

**GREER MIDDLE COLLEGE
CHARTER HIGH SCHOOL**
(A Component Unit of the School District
of Greenville County)

TAYLORS, SOUTH CAROLINA

ANNUAL FINANCIAL REPORT
June 30, 2016

(With Independent Auditors' Report Thereon)

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Annual Financial Report
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June 30, 2016**

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MARTIN · SMITH

& COMPANY CPAs

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of Greer Middle College Charter High School (the "School"), a component unit of the School District of Greenville County, Greenville, South Carolina as of and for the year ended June 30, 2016, which collectively comprise the School's basic financial statements, as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of Greer Middle College Charter High School at June 30, 2016, 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.

Member: American Institute of Certified Public Accountants • South Carolina Association of Certified Public Accountants

1212 Haywood Road, Bldg. 100 • Greenville, South Carolina 29615 • (864) 232-1040

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension plan schedules, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is supplementary information required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 26, 2016, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Martin Smith and Company CPAs PA

August 26, 2016

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This discussion and analysis of Greer Middle College Charter High School (the "School's") financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2016. 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 and deferred outflows of the School exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$379,031. The School has invested \$1,200,623 in capital assets, net of accumulated depreciation and related debt. The School also reported \$60,853 of net position restricted for capital projects. Therefore, the School reported an unrestricted net deficit of \$882,445. This deficit is entirely due to the implementation of GASB Statement No. 68. The School implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension* in the last fiscal 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.

The School's total net position improved by \$750,748 during its eighth 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. During the current fiscal year, the School began a construction project to provide new educational facilities. Its new facilities, when completed, will enhance the educational experience for students and enable increased enrollment. Enrollment was approximately 440 students for the high school program at the end of the school year.

As of the close of the current fiscal year, the School's governmental funds reported positive combined ending fund balances of \$8,276,694. This is an increase in fund balances of \$6,799,755 from the previous year.

At the end of the current fiscal year, the unassigned fund balance for the general fund was \$1,795,220.

The School's total capital assets, net of accumulated depreciation, increased by \$545,490 during the current fiscal year, as depreciation exceeded capital additions.

During the 2016 fiscal year, the School's governmental fund type revenues were \$3,915,153, as compared to \$3,849,091 in the prior fiscal year. Eighty 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 \$3,673,388 as compared to \$3,109,089 in the prior fiscal year.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 and deferred outflows exceeded liabilities and deferred inflows by \$379,031 at the close of the most recent fiscal year.

Table 1 provides a summary of the School's net position for 2016 compared to 2015:

	Governmental Activities	
	2016	2015
Assets		
Current and other assets	\$ 8,546,502	\$ 1,722,106
Capital assets	1,338,311	792,821
Total assets	9,884,813	2,514,927
Deferred Outflows of Resources	2,335,082	230,341
Liabilities		
Long-term liabilities	9,439,805	2,648,443
Other liabilities	269,808	245,187
Total liabilities	9,709,613	2,893,630
Deferred Inflows of Resources	31,251	223,355
Net Position		
Net investment in capital assets	1,200,623	792,821
Restricted for capital projects	60,853	60,731
Unrestricted net position (deficit)	(882,445)	(1,225,269)
Total net position (deficit)	\$ 379,031	\$ (371,717)

During the current fiscal year, net position of the School's governmental activities improved by \$750,748. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from (\$1,225,269) at June 30, 2015, to an unrestricted net position of (\$882,445) at June 30, 2016. The deficit net position for the year-ended June 30, 2016, is the result of GASB No. 68, *Accounting and Financial Reporting for Pensions*. 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 increased during the year.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

The following table shows the changes in net position for fiscal year 2016 compared to 2015:

Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues		
Program revenues:		
Operating grants and contributions	\$ 3,599,292	\$ 511,724
Charges for services and sales	291,467	304,785
General revenue:		
Local revenue	7,007	2,957,206
Other	17,395	75,375
Total revenues	3,915,161	3,849,090
 Program Expenses		
Instruction	1,864,444	1,615,875
Support services	1,299,969	1,216,720
Interest	-	-
Total expenses	3,164,413	2,832,595
Increase in net position	\$ 750,748	\$ 1,016,495

Governmental Activities:

FINANCIAL ANALYSIS OF THE SCHOOL'S FUNDS

Governmental Funds

For the year ended June 30, 2016, the School's governmental funds reported combined fund balances of \$8,276,694 as compared to \$1,476,919 for the prior year.

