

GREER MIDDLE COLLEGE, INC.

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

TAYLORS, SOUTH CAROLINA

**ANNUAL FINANCIAL REPORT
June 30, 2015**

(With Independent Auditors' Report Thereon)

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TAYLORS, SOUTH CAROLINA
Annual Financial Report
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MARTIN·SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Greer Middle College, 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, 2015, 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, 2015, 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 basic financial statements taken as a whole. The introductory section, schedule of revenues, expenditures, and changes in fund balance – general fund, schedule of revenues, expenditures, and changes in fund balance – special revenue fund, schedule of revenues, expenditures, and changes in fund balance – EIA fund, and other supplemental schedules, as listed in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements of Greer Middle College, Inc. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion such information is fairly presented in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 7, 2015, 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 & Company CPAs PA

August 7, 2015

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

FINANCIAL HIGHLIGHTS

The liabilities and deferred inflows of the School exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$371,717 (net deficit). The School has invested \$792,821 in capital assets, net of accumulated depreciation. Therefore, the School reported an unrestricted net deficit of \$1,225,269. The School also reported \$60,731 of net position restricted for capital projects.

The School implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* this year. With the reporting change, the School is allocated its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense of the South Carolina Retirement System plan. A prior period adjustment to record the effects of the application of the new reporting guidance decreased beginning net position by \$2,611,126.

The School's total net position improved by \$1,016,495 during its seventh 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 approximately 400 students for the high school program at the end of the school year.

As of the close of the current fiscal year, the School's governmental funds reported positive combined ending fund balances of \$1,476,919. This is an increase in fund balances of \$740,002 from the previous year.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,402,550.

The School's total capital assets, net of accumulated depreciation, decreased by \$20,274 during the current fiscal year, as depreciation exceeded capital additions.

During the 2015 fiscal year, the School's governmental fund type revenues were \$3,849,091, as compared to \$3,166,891 in the prior fiscal year. Seventy-two 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 \$3,109,089 as compared to \$2,723,911 in the prior fiscal year.

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Major Features of Greer Middle College, 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, 2015

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School, liabilities and deferred inflows exceeded assets and deferred outflows by \$371,717 at the close of the most recent fiscal year.

Table 1 provides a summary of the School's net position for 2015 compared to 2014:

	Governmental Activities	
	2015	2014
Assets		
Current and other assets	\$ 1,722,106	\$ 942,865
Capital assets	792,821	813,095
Total assets	2,514,927	1,755,960
Deferred Outflows of Resources	230,341	-
Liabilities		
Long-term liabilities	2,648,443	327,099
Other liabilities	245,187	205,947
Total liabilities	2,893,630	533,046
Deferred Inflows of Resources	223,355	-
Net Position		
Net investment in capital assets	792,821	813,095
Restricted for capital projects	60,731	57,613
Unrestricted net position (deficit)	(1,225,269)	352,206
Total net position (deficit)	\$ (371,717)	\$ 1,222,914

During the current fiscal year, net position of the School's governmental activities improved by \$1,016,495. 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 \$352,206 at June 30, 2014, to an unrestricted net position of \$(1,225,269) at June 30, 2015. The deficit net position for the year-ended June 30, 2015, is the result of the implementation of GASB No. 68, *Accounting and Financial Reporting for Pensions*. The application of this new accounting standard resulted in a prior period adjustment which reduced unrestricted net position by \$2,611,126. The administration of the School has achieved full enrollment and exercises careful fiscal management while still maintaining the necessary resources to provide a quality educational experience to its students. Capital assets net of depreciation decreased slightly during the year.

GREER MIDDLE COLLEGE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The following table shows the changes in net position for fiscal year 2015 compared to 2014.

Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program revenues:		
Operating grants	\$ 511,724	\$ 502,913
Charges for services and sales	304,785	14,397
General revenue:		
Local revenue	2,957,206	2,564,963
Other	75,375	84,618
Total revenues	3,849,090	3,166,891
Program Expenses		
Instruction	1,615,875	1,783,228
Support services	1,216,720	963,223
Interest	-	-
Total expenses	2,832,595	2,746,451
Increase in net position	\$ 1,016,495	\$ 420,440

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2015, the School's governmental funds reported combined fund balances of \$1,476,919 as compared to \$736,917 for the prior year.

With the enrollment of approximately 400 students, the School completed its seventh 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, 2015**

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 2015, amendments to the School's general fund budget resulted in no change to the budgeted surplus of \$452,030.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, the School had \$792,821 net investment in capital assets.

