

YORK TECHNICAL COLLEGE

**Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2011
With Comparative Totals for June 30, 2010**

YORK TECHNICAL COLLEGE
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June 30, 2011

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YORK TECHNICAL COLLEGE
 Commission Members - Administrative Staff - Service Area
 For the Year Ended June 30, 2011

Period Covered

Fiscal Year Ended June 30, 2011.

<u>York Technical College Commission Members</u>	<u>County</u>	<u>Term Expires</u>
Charles Z. Robinson, Chair	York	2013
Geri H. Rucker, Vice-Chair	York	2014
B. Anthony Vaughan	York	2013
E. Paul Basha	York	2014
Robert B. Meek, Jr.	York	2012
Harry M. Miller, Jr.	York	2014
Jeffrey C. Sigmon	York	2012
James C. Hardin, III	York	2012
Vacant	York	2006
Dr. A. Douglas Marion	Chester	2011
G. Thompson Myers	Lancaster	2011

All terms begin on April 15.

College Administrative Staff

Gregory F. Rutherford	President
Carolyn G. Stewart	Executive Vice President for Academic and Student Affairs and Interim Associate Vice President for Academic and Student Affairs
Marc C. Tarplee	Vice President for Business Services
Jack Bagwell	Interim Vice President for Development

Service Area

York, Chester and Lancaster Counties

Entities Providing Financial Support

York County
 Lancaster County
 Chester County

S.C. Board for Technical & Comprehensive Education	U.S. Department of Defense
S.C. Department of Commerce	U.S. Department of Education
S.C. Energy Office	U.S. Department of Health & Human Services
S.C. State Budget and Control Board	U.S. Department of Labor
U.S. Department of Agriculture	U.S. Department of Transportation
U.S. Department of Commerce	U.S. Environmental Protection Agency
U.S. Department of Energy	U.S. Department of HUD

Independent Auditors' Report

York Technical College
Rock Hill, South Carolina

We have audited the accompanying financial statements of the business-type activities, and the discretely presented component unit (York Technical College Foundation, Inc.) of York Technical College, as of and for the years ended June 30, 2011 and June 30, 2010, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

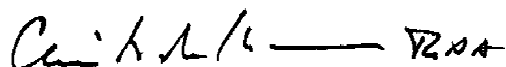
We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *State Board for Technical and Comprehensive Education Reporting Guide*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the York Technical Foundation, Inc. were not audited in accordance with Government Auditing Standards. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of York Technical College and its discretely presented component unit, as of June 30, 2011 and June 30, 2010, and the changes in financial position, and cash flows thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011 on our consideration of York Technical College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant and agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

We have also issued our report dated September 23, 2011 on our consideration of York Technical College administration of the State Lottery Assistance Program and on our test of its compliance with certain provisions of State law and policy 3-2-307 and Procedure 3-2-307.1 of the State Board for Technical and Comprehensive Education.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is 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 an 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.

A handwritten signature in black ink, appearing to read "Cynthia L. [unclear] CPA". The signature is written in a cursive style with a horizontal line extending to the right.

September 23, 2011

**MANAGEMENT'S DISCUSSION AND ANALYSIS
YORK TECHNICAL COLLEGE
JUNE 30, 2011**

This section of York Technical College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2011. This discussion should be read in conjunction with financial statements and the notes thereto, which follow this section.

Financial Highlights

- The assets of York Technical College exceeded liabilities by \$47,414,951 as of June 30, 2011 (net assets). Of this amount, \$22,238,653 (unrestricted net assets) may be used to meet the College's ongoing obligations from unrestricted activities.
- The College's net assets increased by \$3,267,215 or 7.4%, primarily in the category of current assets.
- The College experienced an operating loss of \$22,959,088 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, state appropriations of \$5,661,312, local appropriations of \$4,235,326, state grants and contracts of \$717,520, federal grants and contracts of \$15,475,990, and other non-operating revenues of \$136,155 offset this operating loss.

Overview of the Financial Statements

The College is engaged only in Business-Type Activities (BTA) financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; and Statement of Cash Flows.