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

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016, there were no amendments to the School's general fund budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, the School had \$1,338,311 invested in capital assets, net of accumulated depreciation.

The year-end total of capital assets was \$1,813,931 with a total accumulated depreciation expense of \$475,620. The depreciation expense charged during the year was \$74,684.

The following table shows fiscal 2016 balances compared to 2015:

**Capital Assets
(Net of Depreciation)**

	Governmental Activities	
	2016	2015
Buildings and facilities	\$ 612,888	\$ 659,344
Technology	39,542	51,428
Vehicles	31,411	12,841
Furniture and equipment	12,933	18,368
Construction in progress	641,537	50,840
Totals	\$ 1,338,311	\$ 792,821

Long-term Debt

At fiscal year-end, the School had long term indebtedness related to bonds payable of \$6,558,000. The School borrowed these funds during the current fiscal year to finance the construction of its new educational facility. More detailed information about the School's debt is presented in the notes to the financial statements.

Contacting the School's Financial Management

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 8,191,252
Due from governmental agencies	314,046
Other receivables	40,895
Prepaid expenses	309
Capital assets	1,813,931
Less accumulated depreciation and amortization	<u>(475,620)</u>
Total capital assets, net of depreciation	<u>1,338,311</u>
Total assets	<u>9,884,813</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	<u>235,082</u>
Total deferred outflows of resources	<u>235,082</u>
<u>LIABILITIES</u>	
Accounts payable	2,349
Due to governmental agencies	27,339
Accrued expenses	181,526
Unearned revenue	58,594
Net pension liability	2,881,805
Long-term liabilities:	
Due within one year	-
Due in more than one year	<u>6,558,000</u>
Total liabilities	<u>9,709,613</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred amounts related to pensions	<u>31,251</u>
Total deferred inflows of resources	<u>31,251</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,200,623
Restricted for capital projects	60,853
Unrestricted net position (deficit)	<u>(882,445)</u>
Total net position (deficit)	<u>\$ 379,031</u>

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2016**

<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	\$ 1,864,444	\$ 291,467	\$ 2,196,990	\$ (624,013)
Support services	1,299,969	-	1,402,302	(102,333)
Interest and other charges	-	-	-	-
Total governmental activities	<u>3,164,413</u>	<u>291,467</u>	<u>3,599,292</u>	<u>(726,346)</u>
Total	<u>\$ 3,164,413</u>	<u>\$ 291,467</u>	<u>\$ 3,599,292</u>	<u>(726,346)</u>
General revenues:				
Local revenue				7,007
Miscellaneous				12,096
Unrestricted investment earnings				5,299
Total general revenues				<u>24,402</u>
Change in net position				750,748
Net position (deficit), beginning of year				<u>(371,717)</u>
Net position (deficit), end of year				<u>\$ 379,031</u>

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Balance Sheet - Governmental Funds
June 30, 2016

	<u>General</u>	<u>Special Revenue</u>	<u>EIA</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 8,191,252	\$ -	\$ -	\$ 8,191,252
Due from governmental agencies	277,315	36,731	-	314,046
Other receivables	40,895	-	-	40,895
Due from other funds	36,731	12,641	11,643	61,015
Prepaid expenses	309	-	-	309
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,546,502</u>	<u>\$ 49,372</u>	<u>\$ 11,643</u>	<u>\$ 8,607,517</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,349	\$ -	\$ -	\$ 2,349
Due to governmental agencies	27,339	-	-	27,339
Accrued expenses	181,526	-	-	181,526
Unearned revenue	34,310	12,641	11,643	58,594
Due to other funds	24,284	36,731	-	61,015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>269,808</u>	<u>49,372</u>	<u>11,643</u>	<u>330,823</u>
Fund balances:				
Nonspendable	309	-	-	309
Restricted	60,853	-	-	60,853
Committed	6,420,312	-	-	6,420,312
Unassigned	1,795,220	-	-	1,795,220
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,276,694</u>	<u>-0-</u>	<u>-0-</u>	<u>8,276,694</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 8,546,502</u>	<u>\$ 49,372</u>	<u>\$ 11,643</u>	<u>\$ 8,607,517</u>

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2016**

Total fund balances - governmental funds	\$	8,276,694
<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 \$1,813,931 and the accumulated depreciation and amortization is \$475,620.</p>		
		1,338,311
<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>		
		(9,439,805)
<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>		
		235,082
<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>(31,251)</u>
Net position (deficit) of governmental activities	\$	<u><u>379,031</u></u>