The total decrease in the School's net investment in capital assets was \$20,274. The year end total of capital assets was \$1,195,006 with a total accumulated depreciation expense of \$402,185. The depreciation expense charged during the year was \$70,005.

The following table shows fiscal 2015 balances compared to 2014:

**Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Buildings and facilities	\$ 659,344	\$ 701,539
Technology	51,428	42,896
Vehicles	12,841	18,051
Furniture and equipment	18,368	18,479
Construction in progress	50,840	32,130
Totals	\$ 792,821	\$ 813,095

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.
TAYLORS, SOUTH CAROLINA
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,523,350
Due from governmental agencies	185,118
Prepaid expenses	13,638
Capital assets	1,195,006
Less accumulated depreciation and amortization	<u>(402,185)</u>
Total capital assets, net of depreciation	<u>792,821</u>
Total assets	<u>2,514,927</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	<u>230,341</u>
Total deferred outflows of resources	<u>230,341</u>
<u>LIABILITIES</u>	
Accounts payable	42,199
Accrued expenses	173,493
Unearned revenue	29,495
Net pension liability	<u>2,648,443</u>
Total liabilities	<u>2,893,630</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	<u>223,355</u>
Total deferred inflows of resources	<u>223,355</u>
<u>NET POSITION</u>	
Net investment in capital assets	792,821
Restricted for capital projects	60,731
Unrestricted net position (deficit)	<u>(1,225,269)</u>
Total net position (deficit)	<u>\$ (371,717)</u>

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2015

<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	\$ 1,615,875	\$ 304,785	\$ 432,614	\$ 878,476
Support services	1,216,720	-	79,110	1,137,610
Interest and other charges	-	-	-	-
Total governmental activities	2,832,595	304,785	511,724	2,016,086
Total	\$ 2,832,595	\$ 304,785	\$ 511,724	2,016,086
General revenues:				
Local revenue				2,957,206
Miscellaneous				72,042
Unrestricted investment earnings				3,333
Total general revenues				3,032,581
Change in net position				1,016,495
Net position, beginning of year				1,222,914
Prior period adjustment				(2,611,126)
Net position (deficit), end of year				\$ (371,717)

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,523,350	\$ -	\$ -	\$ 1,523,350
Due from governmental agencies	-	176,856	8,262	185,118
Due from other funds	185,118			185,118
Prepaid expenses	<u>13,638</u>	<u>-</u>	<u>-</u>	<u>13,638</u>
Total assets	<u>\$ 1,722,106</u>	<u>\$ 176,856</u>	<u>\$ 8,262</u>	<u>\$ 1,907,224</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 42,199	\$ -	\$ -	\$ 42,199
Accrued expenses	173,493	-	-	173,493
Unearned revenue	29,495	-	-	29,495
Due to other funds		<u>176,856</u>	<u>8,262</u>	<u>185,118</u>
Total liabilities	<u>245,187</u>	<u>176,856</u>	<u>8,262</u>	<u>430,305</u>
Fund balances:				
Nonspendable	13,638	-	-	13,638
Restricted	60,731	-	-	60,731
Unassigned	<u>1,402,550</u>	<u>-</u>	<u>-</u>	<u>1,402,550</u>
Total fund balances	<u>1,476,919</u>	<u>-0-</u>	<u>-0-</u>	<u>1,476,919</u>
Total liabilities and fund balance	<u>\$ 1,722,106</u>	<u>\$ 176,856</u>	<u>\$ 8,262</u>	<u>\$ 1,907,224</u>

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds	\$	1,476,919
<p style="margin-left: 40px;">Amounts reported for governmental activities in the statement of net position are different because of the following:</p>		
<p style="margin-left: 40px;">Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$1,195,006 and the accumulated depreciation and amortization is \$402,185.</p>		
		792,821
<p style="margin-left: 40px;">Long-term liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds</p>		
		(2,648,443)
<p style="margin-left: 40px;">Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds</p>		
		230,341
<p style="margin-left: 40px;">Deferred inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds</p>		
		<u>(223,355)</u>
Net position (deficit) of governmental activities	\$	<u><u>(371,717)</u></u>

