about the School's debt and other long-term liabilities is presented in the notes to the financial statements.

Contacting the School's Financial Management

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Net Position
June 30, 2014

| | | <u>Governmental Activities</u> |
|--|----|------------------------------------|
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ | 873,168 |
| Due from governmental agencies | | 63,103 |
| Prepaid expenses | | 6,594 |
| Capital assets | | 1,145,275 |
| Less accumulated depreciation and amortization | | <u>(332,180)</u> |
| Total capital assets, net of depreciation | | <u>813,095</u> |
| Total assets | \$ | <u><u>1,755,960</u></u> |
| <u>LIABILITIES</u> | | |
| Accounts payable | \$ | 14,217 |
| Accrued expenses | | 191,730 |
| Long-term liabilities: | | |
| Due within one year | | - |
| Due in more than one year | | <u>327,099</u> |
| Total liabilities | | <u>533,046</u> |
| <u>NET POSITION</u> | | |
| Net investment in capital assets | | 813,095 |
| Restricted for capital projects | | 57,613 |
| Unrestricted net position (deficit) | | <u>352,206</u> |
| Total net position | \$ | <u><u>1,222,914</u></u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2014

| <u>Functions / Programs</u> | <u>Program Revenues</u> | | | <u>Net Revenue (Expense) and Change in Net Position</u> |
|----------------------------------|-------------------------|---|---|---|
| | <u>Expenses</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental activities: | | | | |
| Instruction | \$ 1,783,228 | \$ 14,397 | \$ 489,355 | \$ 1,279,476 |
| Support services | 963,223 | - | 13,558 | 949,665 |
| Interest and other charges | - | - | - | - |
| Total governmental activities | <u>2,746,451</u> | <u>14,397</u> | <u>502,913</u> | <u>2,229,141</u> |
| Total | <u>\$ 2,746,451</u> | <u>\$ 14,397</u> | <u>\$ 502,913</u> | <u>2,229,141</u> |
| | | | | |
| General revenues: | | | | |
| Local revenue | | | | 2,564,963 |
| Miscellaneous | | | | 83,144 |
| Unrestricted investment earnings | | | | <u>1,474</u> |
| Total general revenues | | | | <u>2,649,581</u> |
| Change in net position | | | | 420,440 |
| Net position, beginning of year | | | | <u>802,474</u> |
| Net position, end of year | | | | <u>\$ 1,222,914</u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2014

| | <u>General</u> | <u>Special Revenue</u> | <u>EIA</u> | <u>Total Governmental Funds</u> |
|---|-----------------------|----------------------------|---------------------|---|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 873,168 | \$ - | \$ - | \$ 873,168 |
| Due from governmental agencies | - | 62,060 | 1,043 | 63,103 |
| Due from other funds | 63,103 | | | 63,103 |
| Prepaid expenses | <u>6,594</u> | <u>-</u> | <u>-</u> | <u>6,594</u> |
| Total assets | <u>\$ 942,865</u> | <u>\$ 62,060</u> | <u>\$ 1,043</u> | <u>\$ 1,005,968</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 14,217 | \$ - | \$ - | \$ 14,217 |
| Accrued expenses | 191,730 | - | - | 191,730 |
| Due to other funds | <u>-</u> | <u>62,060</u> | <u>1,043</u> | <u>63,103</u> |
| Total liabilities | <u>205,947</u> | <u>62,060</u> | <u>1,043</u> | <u>269,050</u> |
| Fund balances: | | | | |
| Nonspendable | 6,594 | - | - | 6,594 |
| Restricted | 57,613 | - | - | 57,613 |
| Unassigned | <u>672,711</u> | <u>-</u> | <u>-</u> | <u>672,711</u> |
| Total fund balances | <u>736,918</u> | <u>-0-</u> | <u>-0-</u> | <u>736,918</u> |
| Total liabilities and fund balance | <u>\$ 942,865</u> | <u>\$ 62,060</u> | <u>\$ 1,043</u> | <u>\$ 1,005,968</u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