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Special Revenue Fund</u>	<u>EIA Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local	\$ 355,190	\$ -	\$ -	\$ 355,190
State	-	14,402	156,953	171,355
Federal	-	224,034	-	224,034
Intergovernmental	<u>3,164,584</u>	<u>-</u>	<u>-</u>	<u>3,164,584</u>
Total revenues all sources	<u>3,519,774</u>	<u>238,436</u>	<u>156,953</u>	<u>3,915,163</u>
EXPENDITURES				
Current				
Instruction	1,558,459	205,987	42,866	1,807,312
Support services	1,133,835	18,047	51,520	1,203,402
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	-	-	-	-
Capital outlay	<u>645,961</u>	<u>14,402</u>	<u>2,311</u>	<u>662,674</u>
Total expenditures	<u>3,338,255</u>	<u>238,436</u>	<u>96,697</u>	<u>3,673,388</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>181,519</u>	<u>-</u>	<u>60,256</u>	<u>241,775</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	6,558,000	-	-	6,558,000
Operating transfer in	60,256	-	-	60,256
Operating transfer out	<u>-</u>	<u>-</u>	<u>(60,256)</u>	<u>(60,256)</u>
Total other financing sources (uses)	<u>6,618,256</u>	<u>-</u>	<u>(60,256)</u>	<u>6,558,000</u>
Net change in fund balances	6,799,775	-0-	-0-	6,799,775
FUND BALANCE, July 1, 2015	<u>1,476,919</u>	<u>-0-</u>	<u>-0-</u>	<u>1,476,919</u>
FUND BALANCE, June 30, 2016	<u>\$ 8,276,694</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 8,276,694</u>

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016**

Total net change in fund balance -- governmental funds	\$ 6,799,775
<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 (\$620,173) exceed amortization and depreciation expense (\$74,684) in the period.</p>	545,489
<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 (\$201,109) exceeds employee contributions (\$164,593).</p>	(36,516)
<p>Bond and bond premium proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.</p>	<u>(6,558,000)</u>
Change in net position of governmental activities	<u>\$ 750,748</u>

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
General Fund
For Fiscal Year Ended June 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUES				
Local	\$ 144,500	\$ 144,500	\$ 355,190	\$ 210,690
State	-	-	-	-
Federal	-	-	-	-
Intergovernmental	<u>2,694,117</u>	<u>2,694,117</u>	<u>3,164,584</u>	<u>470,467</u>
Total revenue	<u>2,838,617</u>	<u>2,838,617</u>	<u>3,519,774</u>	<u>681,157</u>
EXPENDITURES				
Current:				
Instruction	1,560,139	1,560,139	1,558,459	1,680
Support services	979,166	979,166	1,133,835	(154,669)
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Debt service	-	-	-	-
Capital outlay	<u>7,287</u>	<u>7,287</u>	<u>645,961</u>	<u>(638,674)</u>
Total expenditures	<u>2,546,592</u>	<u>2,546,592</u>	<u>3,338,255</u>	<u>(791,663)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>292,025</u>	<u>292,025</u>	<u>181,519</u>	<u>(110,506)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term notes	-	-	6,558,000	6,558,000
Operating transfer in	<u>-</u>	<u>-</u>	<u>60,256</u>	<u>60,256</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,618,256</u>	<u>6,618,256</u>
Net change in fund balance	<u>\$ 292,025</u>	<u>\$ 292,025</u>	6,799,775	<u>\$ 6,507,750</u>
Fund balance - July 1, 2015			<u>1,476,919</u>	
Fund balance - June 30, 2016			<u>\$ 8,276,694</u>	

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

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA**
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
Special Revenue Fund
For Fiscal Year Ended June 30, 2016

	Original	Final	Actual (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	44,452	44,452	14,402	(30,050)
Federal	230,000	230,000	224,034	(5,966)
Intergovernmental	-	-	-	-
Total revenue	274,452	274,452	238,436	(36,016)
EXPENDITURES				
Current:				
Instruction	230,000	230,000	205,987	24,013
Support services	30,000	30,000	18,047	11,953
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	14,452	14,452	14,402	50
Total expenditures	274,452	274,452	238,436	36,016
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)	-	-	-	-
Net change in fund balance	\$ -0-	\$ -0-	-0-	\$ -0-
Fund balance - July 1, 2015			-0-	
Fund balance - June 30, 2016			\$ -0-	