The Statement of Net Assets presents the financial position of the College at the end of the fiscal year and requires classification of assets and liabilities into current and non-current categories. The difference between total assets and total liabilities is reflected in the net assets section, which displays net assets in three broad categories: invested in capital assets (net of related debt), restricted, and unrestricted. Net assets are one indicator of the current financial condition of the College, while the change in net assets is an indicator that the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Assets replaces the fund perspective with the entity-wide perspective. Revenues and expenses are categorized as operating or non-operating. In addition, expenses are reported by object code.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, noncapital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

Accordingly, the financial statements include the accounts of York Technical College as the primary government and the accounts of York Technical College Foundation (the "Foundation"), its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued
YORK TECHNICAL COLLEGE

Financial Analysis

Statement of Net Assets:

Net assets may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$47,414,951 at the close of fiscal year ended June 30, 2011; by \$44,147,736 at the close of fiscal year 2010; and by \$41,761,690 at the close of fiscal year 2009.

By far, the largest portion of the College's net assets \$25,176,298 (53%) is reflected in its investments in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. See Note 4 in the financial statements for further disclosure of capital assets.

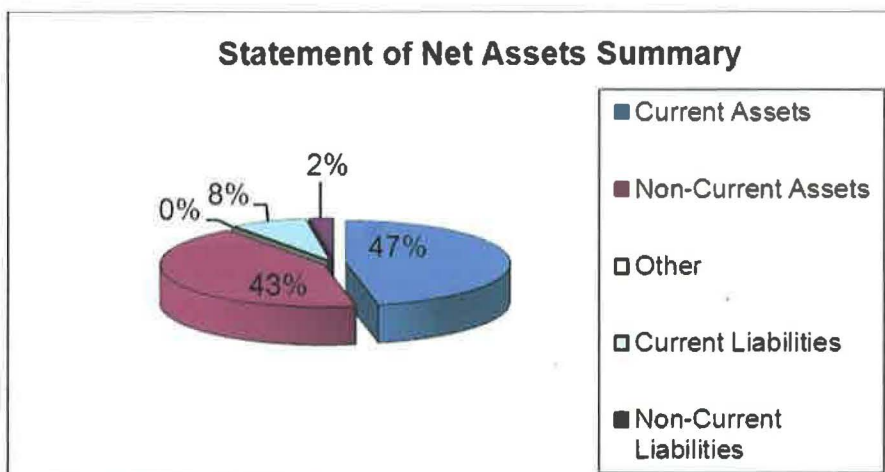
Unrestricted net assets of \$22,238,653 (47%) may be used to meet the College's ongoing obligations.

The following schedule is prepared from the College's Statement of Net Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Note that assets substantially exceed liabilities, denoting a sound financial condition for the College.

Net Assets
as of June 30, 2011, June 30, 2010, and June 30, 2009
(in millions)

	2011	2010	Increase/ Decrease	2009	Increase/ Decrease
ASSETS					
Current Assets	\$ 27.7	\$ 23.4	4.3	20.0	3.4
Non-current Assets					
Capital Assets, Net of Accumulated Depreciation	25.6	26.5	(0.9)	27.6	(1.1)
TOTAL ASSETS	\$ 53.3	\$ 49.9	\$ 3.4	47.6	\$ 2.3
LIABILITIES					
Current Liabilities	4.4	4.1	0.3	4.1	-
Non-current Liabilities	1.4	1.6	(0.2)	1.8	(0.2)
TOTAL LIABILITIES	\$ 5.8	\$ 5.7	\$ 0.1	5.9	\$ (0.2)
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	25.2	26.0	(0.8)	26.9	(0.9)
Unrestricted	22.2	18.1	4.1	14.9	3.2
TOTAL NET ASSETS	\$ 47.4	\$ 44.1	\$ 3.3	41.8	\$ 2.3