| | | |
|--|----|-------------------------|
| Total fund balances - governmental funds | \$ | 736,918 |
| 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 \$1,145,275 and the accumulated depreciation and amortization is \$332,180. | | |
| | | 813,095 |
| Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds. | | |
| | | <u>(327,099)</u> |
| Net position of governmental activities | \$ | <u><u>1,222,914</u></u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

| | <u>General</u> | <u>Special Revenue</u> | <u>Special Revenue</u> | <u>Total Governmental Funds</u> |
|--------------------------------|-------------------|----------------------------|----------------------------|---|
| REVENUES | | | | |
| Local | \$ 99,015 | \$ - | \$ - | \$ 99,015 |
| State | - | 42,995 | 235,142 | 278,137 |
| Federal | - | 224,776 | - | 224,776 |
| Intergovernmental | <u>2,564,963</u> | <u>-</u> | <u>-</u> | <u>2,564,963</u> |
| Total revenues all sources | <u>2,663,978</u> | <u>267,771</u> | <u>235,142</u> | <u>3,166,891</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 1,285,537 | 254,213 | 205,031 | 1,744,781 |
| Support services | 916,129 | 13,558 | - | 929,687 |
| Community services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Debt service | - | - | - | - |
| Capital outlay | <u>49,443</u> | <u>-</u> | <u>-</u> | <u>49,443</u> |
| Total expenditures | <u>2,251,109</u> | <u>267,771</u> | <u>205,031</u> | <u>2,723,911</u> |
| OTHER FINANCING SOURCES (USES) | 30,111 | - | (30,111) | - |
| Net change in fund balances | 442,980 | -0- | -0- | 442,980 |
| FUND BALANCE, July 1, 2013 | <u>293,937</u> | <u>-0-</u> | <u>-0-</u> | <u>293,937</u> |
| FUND BALANCE, June 30, 2014 | <u>\$ 736,917</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 736,917</u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

| | |
|---|--------------------------|
| Total net change in fund balance -- governmental funds | \$ 442,980 |
| <p>Amounts reported for governmental activities in the statement of activities are different because of the following:</p> | |
| <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which net capital outlays (\$49,443) exceed amortization and depreciation expense (\$77,661) in the period.</p> | (28,218) |
| <p>In the statement of activities, certain operating expenses--compensated absences (accrued sick leave) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid, an immaterial amount not recorded under the modified accrual basis of accounting).</p> | <u>5,678</u> |
| Change in net position of governmental activities | \$ <u><u>420,440</u></u> |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2014

| | <u>Original</u> | <u>Final</u> | <u>Actual</u> <u>(Budgetary Basis)</u> | <u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|--------------------------------|-------------------|-------------------|---|---|
| REVENUES | | | | |
| Local | \$ 101,300 | \$ 97,234 | \$ 99,015 | \$ 1,781 |
| State | - | - | - | - |
| Federal | - | - | - | - |
| Intergovernmental | <u>2,596,116</u> | <u>2,564,963</u> | <u>2,564,963</u> | <u>-</u> |
| Total revenue | <u>2,697,416</u> | <u>2,662,197</u> | <u>2,663,978</u> | <u>1,781</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 1,497,014 | 1,297,543 | 1,285,537 | 12,006 |
| Support services | 955,732 | 907,792 | 916,129 | (8,337) |
| Community services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Debt service | - | - | - | - |
| Capital outlay | <u>5,000</u> | <u>45,439</u> | <u>49,443</u> | <u>(4,004)</u> |
| Total expenditures | <u>2,457,746</u> | <u>2,250,774</u> | <u>2,251,109</u> | <u>(335)</u> |
| OTHER FINANCING SOURCES (USES) | <u>30,111</u> | <u>30,111</u> | <u>30,111</u> | <u>-0-</u> |
| Net change in fund balance | <u>\$ 269,781</u> | <u>\$ 441,534</u> | 442,980 | <u>\$ 1,446</u> |
| Fund balance - July 1, 2013 | | | <u>293,937</u> | |
| Fund balance - June 30, 2014 | | | <u>\$ 736,917</u> | |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Fund
For Fiscal Year Ended June 30, 2014