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 380,161	\$ -	\$ -	\$ 380,161
State	-	57,702	218,639	276,341
Federal	-	235,383	-	235,383
Intergovernmental	<u>2,957,206</u>	<u>-</u>	<u>-</u>	<u>2,957,206</u>
Total revenues all sources	<u>3,337,367</u>	<u>293,085</u>	<u>218,639</u>	<u>3,849,091</u>
EXPENDITURES				
Current				
Instruction	1,474,556	215,299	126,905	1,816,760
Support services	1,138,651	62,469	4,629	1,205,749
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	-	-	-	-
Capital outlay	<u>47,178</u>	<u>15,317</u>	<u>24,085</u>	<u>86,580</u>
Total expenditures	<u>2,660,385</u>	<u>293,085</u>	<u>155,619</u>	<u>3,109,089</u>
OTHER FINANCING SOURCES (USES)	63,020	-	(63,020)	-
Net change in fund balances	740,002	-0-	-0-	740,002
FUND BALANCE, July 1, 2014	<u>736,917</u>	<u>-0-</u>	<u>-0-</u>	<u>736,917</u>
FUND BALANCE, June 30, 2015	<u>\$ 1,476,919</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,476,919</u>

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Total net change in fund balance -- governmental funds	\$ 740,002
<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 (\$49,730) exceed amortization and depreciation expense (\$70,005) in the period.</p>	(20,275)
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which the costs of benefits earned (\$185,626) exceeds employee contributions (\$155,295).</p>	(30,331)
<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>327,099</u>
Change in net position of governmental activities	<u><u>\$ 1,016,495</u></u>

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 119,500	\$ 124,500	\$ 380,161	\$ 255,661
State	-	-	-	-
Federal	-	-	-	-
Intergovernmental	<u>2,756,732</u>	<u>2,756,732</u>	<u>2,957,206</u>	<u>200,474</u>
Total revenue	<u>2,876,232</u>	<u>2,881,232</u>	<u>3,337,367</u>	<u>456,135</u>
EXPENDITURES				
Current:				
Instruction	1,474,000	1,474,000	1,474,556	(556)
Support services	909,100	909,100	1,138,651	(229,551)
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	-	-	-	-
Capital outlay	<u>41,102</u>	<u>46,102</u>	<u>47,178</u>	<u>(1,076)</u>
Total expenditures	<u>2,424,202</u>	<u>2,429,202</u>	<u>2,660,385</u>	<u>(231,183)</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>63,020</u>	<u>63,020</u>
Net change in fund balance	<u>\$ 452,030</u>	<u>\$ 452,030</u>	740,002	<u>\$ 287,972</u>
Fund balance - July 1, 2014			<u>736,917</u>	
Fund balance - June 30, 2015			<u>\$ 1,476,919</u>	

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Fund
For Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	29,115	29,115	57,702	28,587
Federal	118,766	118,766	235,383	116,617
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>147,881</u>	<u>147,881</u>	<u>293,085</u>	<u>145,204</u>
EXPENDITURES				
Current:				
Instruction	108,633	108,633	215,299	106,666
Support services	31,520	31,520	62,469	30,949
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	<u>7,728</u>	<u>7,728</u>	<u>15,317</u>	<u>7,589</u>
Total expenditures	<u>147,881</u>	<u>147,881</u>	<u>293,085</u>	<u>145,204</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>145,204</u>
Net change in fund balance	\$ <u>-0-</u>	\$ <u>-0-</u>	-0-	\$ <u><u>145,204</u></u>
Fund balance - July 1, 2014			<u>-0-</u>	
Fund balance - June 30, 2015			\$ <u><u>-0-</u></u>	

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
EIA Fund
For Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	218,639	218,639	218,639	-
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>218,639</u>	<u>218,639</u>	<u>218,639</u>	<u>-</u>
Total revenue				
EXPENDITURES				
Current:				
Instruction	177,913	177,913	126,905	(51,008)
Support services	16,641	16,641	4,629	(12,012)
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	24,085	24,085	24,085	-
	<u>218,639</u>	<u>218,639</u>	<u>155,619</u>	<u>(63,020)</u>
Total expenditures				
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(63,020)</u>	<u>63,020</u>
Excess (deficiency) of revenues over expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>	-0-	\$ <u><u>-0-</u></u>
Fund balance - July 1, 2014			<u>-0-</u>	
Fund balance - June 30, 2015			\$ <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, 2015

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, 2015

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, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity, Continued

6) Pension Plan

School employees participate in the South Carolina Retirement System (SCRS or the Plan), a cost-sharing multi-employer defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Plan and additions/deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

7) 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 Plan subsequent to the measurement date and the net difference between expected and actual experience in the pension Plan are included as deferred outflows of resources.