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual
EIA Fund
For Fiscal Year Ended June 30, 2016

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
State	156,953	156,953	156,953	-
Federal	-	-	-	-
Intergovernmental	-	-	-	-
	<u>156,953</u>	<u>156,953</u>	<u>156,953</u>	<u>-0-</u>
EXPENDITURES				
Current:				
Instruction	103,122	103,122	42,866	60,256
Support services	51,520	51,520	51,520	-
Community services	-	-	-	-
Intergovernmental	-	-	-	-
Capital outlay	2,311	2,311	2,311	-
	<u>156,953</u>	<u>156,953</u>	<u>96,697</u>	<u>60,256</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>60,256</u>	<u>60,256</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer out	<u>-</u>	<u>-</u>	<u>(60,256)</u>	<u>(60,256)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(60,256)</u>	<u>(60,256)</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, 2015			<u>-0-</u>	
Fund balance - June 30, 2016			<u><u>\$ -0-</u></u>	

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School is a charter school under legislation enacted on June 18, 1996. A charter school is considered a public school and the School is a part of the 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 CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

1) Deposits and Investments

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

2) Prepaid Items

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

3) Capital Assets

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

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

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

4) Compensated Absences

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

5) Long-term Obligations

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

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

6) Pension Plan

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

7) 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. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational way to pension expense in future periods in accordance with GAAP.

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

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. First, nonspendable fund balances are determined. Then restricted fund balances for specific purposes, if any, are determined. Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. Committed fund balance amounts are established by the School board through motions passed at School Board meetings. The School also has funds committed for a capital project. Assigned fund balance amounts are established by the School administration. The School has no assigned fund balance amounts.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

8) Fund Equity, Continued

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt, which has not been spent, is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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 Support Services expenditure category.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2016, the School's carrying amount of deposits was \$8,191,252 and the bank balance was \$8,200,207, of which \$7,200,159 was neither collateralized nor covered by Federal Depository Insurance. The School had no investments at June 30, 2016. The School does not have a formal deposit policy for credit risk but follows the investment policy statutes of the State of South Carolina.

At June 30, 2016, the School cash balances included \$6,420,312 which it had borrowed for its construction project, but which was unspent at fiscal year-end. These balances are committed for this capital project.

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS, Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending</u>
	<u>Balance</u>						<u>Balance</u>
Capital assets being depreciated:							
Buildings and facilities	\$ 888,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 888,191
Technology	197,271	4,728	-	-	-	-	201,999
Vehicles	26,800	25,500	2,000	-	-	-	50,300
Furniture and equipment	31,904	-	-	-	-	-	31,904
Total assets being depreciated	<u>1,144,166</u>	<u>30,228</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,172,394</u>
Construction in progress	<u>50,840</u>	<u>590,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>641,537</u>
Total capital assets	<u>1,195,006</u>	<u>620,925</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,813,931</u>
Less accumulated depreciation for:							
Buildings and facilities	228,847	46,456	-	-	-	-	275,303
Technology	145,843	16,614	-	-	-	-	162,457
Vehicles	13,959	6,179	1,249	-	-	-	18,889
Furniture and equipment	13,536	5,435	-	-	-	-	18,971
Total accumulated depreciation	<u>402,185</u>	<u>74,684</u>	<u>1,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,620</u>
Net capital assets being depreciated	<u>\$ 792,821</u>	<u>\$ 546,241</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,338,311</u>
Governmental activities capital assets, net	<u>\$ 792,821</u>	<u>\$ 546,241</u>	<u>\$ 751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,338,311</u>

Depreciation expense charged to functions/programs was as follows:

Governmental activities:

Instruction	\$ 16,337
Support services	<u>58,347</u>
Total depreciation / amortization expense for governmental activities	<u>\$ 74,684</u>

During the year ended June 30, 2016, the School began a construction project on a new educational facility. As of June 30, 2016, the amount expended for construction was \$641,537. The remaining amount to be expended under the construction contract is approximately \$6,500,000.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

III. DETAILED NOTES ON ALL FUNDS, Continued

C. Long-Term Debt

Long-term debt consists of the following as of June 30, 2016:

Note payable to South Carolina Jobs-Economic Development Authority, interest payable semi-annually at 2.81% starting April 2017, principal payable annually in installments ranging from \$195,000 to \$369,000 starting April 2018 through 2041. The loan is secured by accounts receivable, inventory, equipment, and general revenues.	\$ 6,558,000
Less current portion of long-term debt	<u>-</u>
Total long-term debt	\$ <u><u>6,558,000</u></u>