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget - Favorable (Unfavorable)</u> |
|--|--------------------------|--------------------------|-------------------------------------|---|
| REVENUES | | | | |
| Local | \$ - | \$ - | \$ - | \$ - |
| State | 57,000 | 42,995 | 42,995 | - |
| Federal | 53,034 | 216,033 | 224,776 | 8,743 |
| Intergovernmental | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total revenue | <u>110,034</u> | <u>259,028</u> | <u>267,771</u> | <u>8,743</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 105,219 | 254,213 | 254,213 | - |
| Support services | 13,558 | 13,558 | 13,558 | - |
| Community services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>118,777</u> | <u>267,771</u> | <u>267,771</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(8,743)</u> | <u>(8,743)</u> | <u>-0-</u> | <u>8,743</u> |
| Net change in fund balance | \$ <u><u>(8,743)</u></u> | \$ <u><u>(8,743)</u></u> | -0- | \$ <u><u>8,743</u></u> |
| Fund balance - July 1, 2013 | | | <u>-0-</u> | |
| Fund balance - June 30, 2014 | | | \$ <u><u>-0-</u></u> | |

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

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
EIA Fund
For Fiscal Year Ended June 30, 2014

| | <u>Original</u> | <u>Final</u> | <u>Actual (Budgetary Basis)</u> | <u>Variance with Final Budget - Favorable (Unfavorable)</u> |
|--|------------------------|------------------------|-------------------------------------|---|
| REVENUES | | | | |
| Local | \$ - | \$ - | \$ - | \$ - |
| State | 221,000 | 235,005 | 235,142 | 137 |
| Federal | - | - | - | - |
| Intergovernmental | - | - | - | - |
| | <u>221,000</u> | <u>235,005</u> | <u>235,142</u> | <u>137</u> |
| Total revenue | | | | |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 191,026 | 205,031 | 205,031 | - |
| Support services | - | - | - | - |
| Community services | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Capital outlay | - | - | - | - |
| | <u>191,026</u> | <u>205,031</u> | <u>205,031</u> | <u>-</u> |
| Total expenditures | | | | |
| OTHER FINANCING SOURCES (USES) | <u>(30,111)</u> | <u>(30,111)</u> | <u>(30,111)</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures | <u>(137)</u> | <u>(137)</u> | <u>-0-</u> | <u>137</u> |
| Net change in fund balance | \$ <u><u>(137)</u></u> | \$ <u><u>(137)</u></u> | -0- | \$ <u><u>137</u></u> |
| Fund balance - July 1, 2013 | | | <u>-0-</u> | |
| Fund balance - June 30, 2014 | | | \$ <u><u>-0-</u></u> | |

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

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Greer Middle College, Inc. (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 School District of Greenville County (the "School District") for the purposes of state law and state constitution. Because the School District Board of Trustees can significantly influence operations and the School District provides substantial financial support, the School's financial statements are included in those of the School District as a discretely presented component unit.

B. Government-wide and Fund Financial Statements

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

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

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

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

The School reports the following major governmental funds:

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

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

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity

1) Deposits and Investments

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

2) Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

3) Capital assets

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

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

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

4) Compensated absences

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

5) Long-term obligations

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

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

6) 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. The School has \$57,613 of restricted fund balances in its general funds. These funds are restricted for capital projects. Committed fund balance amounts are established by the School board through motions passed at School Board meetings. The School has no committed fund balance amounts. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

Nonspendable fund balance may either be not in spendable form or legally or contractually required to be maintained intact. The School's nonspendable fund balance represents amounts not in spendable form.

7) Net position

Net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt 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.

8) 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.