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 Plan investments are included as deferred inflows of resources.

8) 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.

9) 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.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Assets, Liabilities, and Net Assets or Equity, Continued

10) 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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2015, the School's carrying amount of deposits was \$1,523,350 and the bank balance was \$1,543,788, of which \$543,788 was neither collateralized nor covered by Federal Depository Insurance. The School had no investments at June 30, 2015. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
Buildings and facilities	\$ 885,252	\$ 2,939	\$ -	\$ 888,191
Technology	174,430	22,841	-	197,271
Vehicles	26,800	-	-	26,800
Furniture and equipment	26,663	5,241	-	31,904
Total assets being depreciated	<u>1,113,145</u>	<u>31,021</u>	<u>-</u>	<u>1,144,166</u>
Construction in progress	32,130	18,710	-	50,840
Total capital assets	<u>1,145,275</u>	<u>49,731</u>	<u>-</u>	<u>1,195,006</u>
Less accumulated depreciation for:				
Buildings and facilities	183,713	45,134	-	228,847
Technology	131,534	14,309	-	145,843
Vehicles	8,749	5,210	-	13,959
Furniture and equipment	8,184	5,352	-	13,536
Total accumulated depreciation	<u>332,180</u>	<u>70,005</u>	<u>-</u>	<u>402,185</u>
Net capital assets being depreciated	<u>\$ 813,095</u>	<u>\$ (20,274)</u>	<u>\$ -</u>	<u>\$ 792,821</u>
Governmental activities capital assets, net	<u>\$ 813,095</u>	<u>\$ (20,274)</u>	<u>\$ -</u>	<u>\$ 792,821</u>

Depreciation expense charged to functions/programs was as follows:

Governmental activities:

Instruction	\$ 14,032
Support services	<u>55,973</u>

Total depreciation / amortization expense for governmental activities \$ 70,005

C. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 327,099	\$ -	\$ 327,999	\$ -	\$ -
Governmental activities:					
Long-term liabilities	<u>\$ 327,099</u>	<u>\$ -</u>	<u>\$ 327,999</u>	<u>\$ -</u>	<u>\$ -</u>

It is the School's policy to permit employees to accumulate earned but unused sick pay benefits. The sick leave policy of the School provides for the accumulation of up to 90 days earned sick leave. A long-term liability is recognized in the government-wide statement of net position for the amount estimated to be due under this policy. During the year ended June 30, 2015, the School reviewed its actual experience under this policy along with anticipated usage and revised the estimated liability under this policy. The effect of this change in estimate was to reduce salary expense and increase change in net position by \$327,099 for the year ended June 30, 2015.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

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 Transactions

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, 2015, was \$54,720

The School also has a memorandum of understanding with Greenville Technical Charter High School, whereby during the year ended June 30, 2015, the School paid \$13,000 to Greenville Technical Charter High School for accounting services.

C. Employee Retirement Systems and Pension Plans

Plan Description – Full time School employees participate in the South Carolina Retirement System, a cost-sharing multi-employer defined benefit pension plan. The SCRS was established by the South Carolina state legislature in 1945 for the benefit of teachers and employees of the state and its political subdivisions. 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 Plan is administered by the South Carolina Public Employee Benefit Authority (PEBA), established in 2012. Only the PEBA has the authority to establish and amend benefits.

All full-time 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 28 years of credited service regardless of age, with reduced pension benefits payable as early as age 55 and 25 years of service. An employee is vested for a deferred annuity with 5 years' service

Funding Policy - Both employees and the School are required to contribute to the Plan at rates established under authority of Title 9 of the South Carolina Code of Laws. SCRS plan members are required to contribute 7.5% of their annual covered salary while the School is required to contribute an actuarially determined rate. The current rate for the SCRS is 10.75% of annual covered payroll plus the retiree surcharge of 5.00%. Additionally, the School must contribute .15% of covered payroll to a group life insurance benefit for SCRS participants.

Contribution Summary - The payroll for School employees covered by the Plan for the year ended June 30, 2015 was \$1,607,460; the School's total payroll was \$1,708,000.