Maturities of debt outstanding at June 30, 2016, are as follows:

Year Ending June 30	
2017	\$ -
2018	195,000
2019	201,000
2020	206,000
Thereafter	<u>5,956,000</u>
Total	\$ <u><u>6,558,000</u></u>

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

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ -0-	\$ 6,558,000	\$ -	\$ 6,558,000	\$ -0-
Governmental activities:					
Long-term liabilities	<u>\$ -0-</u>	<u>\$ 6,558,000</u>	<u>\$ -</u>	<u>\$ 6,558,000</u>	<u>\$ -0-</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

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, 2016, was \$65,664.

C. Employee Retirement Systems and Pension Plans

Plan Description – The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

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

Plan Membership – Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below:

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

State ORP – As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (“State ORP”), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP employer contributions to the State ORP are at the same rates as SCRS

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

IV. OTHER INFORMATION, Continued

C. Employee Retirement Systems and Pension Plans, Continued

Plan Benefits – Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below:

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Funding Policy - Contributions are prescribed in Title 9 of the South Carolina code of Laws. The PEBA board may increase the SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations, but any such increase may not result in a differential between the employee and employer contribution rate that exceeds 2.0 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

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

Contribution Summary - The payroll for School employees covered by the Plan for the year ended June 30, 2016 was \$1,643,457; the School's total payroll was \$1,763,671.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

IV. OTHER INFORMATION, Continued

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 – The most recent annual actuarial valuation reports adopted by the PEBA Board and Budget and control board are as of July 1, 2014. The net pension liability of each defined benefit pension plan was therefore determined based on the July 1, 2014 actuarial valuations, using membership data as of July 1, 2014, projected forward to the end of the fiscal year, and financial information of the pension trust funds as of June 30, 2015, using generally accepted actuarial procedures. Information included in the following schedules is based on the certification provided by PEBA’s consulting actuary, Gabriel, Roeder, Smith and Company.

At June 30, 2016, the School reported a liability of \$2,881,805 for its proportionate share of the PEBA’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014, 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, 2015. 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PEBA’s participating employers. At June 30, 2015, the School’s proportion was .015195%. For the year ended June 30, 2016, the School recognized pension expense of \$201,109 for its proportionate share of the PEBA’s pension expense. At June 30, 2016, 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	\$ 51,200	\$ 5,154
Net difference between projected and actual earnings on pension plan investments	19,289	-
Changes in proportionate share and differences between employer contributions and proportionate share of total plan employer contributions	-	26,097
School contributions subsequent to the measurement date	<u>164,593</u>	<u>-</u>
	<u>\$ 235,082</u>	<u>\$ 31,251</u>

\$164,593 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, 2017. 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>
2017	\$ 7,416
2018	7,416
2019	(3,156)
2020	<u>27,562</u>
	<u>\$ 39,238</u>

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016

IV. OTHER INFORMATION, Continued

C. Employee Retirement Systems and Pension Plans, Continued

Actuarial Assumptions – Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined during the valuation process are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. The last experience study was performed on data through June 30, 2010, and the next experience study is scheduled to be conducted after the June 30, 2015 annual valuation is complete.

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

<u>Actuarial Cost Method</u>	<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 fourth quarter 2013. 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%	1.9%
Short Duration	3.0%	2.0%
Domestic Fixed Income		
Core Fixed Income	7.0%	2.7%
High Yield	2.0%	3.8%
Bank Loans	4.0%	3.8%
Global Fixed Income		
Global Fixed Income	3.0%	2.8%
Emerging Markets Debt	6.0%	5.1%
Global Public Equity	31.0%	7.1%
Global Tactical Asset Allocation	10.0%	4.9%
Alternatives		
Hedge Funds (Low Beta)	8.0%	4.3%
Private Debt	7.0%	9.9%
Private Equity	9.0%	9.9%
Real Estate	5.0%	6.0%
Commodities	3.0%	5.9%
	100.0%	

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Notes to the Basic Financial Statements
June 30, 2016**

IV. OTHER INFORMATION, Continued

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	\$ 3,633,133	\$ 2,881,805	\$ 2,252,097

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, Greer Middle College Charter High School has evaluated events and transactions for potential recognition or disclosure through August 26, 2016, 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, 2016.