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 Instruction and Support Services expenditure categories.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2014, the School's carrying amount of deposits was \$873,168 and the bank balance was \$882,820, of which \$382,820 was neither collateralized nor covered by Federal Depository Insurance. The School had no investments at June 30, 2014. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

B. Capital Assets

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Capital assets being depreciated: | | | | |
| Buildings and facilities | \$ 862,252 | \$ 23,000 | \$ - | \$ 885,252 |
| Technology | 170,426 | 4,004 | - | 174,430 |
| Vehicles | 26,800 | | - | 26,800 |
| Furniture and equipment | 13,974 | 12,689 | - | 26,663 |
| Total assets being depreciated | <u>1,073,452</u> | <u>39,693</u> | <u>-</u> | <u>1,113,145</u> |
| Construction in progress | 22,380 | 9,750 | - | 32,130 |
| Total capital assets | <u>1,095,832</u> | <u>49,443</u> | <u>-</u> | <u>1,145,275</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and facilities | 139,499 | 44,214 | - | 183,713 |
| Technology | 107,584 | 23,950 | - | 131,534 |
| Vehicles | 3,539 | 5,210 | - | 8,749 |
| Furniture and equipment | 3,897 | 4,287 | - | 8,184 |
| Total accumulated depreciation | <u>254,519</u> | <u>77,661</u> | <u>-</u> | <u>332,180</u> |
| Net capital assets being depreciated | <u>\$ 841,313</u> | <u>\$ (28,218)</u> | <u>\$ -</u> | <u>\$ 813,095</u> |
| Governmental activities capital assets, net | <u>\$ 841,313</u> | <u>\$ (28,218)</u> | <u>\$ -</u> | <u>\$ 813,095</u> |
| Governmental activities: | | | | |
| Instruction | | \$ 23,694 | | |
| Support services | | <u>53,967</u> | | |
| Total depreciation / amortization expense for governmental activities | | <u>\$ 77,661</u> | | |

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Long-Term Debt

Long-term liability activity for the year ended June 30, 2014 was as follows:

| | <u>Beginning</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
|---------------------------------|------------------------------------|-------------------------|-------------------------|---------------------------------|--------------------------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ <u>332,777</u> | \$ <u>24,531</u> | \$ <u>30,209</u> | \$ <u>327,099</u> | \$ <u>-</u> |
| Governmental activities: | | | | | |
| Long-term liabilities | \$ <u><u>332,777</u></u> | \$ <u><u>24,531</u></u> | \$ <u><u>30,209</u></u> | \$ <u><u>327,099</u></u> | \$ <u><u>-</u></u> |

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. Related Party Transaction

During the year ended June 30, 2014, the School leased four modular educational units from Greenville Technical Charter High School for use in its educational activities for six months at a rate of \$3,000 month. In January 2014, the School purchased these modular units from Greenville Technical Charter High School for \$23,000.

In October 2010, the School entered a lease agreement with the School District of Greenville County for twenty portable classroom buildings, plus one portable restroom building, and one portable office building. The term of this lease shall be for a period of one year, renewable each year, but not to exceed the extension of four one-year periods. Rental expense under this lease for the year ended June 30, 2014, was \$76,608.

C. Employee Retirement Systems and Pension Plans

Substantially all School employees participated in the South Carolina Retirement System (the Plan), a cost-sharing multi-employer defined benefit pension plan administered by the Retirement Division of the State Budget and Control Board. The Plan offers retirement and disability benefits, cost of living adjustments on an ad-hoc basis, and life and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. The payroll for School employees covered by the Plan for the year ended June 30, 2014, was \$1,603,000; the School's total payroll was \$1,702,000.

Full-time School employees are required to participate in the Plan and make contributions as a condition of employment. A monthly pension benefit is payable to eligible employees at age 65 or upon attaining 30 years of credited service regardless of age, with reduced pension benefits payable as early as age 55 and 25 years of service.