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.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

C. Employee Retirement Systems and Pension Plans, Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the School reported a liability of \$2,648,443 for its proportionate share of the PEBA's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, using membership data as of that date, projected forward to the end of that fiscal year, and financial information of the pension trust funds as of June 30, 2014. The School's proportion of the net pension liability was based on the School's contributions received by PEBA during the measurement period for employer payroll paid dates from July 1, 2013, through June 30, 2014, relative to the total employer contributions received from all of PEBA's participating employers. At June 30, 2014, the School's proportion was .015383%. For the year ended June 30, 2015, the School recognized pension expense of \$185,626 for its proportionate share of the PEBA's pension expense. At June 30, 2015, 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	\$ 75,046	\$ -
Net difference between expected and actual earnings on pension plan investments	-	223,283
District contributions subsequent to the measurement date	<u>155,295</u>	<u>-</u>
	<u>\$ 230,341</u>	<u>\$ 223,283</u>

\$155,295 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, 2016. 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>
2016	\$ (32,608)
2017	(32,608)
2018	(32,608)
2019	<u>(50,412)</u>
	<u>\$ (148,236)</u>

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

C. Employee Retirement Systems and Pension Plans, Continued

Actuarial Assumptions - The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	<u>Entry Age</u>
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	levels off at 3.5%
Inflation	2.75%
Benefit adjustments	lesser of 1% or \$500

Long-Term Expected Rate of Return - The long-term expected rate of return on pension plan investments for actuarial purposes is based upon the 30 year capital market outlook at the end of the third quarter 2012. The actuarial long-term expected rates of return represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics and professional judgement.

The RSIC, which manages the investments of PEBA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Expected Arithmetic Real Rate of Return</u>
Short Term		
Cash	2.0%	0.3%
Short Duration	3.0%	0.6%
Domestic Fixed Income		
Core Fixed Income	7.0%	1.1%
High Yield	2.0%	3.5%
Bank Loans	4.0%	2.8%
Global Fixed Income		
Global Fixed Income	3.0%	0.8%
Emerging Markets Debt	6.0%	4.1%
Global Public Equity	31.0%	7.8%
Global Tactical Asset Allocation	10.0%	5.1%
Alternatives		
Hedge Funds (Low Beta)	8.0%	4.0%
Private Debt	7.0%	10.2%
Private Equity	9.0%	10.2%
Real Estate	5.0%	5.9%
Commodities	3.0%	5.1%
	<u>100.0%</u>	

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

C. Employee Retirement Systems and Pension Plans, Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

<u>Asset Class</u>	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
School's proportionate share of the net pension liability	\$ 3,427,249	\$ 2,648,443	\$ 1,998,695

Pension Plan Fiduciary Net Position - Detailed information about the defined benefit pension plan's fiduciary net position is available in a separately-issued financial report. That report may be obtained on the Internet at www.retirement.sc.gov or by writing to PEBA at South Carolina Public Employee Benefit Authority, P. O. Box 11960, Columbia, SC 29211-1960.

D. Post-retirement Benefits

The School is a member of the South Carolina Retirement System. 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.

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, Brashier Middle College Charter High School has evaluated events and transactions for potential recognition or disclosure through August 7, 2015, 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, 2015.

GREER MIDDLE COLLEGE, INC.
Notes to the Basic Financial Statements
June 30, 2015

G. Prior Period Adjustment

GASB Statements No. 67, *Financial Reporting for Pension Plans* (“GASB 67”), and No. 68, *Accounting and Financial Reporting for Pensions* (“GASB 68”), were issued by the GASB in 2013. The primary objective of these statements is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple-employer plan are now be required to recognize a liability for the proportionate share of the net pension liability of that plan. It is GASB’s intention that these statements will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the state and local government’s financial obligations to current and former employees for past services rendered.

Effective July 1, 2014, the School implemented GASB 67 and 68. The School reports a net pension liability for its participation in the SCRS, along with related deferred outflows and inflows of resources. This resulted in a restatement of previously reported net position for governmental activities.