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2016**

	<u>2016</u>	<u>2015</u>
School's proportion of the net pension liability	0.015195%	0.015383%
School's proportionate share of the net pension liability	\$ 2,881,805	\$ 2,648,443
School's covered-employee payroll	\$ 1,607,460	\$ 1,622,886
School's proportionate share of the net pension liability as a percentage of the covered-employee payroll	179.28%	163.19%
Plan fiduciary net position as a percentage of the total pension liability	57.00%	59.90%

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of School Contributions
June 30, 2016**

	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 164,593	\$ 155,295
Contributions in relation to the contractually required contributions	<u>164,593</u>	<u>155,295</u>
Contribution deficiency (excess)	\$ <u><u>-0-</u></u>	\$ <u><u>-0-</u></u>
School's covered-employee payroll	\$ 1,643,457	\$ 1,607,460
Contributions as percentage of covered-employee payroll	10.02%	9.66%

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016

	<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	\$ 1,500	\$ 5,299	\$ 3,799
1600 Food services			
1630 Special sales to pupils	-	96,397	96,397
1700 Pupil activities			
1720 Bookstore sales	-	4,728	4,728
1740 Student fees	-	35,714	35,714
1790 Other pupil activity income	-	157,714	157,714
1900 Other revenue from local sources			
1920 Contributions & donations private sources	125,000	39,320	(85,680)
1950 Refund of prior year's expenditures	-	450	450
1990 Miscellaneous local revenue			
1993 Receipt of insurance proceeds	-	11,646	11,646
1999 Revenue from other local sources	18,000	3,922	(14,078)
Total local sources	<u>144,500</u>	<u>355,190</u>	<u>210,690</u>
2000 Intergovernmental revenue:			
2100 Payments from other governmental units	<u>2,694,117</u>	<u>3,164,584</u>	<u>470,467</u>
Total intergovernmental revenue	<u>2,694,117</u>	<u>3,164,584</u>	<u>470,467</u>
Total revenue all sources	<u>2,838,617</u>	<u>3,519,774</u>	<u>681,157</u>
EXPENDITURES			
100 Instruction			
110 General instruction			
114 High school programs			
100 Salaries	1,060,852	1,048,322	12,530
200 Employee benefits	353,325	351,291	2,034
300 Purchased services	10,280	10,316	(36)
400 Supplies and materials	76,791	91,631	(14,840)
500 Capital outlay	7,287	2,383	4,904
120 Exceptional programs			
127 Learning disabilities			
100 Salaries	46,000	46,690	(690)
200 Employee benefits	9,000	9,007	(7)
300 Purchased services	2,000	1,027	973
400 Supplies and materials	1,891	175	1,716
Total instruction	<u>1,567,426</u>	<u>1,560,842</u>	<u>6,584</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
200 Support services			
210 Pupil services			
212 Guidance services			
100 Salaries	\$ 70,000	\$ 69,912	\$ 88
200 Employee benefits	37,000	36,953	47
300 Purchased services	100	100	-
220 Instructional staff services			
221 Improvement of instruction - curriculum development			
300 Purchased services	11,836	4,548	7,288
400 Supplies and materials	1,000	252	748
230 General administrative services			
231 Board of education			
300 Purchased services	7,500	5,130	2,370
318 Audit services	7,500	7,500	-
400 Supplies and materials	-	3,154	(3,154)
600 Other objects	3,800	4,043	(243)
233 School administration			
100 Salaries	293,000	293,439	(439)
200 Employee benefits	88,000	88,060	(60)
300 Purchased services	116,400	83,362	33,038
400 Supplies and materials	10,000	10,762	(762)
600 Other objects	5,000	4,578	422
250 Finance and operations services			
252 Fiscal services			
600 Other objects	-	3,397	(3,397)
253 Facilities acquisition and construction			
500 Capital outlay			
520 Construction services	-	589,040	(589,040)
254 Operation and maintenance of plant			
300 Purchased services	155,500	171,410	(15,910)
400 Supplies and materials	2,000	217	1,783
500 Capital outlay	20,000	-	20,000