SCRS plan members are required to contribute 7.50% of their annual covered salary while the School is required to contribute an actuarially determined rate. The current rate for the SCRS is 15.52% of annual covered payroll. The School's total retirement expense for the year ended June 30, 2013, was \$251,000.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2014

C. Employee Retirement Systems and Pension Plans, Continued

The state of South Carolina also provides an optional retirement plan (State ORP). It is a governmental plan administered as a qualified plan pursuant to Section 401(a) of the Internal Revenue Code. The State ORP is a defined contribution plan that provides retirement and survivor benefits as an alternative to the SCRS. Employees may choose between the State ORP and the SCRS plan.

A comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System is issued and publicly available by writing the South Carolina Retirement, P.O. Box 11960, Columbia, SC 29211-1960.

D. Post-retirement Benefits

The School is a member of the South Carolina Retirement System which was established July 1, 1945. The system covers public school employees, public higher-education personnel, state employees, city, county and other local public employees. It provides a complete schedule of benefits for regular retirement. A member is eligible for a full service retirement at age 65 or upon completion of thirty years membership. On or after January 1, 2002, members are eligible after twenty-eight years membership. Reduced benefits are payable as early as age 55.

As described more fully in Note C above, funding of the plan is made from employee / employer contributions. Benefits vest after five years of service. Vested members who retire at age 65 or with twenty-eight years of service at any age receive an annual benefit payable monthly for life. The benefit is based on length of service and on average final compensation.

E. 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.

F. Subsequent Events

In preparing these financial statements, Greer Middle College, Inc. has evaluated events and transactions for potential recognition or disclosure through July 31, 2014, 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, 2014.

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2014

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|------------------|------------------|---|
| REVENUES | | | |
| 1000 Revenue from local sources | | | |
| 1500 Earnings on investments | | | |
| 1510 Interest on investments | \$ 1,426 | \$ 1,474 | \$ 48 |
| 1700 Pupil activities | | | |
| 1740 Student fees | 7,800 | 7,810 | 10 |
| 1900 Other revenue from local sources | | | |
| 1910 Rentals | 2,025 | 2,025 | - |
| 1920 Contributions & donations private sources | 82,919 | 83,144 | 225 |
| 1999 Revenue from other local sources | 3,064 | 4,562 | 1,498 |
| 2000 Intergovernmental revenue: | | | |
| 2100 Payments from other governmental units | <u>2,564,963</u> | <u>2,564,963</u> | <u>-</u> |
| Total local sources | <u>2,662,197</u> | <u>2,663,978</u> | <u>1,781</u> |
| Total revenue all sources | <u>2,662,197</u> | <u>2,663,978</u> | <u>1,781</u> |
| EXPENDITURES | | | |
| 100 Instruction | | | |
| 110 General instruction | | | |
| 114 High school programs | | | |
| 100 Salaries | 808,428 | 802,692 | 5,736 |
| 200 Employee benefits | 318,067 | 317,891 | 176 |
| 300 Purchased services | 4,768 | 5,453 | (685) |
| 400 Supplies and materials | 89,244 | 86,482 | 2,762 |
| 500 Capital outlay | - | 4,004 | (4,004) |
| 600 Other objects | 7,503 | 7,613 | (110) |
| 120 Exceptional programs | | | |
| 127 Learning disabilities | | | |
| 100 Salaries | 43,103 | 38,843 | 4,260 |
| 200 Employee benefits | 23,993 | 24,126 | (133) |
| 300 Purchased services | 1,462 | 1,462 | - |
| 400 Supplies and materials | <u>975</u> | <u>975</u> | <u>-</u> |
| Total instruction | <u>1,297,543</u> | <u>1,289,541</u> | <u>8,002</u> |

(continued)