Government-Wide Net Position	Governmental Activities
Net position as previously reported at June 30, 2014,	\$ <u>1,222,914</u>
Net pension liability (measurement date)	(2,759,161)
Deferred outflows - School's contributions made during fiscal year 2014	<u>148,035</u>
Total prior period adjustment	<u>(2,611,126)</u>
Net position as restated, July 1, 2014	\$ <u><u>(1,388,212)</u></u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
1000 Revenue from local sources			
1500 Earnings on investments			
1510 Interest on investments	\$ 1,500	\$ 3,333	\$ 1,833
1700 Pupil activities			
1740 Student fees	8,000	79,850	71,850
1900 Other revenue from local sources			
1910 Rentals	-	3,395	3,395
1920 Contributions & donations private sources	115,000	72,042	(42,958)
1999 Revenue from other local sources	-	221,541	221,541
2000 Intergovernmental revenue:			
2100 Payments from other governmental units	<u>2,756,732</u>	<u>2,957,206</u>	<u>200,474</u>
Total local sources	<u>2,881,232</u>	<u>3,337,367</u>	<u>456,135</u>
Total revenue all sources	<u>2,881,232</u>	<u>3,337,367</u>	<u>456,135</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	926,000	925,824	176
200 Employee benefits	357,000	356,754	246
300 Purchased services	36,000	36,303	(303)
400 Supplies and materials	59,000	59,439	(439)
500 Capital outlay	20,000	20,200	(200)
600 Other objects	9,000	8,554	446
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	33,000	33,044	(44)
200 Employee benefits	27,000	26,579	421
300 Purchased services	2,000	1,928	72
400 Supplies and materials	1,000	828	172

(continued)

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
190 Instructional pupil activity			
400 Supplies and materials			
600 Other objects	5,000	5,429	(429)
	<u>19,000</u>	<u>19,874</u>	<u>(874)</u>
 Total instruction	 <u>1,494,000</u>	 <u>1,494,756</u>	 <u>(756)</u>
 210 Pupil services			
212 Guidance services			
100 Salaries	\$ 65,000	\$ 65,119	\$ (119)
200 Employee benefits	36,000	36,338	(338)
300 Purchased services	500	300	200
 220 Instructional staff services			
221 Improvement of instruction - curriculum development			
300 Purchased services	7,000	7,738	(738)
400 Supplies and materials	500	481	19
 230 General administration services			
231 Board of education			
300 Purchased services	8,000	8,054	(54)
318 Audit services	6,500	6,500	-
400 Supplies and materials	8,500	8,558	(58)
600 Other objects	2,000	1,795	205
 233 School administration			
100 Salaries	294,000	294,457	(457)
200 Employee benefits	83,000	83,724	(724)
300 Purchased services	94,000	94,320	(320)
400 Supplies and materials	8,000	8,378	(378)
600 Other objects	3,000	3,069	(69)
 250 Finance and operations services			
254 Fiscal services			
600 Other objects	100	69	31
 254 Operation and maintenance of plant			
300 Purchased services	162,000	160,815	1,185
400 Supplies and materials	6,000	6,892	(892)
500 Capital outlay	26,000	26,890	(890)

(continued)

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2015

	<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	\$ 51,000	\$ 51,758	\$ (758)
200 Employee benefits	18,000	18,031	(31)
300 Purchased services	19,000	19,285	(285)
400 Supplies and materials	1,000	969	31
264 Staff services			
300 Purchased services	5,000	5,699	(699)
270 Supporting services pupil activity			
271 Pupil services activity:			
100 Salaries	10,000	11,100	(1,100)
200 Employee benefits	1,000	841	159
300 Purchased services	2,000	3,372	(1,372)
400 Supplies and materials	9,000	101,497	(92,497)
500 Capital outlay	102	88	14
600 Other objects	9,000	139,492	(130,492)
	<u>935,202</u>	<u>1,165,629</u>	<u>(230,427)</u>
Total support services	<u>935,202</u>	<u>1,165,629</u>	<u>(230,427)</u>
Total expenditures	<u>2,429,202</u>	<u>2,660,385</u>	<u>(231,183)</u>
OTHER FINANCING SOURCES (USES)			
Interfund transfers from (to) other funds			
5220 Transfer from Special Revenue Fund (excludes indirect cost)	-	63,020	63,020
	<u>-</u>	<u>63,020</u>	<u>63,020</u>
Total other financing sources (uses)	<u>-0-</u>	<u>63,020</u>	<u>63,020</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 452,030</u>	740,002	<u>\$ 287,972</u>
FUND BALANCE, July 1, 2014		<u>736,917</u>	
FUND BALANCE, June 30, 2015		<u>\$ 1,476,919</u>	

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
SPECIAL REVENUE FUND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