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
260 Central support services			
262 Planning			
100 Salaries	\$ 52,000	\$ 52,827	\$ (827)
200 Employee benefits	18,000	18,000	-
300 Purchased services	5,000	5,041	(41)
400 Supplies and materials	1,500	2,246	(746)
264 Staff services			
300 Purchased services	500	342	158
270 Supporting services - pupil activity			
271 Pupil services activities			
100 Salaries	17,000	16,998	2
200 Employee benefits	1,530	-	1,530
300 Purchased services	-	82,583	(82,583)
400 Supplies and materials	50,000	90,656	(40,656)
500 Capital outlay	-	54,538	(54,538)
600 Other objects	5,000	78,325	(73,325)
	<u>979,166</u>	<u>1,777,413</u>	<u>(798,247)</u>
Total support services	<u>979,166</u>	<u>1,777,413</u>	<u>(798,247)</u>
Total expenditures	<u>2,546,592</u>	<u>3,338,255</u>	<u>(791,663)</u>
OTHER FINANCING SOURCES (USES)			
5400 Proceeds from long-term notes	-	6,558,000	6,558,000
Interfund transfers from (to) other funds			
5220 Transfer from Special Revenue Fund (excludes indirect cost)	-	60,256	60,256
	<u>-0-</u>	<u>6,618,256</u>	<u>6,618,256</u>
Total other financing sources (uses)	<u>-0-</u>	<u>6,618,256</u>	<u>6,618,256</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>\$ 292,025</u>	6,799,775	<u>\$ 6,507,750</u>
FUND BALANCE, July 1, 2015		<u>1,476,919</u>	
FUND BALANCE, June 30, 2016		<u>\$ 8,276,694</u>	

GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA

Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education* (EA Projects) (243)	Other Designated Restricted State Grants* (900s)	Other Special Revenue Programs* (200s/800s)	Total
REVENUES								
3000 Revenue from state sources								
3600 Education lottery act revenue								
3630 K-12 Technology initiative	\$ -	\$ -	\$ -	\$ -	\$ -	14,402	\$ -	14,402
Total state sources	-	-	-	-	-	14,402	-	14,402
4000 Revenue from federal sources								
4200 Occupational education								
4210 Perkins Aid, Title I	-	-	-	11,132	-	-	-	11,132
4300 Elementary and Secondary Education Act of 1965 (ESEA)								
4348 Teacher incentive fund (TIF) Grant 3	-	-	-	-	-	-	164,408	164,408
4500 Programs for children with disabilities								
4510 Individuals with Disabilities Education Act (IDEA)	-	48,494	-	-	-	-	-	48,494
Total federal sources	-	48,494	-	11,132	-	-	164,408	224,034
Total revenue all sources	-	48,494	-	11,132	-	14,402	164,408	238,436

* See Schedule 4A for a listing of LEA subfund codes for each program

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA**

Special Revenue Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
For Fiscal Year Ended June 30, 2016**

	Title I (BA Projects) (201/202)	IDEA (CA Projects) (203/204)	Preschool Handicapped (CG Projects) (205/206)	CATE (VA Projects) (207/208)	Adult Education (EA Projects) (243)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Total
EXPENDITURES								
100 Instruction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117,625	\$ 117,625
110 General instruction	-	-	-	-	-	-	28,736	28,736
114 High school programs	-	-	-	11,132	-	-	-	11,132
100 Salaries	-	-	-	-	-	14,402	-	14,402
200 Employee benefits	-	-	-	-	-	-	-	-
400 Supplies and materials	-	-	-	-	-	-	-	-
500 Capital outlay	-	-	-	-	-	-	-	-
127 Learning disabilities	-	35,219	-	-	-	-	-	35,219
100 Salaries	-	13,275	-	-	-	-	-	13,275
200 Employee benefits	-	-	-	-	-	-	-	-
Total instruction	-	48,494	-	11,132	-	14,402	146,361	220,389
200 Support services								
220 Instructional staff services								
221 Improvement of instruction - curriculum development	-	-	-	-	-	-	-	-
300 Purchased services	-	-	-	-	-	-	10,500	10,500
230 General administrative services								
233 School administration								
100 Salaries	-	-	-	-	-	-	6,923	6,923
200 Employee benefits	-	-	-	-	-	-	624	624
Total support services	-	-	-	-	-	-	18,047	18,047
Total expenditures	-	48,494	-	11,132	-	14,402	164,408	238,436
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, July 1, 2015	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
FUND BALANCE, June 30, 2016	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Program Classifications - Special Revenue Fund
For Fiscal Year Ended June 30, 2016**

<u>LEA Subfund Code</u>	<u>Program</u>	<u>Revenue</u>	<u>Revenue Code</u>
<u>OTHER RESTRICTED STATE GRANTS</u>			
963	K-12 Technology initiative	\$ <u>14,402</u>	3630
		\$ <u><u>14,402</u></u>	
<u>OTHER SPECIAL REVENUE PROGRAMS</u>			
268	Teacher incentive fund	\$ <u>164,408</u>	4348
		\$ <u><u>164,408</u></u>	