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2014

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|---|---------------|---------------|---|
| 200 Support services | | | |
| 210 Pupil services | | | |
| 212 Guidance services | | | |
| 100 Salaries | \$ 104,404 | \$ 104,404 | \$ - |
| 200 Employee benefits | 32,607 | 32,607 | - |
| 300 Purchased services | 150 | 150 | - |
| 400 Supplies and materials | - | 401 | (401) |
| 213 Health services | | | |
| 400 Supplies and materials | 401 | - | 401 |
| 220 Instructional staff services | | | |
| 221 Improvement of instruction - curriculum development | | | |
| 300 Purchased services | 3,618 | 8,101 | (4,483) |
| 400 Supplies and materials | 1,653 | 153 | 1,500 |
| 230 General administration services | | | |
| 231 Board of education | | | |
| 300 Purchased services | 300 | 300 | - |
| 318 Audit services | 6,500 | 6,500 | - |
| 400 Supplies and materials | 641 | 641 | - |
| 600 Other objects | 1,694 | 1,645 | 49 |
| 233 School administration | | | |
| 100 Salaries | 314,215 | 318,461 | (4,246) |
| 200 Employee benefits | 90,766 | 89,946 | 820 |
| 300 Purchased services | 36,900 | 36,843 | 57 |
| 400 Supplies and materials | 9,001 | 9,141 | (140) |
| 600 Other objects | 3,787 | 3,787 | - |
| 250 Finance and operations services | | | |
| 254 Operation and maintenance of plant | | | |
| 300 Purchased services | 198,371 | 200,508 | (2,137) |
| 400 Supplies and materials | 5,954 | 6,016 | (62) |
| 500 Capital outlay | 45,439 | 45,439 | - |

(continued)

GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2014

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u> |
|--|-------------------|-------------------|---|
| 260 Central support services | | | |
| 262 Planning, research, development and evaluation | | | |
| 100 Salaries | \$ 52,271 | \$ 52,271 | \$ - |
| 200 Employee benefits | 21,195 | 21,195 | - |
| 300 Purchased services | 6,150 | 6,178 | (28) |
| 400 Supplies and materials | 1,220 | 1,220 | - |
| | | | |
| 264 Staff services | | | |
| 300 Purchased services | 56 | 56 | - |
| | | | |
| 270 Supporting services pupil activity | | | |
| 271 Pupil services activity: | | | |
| 100 Salaries | 6,350 | 6,350 | - |
| 200 Employee benefits | 476 | 476 | - |
| 300 Purchased services | 5,800 | 5,853 | (53) |
| 400 Supplies and materials | 4,648 | 4,486 | 162 |
| 600 Other objects | (1,336) | (1,560) | 224 |
| | <u>953,231</u> | <u>961,568</u> | <u>(8,337)</u> |
| | | | |
| Total support services | <u>953,231</u> | <u>961,568</u> | <u>(8,337)</u> |
| | | | |
| Total expenditures | <u>2,250,774</u> | <u>2,251,109</u> | <u>(335)</u> |
| | | | |
| OTHER FINANCING SOURCES (USES) | | | |
| Interfund transfers from (to) other funds | | | |
| 5220 Transfer from Special Revenue Fund (excludes indirect cost) | 30,111 | 30,111 | - |
| | <u>30,111</u> | <u>30,111</u> | <u>-</u> |
| | | | |
| Total other financing sources (uses) | <u>30,111</u> | <u>30,111</u> | <u>-</u> |
| | | | |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | <u>\$ 441,534</u> | 442,980 | <u>\$ 1,446</u> |
| | | | |
| FUND BALANCE, July 1, 2013 | | <u>293,937</u> | |
| | | | |
| FUND BALANCE, June 30, 2014 | | <u>\$ 736,917</u> | |

GREER MIDDLE COLLEGE
GREER, SC
SPECIAL REVENUE FUND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

| | Special Projects Fund | Education Improvement Act | Total |
|---|--------------------------------------|--|----------------------|
| REVENUES | | | |
| Local sources | \$ - | \$ - | \$ - |
| State sources | 42,995 | 235,142 | 278,137 |
| Federal sources | 224,776 | - | 224,776 |
| Intergovernmental | - | - | - |
| | <u>267,771</u> | <u>235,142</u> | <u>502,913</u> |
| EXPENDITURES | | | |
| Instruction | 254,213 | 205,031 | 459,244 |
| Supporting services | 13,558 | - | 13,558 |
| Community services | - | - | - |
| Intergovernmental expenditures | - | - | - |
| | <u>267,771</u> | <u>205,031</u> | <u>472,802</u> |
| OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>(30,111)</u> | <u>(30,111)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES) | -0- | -0- | -0- |
| FUND BALANCE, July 1, 2013 | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| FUND BALANCE, June 30, 2014 | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> |