	<u>Special Projects Fund</u>	<u>Education Improvement Act</u>	<u>Total</u>
REVENUES			
Local sources	\$ -	\$ -	\$ -
State sources	57,702	218,639	276,341
Federal sources	235,383	-	235,383
Intergovernmental	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues all sources	<u>293,085</u>	<u>218,639</u>	<u>511,724</u>
EXPENDITURES			
Instruction	230,616	150,990	381,606
Supporting services	62,469	4,629	67,098
Community services	-	-	-
Intergovernmental expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>293,085</u>	<u>155,619</u>	<u>448,704</u>
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(63,020)</u>	<u>(63,020)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-0-	-0-	-0-
FUND BALANCE, July 1, 2014	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2015	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For the Fiscal Year Ended June 30, 2015

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,385	\$ -	\$ 42,385
3600 Education lottery act revenue									
3630 K-12 Technology initiative	-	-	-	-	-	-	15,317	-	15,317
Total state sources	-	-	-	-	-	-	57,702	-	57,702
4000 Revenue from federal sources									
4200 Occupational education									
4210 Perkins, Title I	-	-	-	11,360	-	-	-	-	11,360
4300 Elementary and Secondary Education Act of 1965 (ESEA)									
4325 Mathematics and science partnerships program, Title II	-	-	-	-	-	-	-	-	-
4341 Language Instruction for limited English	-	-	-	-	-	-	-	-	-
4348 Teacher incentive fund	-	-	-	-	-	-	-	165,046	165,046
4351 Improving teacher quality	-	-	-	-	-	-	-	9,957	9,957
4500 Programs for children with disabilities									
4510 Individuals with Disabilities Education Act (IDEA)	-	49,020	-	-	-	-	-	-	49,020
Total federal sources	-	49,020	-	11,360	-	-	-	175,003	235,383
Total revenue all sources	-	49,020	-	11,360	-	-	57,702	175,003	293,085

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

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Special Projects Fund
For the Fiscal Year Ended June 30, 2015

	<u>Title I</u> <u>(BA Projects)</u> <u>(201/202)</u>	<u>IDEA</u> <u>(CA Projects)</u> <u>(203/204)</u>	<u>Preschool</u> <u>Handicapped</u> <u>(CG Projects)</u> <u>(205/206)</u>	<u>CATE</u> <u>(VA Projects)</u> <u>(207/208)</u>	<u>Drug Free</u> <u>(FP/FQ Projects)</u> <u>(209/210)</u>	<u>Adult</u> <u>Education</u> <u>(EA Projects)</u>	<u>Other</u> <u>Designated</u> <u>Restricted</u> <u>State Grants</u> <u>(900s)</u>	<u>Other</u> <u>Special</u> <u>Revenue</u> <u>Programs</u> <u>(200s/800s)</u>	<u>Total</u>
EXPENDITURES									
100 Instruction									
110 General instruction									
114 High school programs									
100 Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,687	\$ 128,687
200 Employee benefits	-	-	-	-	-	-	-	26,232	26,232
400 Supplies and materials	-	-	-	11,360	-	-	-	-	11,360
500 Capital outlay	-	-	-	-	-	-	15,317	-	15,317
127 Learning disabilities									
100 Salaries	-	49,020	-	-	-	-	-	-	49,020
Total instruction	<u>-</u>	<u>49,020</u>	<u>-</u>	<u>11,360</u>	<u>-</u>	<u>-</u>	<u>15,317</u>	<u>154,919</u>	<u>230,616</u>
200 Support services									
210 Pupil svices									
212 Guidance services -									
100 Salaries	-	-	-	-	-	-	42,385	-	42,385
220 Instructional staff services									
221 Improvement of instruction - curriculum development									
300 Purchased services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,084</u>	<u>20,084</u>
Total support services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,385</u>	<u>20,084</u>	<u>62,469</u>
Total expenditures	<u>-</u>	<u>49,020</u>	<u>-</u>	<u>11,360</u>	<u>-</u>	<u>-</u>	<u>57,702</u>	<u>175,003</u>	<u>293,085</u>
EXCESS/DEFICIENCY OF REVENUES									
OVER EXPENDITURES									
	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, July 1, 2014	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
FUND BALANCE, June 30, 2015	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Schedule of Program Classifications - Special Projects Fund
For the Fiscal Year Ended June 30, 2015

<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	\$ 42,385	3118
963	Digital instructional materials	<u>15,317</u>	3630
		<u>\$ 57,702</u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
268	Teacher incentive fund	\$ 165,046	4318
267	Improving teacher quality	<u>9,957</u>	4351
		<u>\$ 175,003</u>	

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Summary Schedule for Designated Restricted Grants
For the Fiscal Year Ended June 30, 2015