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Special Revenue Fund
Summary Schedule for Designated State Restricted Grants
For Fiscal Year Ended June 30, 2016**

<u>Subfund</u>	<u>Revenue Code</u>	<u>Programs</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Special Revenue</u>		<u>Special Revenue Fund Unearned</u>
					<u>Interfund Transfers In/(Out)</u>	<u>Other Fund Transfers In/(Out)</u>	
963	3630	K-12 Technology initiative	\$ 14,402	\$ 14,402	\$ -	\$ -	\$ -
			<u>\$ 14,402</u>	<u>\$ 14,402</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

REVENUES

3000 Revenue from state sources		
3500 Education Improvement Act		
3511 Professional development	\$	2,257
3525 Career and technology education equipment		7,091
3532 National board salary supplement		6,202
3538 Students at risk of school failure		18,663
3550 Teacher salary increase		48,578
3555 Teacher salary fringe		11,678
3558 Reading		1,796
3577 Teacher supplies		5,750
3595 EEDA supplies and materials		2,806
3596 EEDA career specialists		47,147
3597 Aid to districts		4,985
Total state sources		<u>156,953</u>
 Total revenue all sources		 <u>156,953</u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - All Programs
For Fiscal Year Ended June 30, 2016**

EXPENDITURES

100 Instruction		
110 General instruction		
114 High school programs		
100 Salaries	\$	28,569
300 Purchased services		2,220
400 Supplies and materials		12,077
500 Capital outlay		<u>2,311</u>
Total instruction		<u>45,177</u>
200 Support services		
210 Pupil services		
212 Guidance services		
100 Salaries		47,147
400 Supplies and materials		1,709
220 Instructional staff services		
221 Improvement of instruction - curriculum development		
300 Purchased services		<u>2,664</u>
Total support services		<u>51,520</u>
Total expenditures		<u>96,697</u>

OTHER FINANCING SOURCES (USES)

Interfund transfers, from (to) other funds		
420-710 Transfer to general fund (excludes indirect costs)		<u>(60,256)</u>
Total other financing sources (uses)		<u>(60,256)</u>

EXCESS/DEFICIENCY OF REVENUES OVER
EXPENDITURES

FUND BALANCE, July 1, 2015		<u>-0-</u>
FUND BALANCE, June 30, 2016	\$	<u><u>-0-</u></u>

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Education Improvement Act
Summary Schedule by Program
For Fiscal Year Ended June 30, 2016**

PROGRAM	<u>Revenues</u>	<u>Expenditures</u>	<u>EIA Interfund Transfers In(Out)</u>	<u>Other Fund Transfers In(Out)</u>	<u>EIA Fund Unearned</u>
3500 Education Improvement Act					
3511 Professional development	\$ 2,257	\$ 2,257	\$ -	\$ -	\$ -
3512 Technology professional development	-	-	-	-	2,387
3525 Career and technology education equipment	7,091	7,091	-	-	5,845
3532 National board salary supplement	6,202	6,202	-	-	-
3538 Students at risk of school failure	18,663	18,663	-	-	-
3550 Teacher salary increase	48,578	-	-	(48,578)	-
3555 Teacher salary fringe	11,678	-	-	(11,678)	-
3558 Reading	1,796	1,796	-	-	-
3577 Teacher supplies	5,750	5,750	-	-	-
3592 Work-based learning	-	-	-	-	3,411
3595 EEDA supplies and materials	2,806	2,806	-	-	-
3596 EEDA career specialists	47,147	47,147	-	-	-
3597 Aid to districts	4,985	4,985	-	-	-
TOTALS	\$ 156,953	\$ 96,697	\$ -0-	\$ (60,256)	\$ 11,643

**GREER MIDDLE COLLEGE CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Due to State Department of Education/Federal Government
June 30, 2016**

<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 CHARTER HIGH SCHOOL
TAYLORS, SOUTH CAROLINA
Schedule of Findings and Questioned Costs
For Fiscal Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Section II - Financial Statement Findings

None.

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

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

We have audited the financial statements of Greer Middle College Charter High School as of and for the year ended June 30, 2016, and have issued our report thereon dated August 26, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Smith and Company CPAs PA

Greenville, South Carolina
August 26, 2016