**GREER MIDDLE COLLEGE
GREER, SOUTH CAROLINA**
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For the Fiscal Year Ended June 30, 2014

| | Title I (BA Projects) (201/202) | IDEA (CA Projects) (203/204) | Preschool Handicapped (CG Projects) (205/206) | CATE (VA Projects) (207/208) | Drug Free (FP/FQ Projects) (209/210) | Adult Education* (EA Projects) | Other Designated Restricted State Grants* (900s) | Other Special Revenue Programs* (200s/800s) | Total |
|--|---------------------------------------|------------------------------------|--|------------------------------------|--|--------------------------------------|--|---|-----------|
| REVENUES | | | | | | | | | |
| 3000 Revenue from state sources | | | | | | | | | |
| 3100 Restricted state funding | | | | | | | | | |
| 3118 EEDA Career specialists | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,748 | \$ - | \$ 40,748 |
| 3600 Education lottery act revenue | | | | | | | | | |
| 3620 Digital instructional materials | - | - | - | - | - | - | 2,247 | - | 2,247 |
| Total state sources | - | - | - | - | - | - | 42,995 | - | 42,995 |
| 4000 Revenue from federal sources | | | | | | | | | |
| 4200 Occupational education | | | | | | | | | |
| 4210 Perkins, Title I | - | - | - | 11,640 | - | - | - | - | 11,640 |
| 4300 Elementary and Secondary Education Act of 1965 (ESEA) | | | | | | | | | |
| 4325 Mathematics and science partnerships program, Title II | - | - | - | - | - | - | - | 5,383 | 5,383 |
| 4341 Language Instruction for limited English | - | - | - | - | - | - | - | 799 | 799 |
| 4348 Teacher incentive fund | - | - | - | - | - | - | - | 164,833 | 164,833 |
| 4500 Programs for children with disabilities | | | | | | | | | |
| 4510 Individuals with Disabilities Education Act (IDEA) | - | 42,121 | - | - | - | - | - | - | 42,121 |
| Total federal sources | - | 42,121 | - | 11,640 | - | - | - | 171,015 | 224,776 |
| Total revenue all sources | - | 42,121 | - | 11,640 | - | - | 42,995 | 171,015 | 267,771 |

* See Schedule 3A for a listing of LEA subfund codes for each program

GREER MIDDLE COLLEGE
GREER, SC
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2014

| <u>LEA</u> <u>Subfund</u> <u>Code</u> | <u>Program</u> | <u>Revenue</u> | <u>Revenue</u> <u>Code</u> |
|---|--|-------------------|-------------------------------|
| <u>OTHER RESTRICTED STATE GRANTS</u> | | | |
| 928 | EEDA Career specialists | \$ 40,748 | 3118 |
| 965 | Digital instructional materials | <u>2,247</u> | 3620 |
| | | <u>\$ 42,995</u> | |
| <u>OTHER SPECIAL REVENUE PROGRAMS</u> | | | |
| 253 | Mathematics and science partnerships program, Title II | \$ 5,383 | 4325 |
| 264 | Language instruction for limited English | 799 | 4341 |
| 268 | Teacher incentive fund | <u>164,833</u> | 4348 |
| | | <u>\$ 171,015</u> | |

GREER MIDDLE COLLEGE
GREER, SC
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