Subfund	Revenue Code	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Deferred
					Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	
914	3194	Digital instructional	\$ 7,306	\$ -	\$ -	\$ -	\$ 7,306
918	3198	Technology professional development	2,433	-	-	-	2,433
963	3630	K-12 Technology initiative	-	-	-	-	-
253	4325	Enhancing education through technology (E2T2), Title II	-	-	-	3,725	3,725
264	4341	Language instruction for limited English proficient and immigrant students	-	-	-	1,644	1,644
			<u>\$ 9,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,369</u>	<u>\$ 15,108</u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3511 Professional development	\$	2,348
3532 National board certification (NBC) salary supplement		15,444
3538 Students at risk of school failure		107,498
3550 Teacher salary increase		51,008
3555 School employer contributions		12,012
3558 Reading		1,870
3577 Teacher supplies		5,750
3595 EEDA supplies and materials		180
3597 Aid to districts		<u>22,529</u>
Total state sources		<u>218,639</u>
Total revenue all sources		<u>218,639</u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
For the Fiscal Year Ended June 30, 2015

EXPENDITURES

100 Instruction	
110 General instruction	
114 High school programs	
100 Salaries	\$ 106,862
200 Employee benefits	14,793
400 Supplies and materials	5,250
500 Capital outlay	<u>24,085</u>
Total instruction	<u>150,990</u>
200 Support services	
210 Pupil services	
212 Guidance services	
400 Supplies and materials	680
220 Instructional staff services	
221 Improvement of instruction - curriculum development	
300 Purchased services	3,748
230 General administration services	
233 School administration	
400 Supplies and materials	<u>201</u>
Total support services	<u>4,629</u>
Total expenditures	<u>155,619</u>
OTHER FINANCING SOURCES (USES)	
Interfund transfers, from (to) other funds	
420-710 Transfer to general fund (excludes indirect costs)	<u>(63,020)</u>
Total other financing sources (uses)	<u>(63,020)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-0-</u>
FUND BALANCE, July 1, 2014	<u>-0-</u>
FUND BALANCE, June 30, 2015	<u><u>\$ -0-</u></u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For the Fiscal Year Ended June 30, 2015

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	EIA Interfund		<u>Deferred Revenue</u>
			<u>In(Out)</u>	<u>Transfers In(Out)</u>	
3500 Education Improvement Act					
3511 Professional development	\$ 2,348	\$ 2,348	\$ -	\$ -	\$ -
3525 Career and technology education equipment	5,829		-	-	5,829
3532 National board certification salary supplement	15,444	15,444	-	-	-
3535 Students at risk of school failure	107,498	107,498	-	-	-
3550 Teacher salary increase	51,008	-	-	(51,008)	-
3555 School employer contributions	12,012	-	-	(12,012)	-
3558 Reading	1,870	1,870	-	-	-
3577 Teacher supplies	5,750	5,750	-	-	-
3592 Work-based learning	3,513	-	-	-	3,513
3595 EEDA supplies and materials	1,505	180	-	-	1,325
3597 Aid to districts	22,529	22,529	-	-	-
TOTALS	\$ 229,306	\$ 155,619	\$ -0-	\$ (63,020)	\$ 10,667

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2015

<u>Program</u>	<u>Project Number</u>	<u>Revenue & Subfund Codes</u>	<u>Description</u>	<u>Amount Due to State Department of Education/ Federal Government</u>
None				\$ <u>-0-</u>
				\$ <u><u>-0-</u></u>

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2015

	<u>2015</u>
School's proportion of the net pension liability	0.015383%
School's proportionate share of the net pension liability	\$ 2,648,443
School's covered-employee payroll	\$ 1,622,886
School's proportionate share of the net pension liability as a percentage of the covered-employee payroll	163.19%
Plan fiduciary net position as a percentage of the total pension liability	59.90%

Schedule 7

GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Schedule of School Contributions
June 30, 2015

	<u>2015</u>
Contractually required contributions	\$ 155,295
Contributions in relation to the contractually required contributions	<u>155,295</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>
School's covered-employee payroll	\$ 1,607,460
Contributions as percentage of covered-employee payroll	9.66%

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.
Taylors, South Carolina

We have audited the financial statements of Greer Middle College, Inc. as of and for the year ended June 30, 2015, and have issued our report thereon dated August 7, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Smack & Company CPAs PA

Greenville, South Carolina
August 7, 2015

**GREER MIDDLE COLLEGE, INC.
TAYLORS, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2015**

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.