REVENUES

| | | |
|---|----|----------------|
| 3000 Revenue from state sources | | |
| 3500 Education Improvement Act | | |
| 3505 Technology support | \$ | 708 |
| 3511 Professional development | | 2,424 |
| 3525 Career and technology education equipment | | 5,181 |
| 3532 National board certification (NBC) salary supplement | | 15,396 |
| 3544 High achieving students | | 13,619 |
| 3550 Teacher salary increase | | 54,439 |
| 3555 School employer contributions | | 11,818 |
| 3558 Reading | | 1,936 |
| 3577 Teacher supplies | | 6,875 |
| 3585 Aid to districts - special education | | 750 |
| 3592 Work-based learning | | 3,080 |
| 3594 EEDA supplemental programs | | 1,043 |
| 3597 Aid to districts | | 19,914 |
| 3599 Other EIA | | 97,959 |
| Total state sources | | <u>235,142</u> |
| | | |
| Total revenue all sources | | <u>235,142</u> |

GREER MIDDLE COLLEGE
GREER, SC
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2014

EXPENDITURES

| | | |
|--|----|-------------------|
| 100 Instruction | | |
| 110 General instruction | | |
| 114 High school programs | | |
| 100 Salaries | \$ | 168,067 |
| 200 Employee benefits | | 14,714 |
| 400 Supplies and materials | | 21,202 |
| 120 Exceptional programs | | |
| 127 Learning disabilities | | |
| 100 Salaries | | 750 |
| 300 Purchased services | | 298 |
| Total instruction | | <u>205,031</u> |
| 200 Support services | | |
| Total support services | | <u>-0-</u> |
| Total expenditures | | <u>-0-</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Interfund transfers, from (to) other funds | | |
| 420-710 Transfer to general fund (excludes indirect costs) | | <u>(30,111)</u> |
| Total other financing sources (uses) | | <u>(30,111)</u> |
| EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES | | <u>-0-</u> |
| FUND BALANCE, July 1, 2013 | | <u>-0-</u> |
| FUND BALANCE, June 30, 2014 | \$ | <u><u>-0-</u></u> |

GREER MIDDLE COLLEGE
GREER, SC
Education Improvement Act
Summary Schedule by Program
For the Fiscal Year Ended June 30, 2014

| PROGRAM | <u>Revenues</u> | <u>Expenditures</u> | EIA Interfund | | <u>Deferred Revenue</u> |
|---|-------------------|---------------------|--------------------------|--------------------------|-------------------------|
| | | | <u>Transfers In(Out)</u> | <u>Transfers In(Out)</u> | |
| 3500 Education Improvement Act | | | | | |
| 3505 Technology support | \$ 708 | \$ 708 | \$ - | \$ - | \$ - |
| 3511 Professional development | 2,424 | 2,424 | - | - | - |
| 3525 Career and technology education equipment | - | 5,181 | - | (5,181) | - |
| 3532 National board certification salary supplement | 15,396 | 15,396 | - | - | - |
| 3544 High achieving students | 13,619 | 13,619 | - | - | - |
| 3550 Teacher salary increase | 54,439 | 54,439 | - | - | - |
| 3551 Teacher salary supplement state share | - | - | - | - | - |
| 3555 School employer contributions | 11,818 | 11,818 | - | - | - |
| 3558 Reading | - | 1,936 | - | (1,936) | - |
| 3577 Teacher supplies | 6,875 | 6,875 | - | - | - |
| 3585 Aid to districts - special education | 750 | 750 | - | - | - |
| 3592 Work-based learning | - | 3,080 | - | (3,080) | - |
| 3594 EEDA supplemental program | 1,043 | 1,043 | - | - | - |
| 3597 Aid to districts | - | 19,914 | - | (19,914) | - |
| 3599 Other EIA | 97,959 | 97,959 | - | - | - |
| TOTALS | <u>\$ 205,031</u> | <u>\$ 235,142</u> | <u>\$ -0-</u> | <u>\$ (30,111)</u> | <u>\$ -0-</u> |

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, Inc.
Greer, South Carolina

We have audited the financial statements of Greer Middle College, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated July 31, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Greenville, South Carolina
July 31, 2014

Martin Smith & Company CPAs PA

**GREER MIDDLE COLLEGE, INC.
GREER, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2014**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Section II - Financial Statement Findings

None.