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued
YORK TECHNICAL COLLEGE

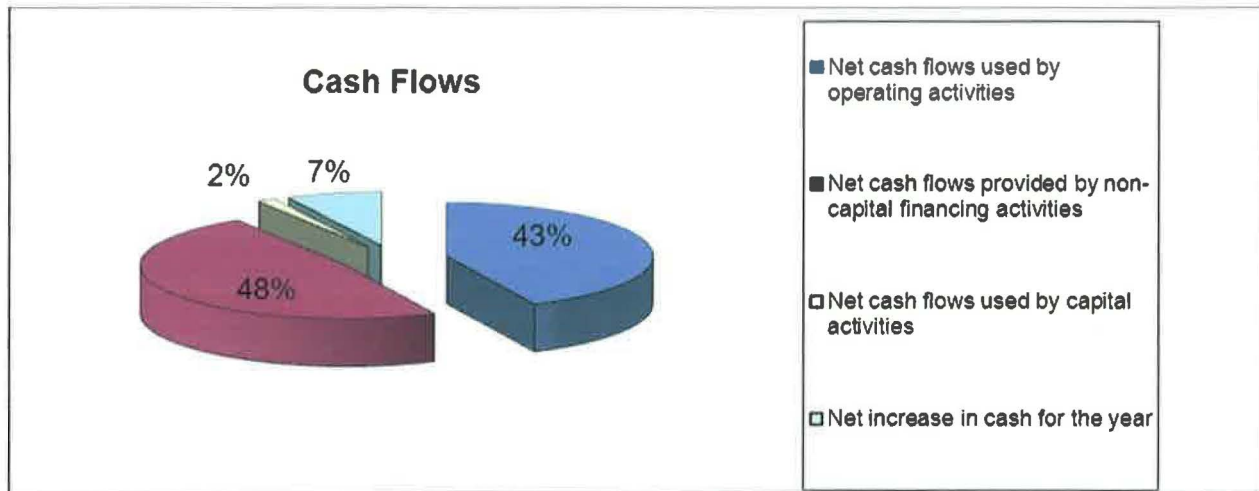


Statement of Cash Flows:

The Statement of Cash Flows is concerned solely with the flows of cash in and out of the College. Consequently, only transactions that affect the College's cash account are reported in this statement.

Summary of Cash Flows
as of June 30, 2011, June 30, 2010, and June 30, 2009
(in millions)

	2011	2010	Difference 2010 to 2011	Restated 2009	Difference 2009 to 2010
Net cash used by operating activities	\$ (21.8)	\$ (20.1)	(1.70)	(14.1)	(6.00)
Net cash flows from non-capital financing activities	26.1	23.8	2.30	18.9	4.90
Net cash flows used by capital and related financing activities	(0.7)	(0.4)	(0.30)	(0.8)	0.40
Net cash flows from investing activities	0.1	0.05	0.05	0.1	(0.05)
Net increase/(decrease) in cash	\$ 3.7	\$ 3.4	0.35	\$ 4.1	(0.75)



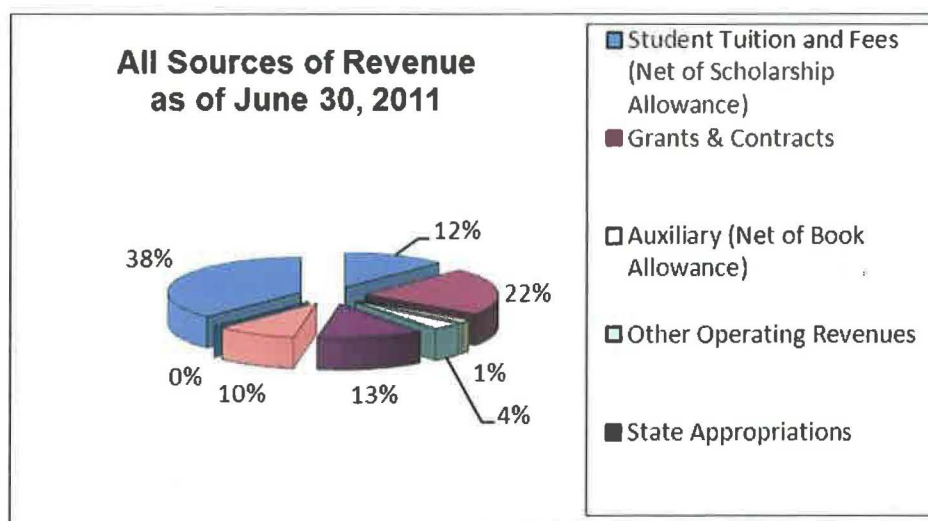
Statement of Revenues, Expenses, and Changes in Net Assets:

The Statement of Revenues, Expenses and Changes in Net Assets presents and categorizes revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are those received and used to carry out the mission of the College; however, the College depends heavily on financial support from the state and counties for which it provides services. This support is reflected as non-operating revenue based on governmental accounting standards; therefore, as long as present conditions exist the College will reflect an operating deficit and its dependence on state and local funding. Non-operating revenues and expenses offset the operating deficit and result in an overall increase in net assets for the year. State and local capital appropriations and capital grants and gifts are considered neither operating nor non-operating revenues and are reported below in the schedule.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued
YORK TECHNICAL COLLEGE

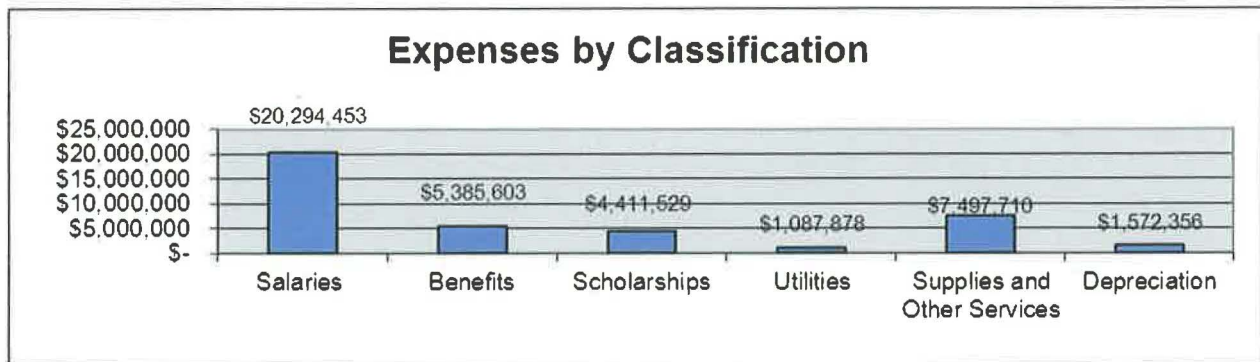
Summary of Revenue
As of June 30, 2011, June 30,2010, and June 30, 2009

	2011	2010	Increase/ Decrease	2009 Restated	Increase/ Decrease
Operating Revenue					
Tuition and Fees (Net of Scholarship Allowance)	\$ 5.4	\$ 7.1	\$ (1.7)	7.7	(0.6)
Grants and Contracts	9.6	10.8	(1.2)	11.3	(0.5)
Auxiliary	0.6	0.7	(0.1)	0.5	0.2
Other	1.7	1.5	0.2	1.9	(0.4)
Total Operating Revenue	<u>17.3</u>	<u>20.1</u>	<u>(2.8)</u>	<u>21.4</u>	<u>(1.3)</u>
Less Operating Expenses	<u>40.3</u>	<u>41.1</u>	<u>(0.8)</u>	<u>38.0</u>	<u>3.1</u>
Net Operating Loss	<u>(23.0)</u>	<u>(21.0)</u>	<u>(2.0)</u>	<u>(16.6)</u>	<u>14.6</u>
Non-operating Revenue					
State Appropriations	5.7	6.4	(0.7)	6.9	(0.5)
Local Appropriations	4.2	4.1	0.1	4	0.1
Federal Grants and Contracts	15.5	12.1	3.4	6.8	5.3
Proceeds from Local Capital Appropriations	-	0.3	(0.3)	1.6	(1.3)
Proceeds from State Capital Appropriations	-	-	-	-	-
Other	0.8	0.5	0.3	0.3	0.2
Total Non-operating Revenue	<u>26.2</u>	<u>23.4</u>	<u>2.8</u>	<u>19.6</u>	<u>(16.8)</u>
Increase in Net Assets	<u>3.2</u>	<u>2.4</u>	<u>0.8</u>	<u>3.0</u>	<u>(2.2)</u>
Increase in Net Assets	3.2	2.4	1.4	3	(0.6)
Prior Period Adjustments	-	-	-	-	-
Net Assets, Beginning of Year	44.1	41.8	2.3	38.8	3.0
Net Assets, End of Year	<u>\$ 47.3</u>	<u>\$ 44.2</u>	<u>3.10</u>	<u>\$ 41.8</u>	<u>(38.70)</u>



Expenses

During the 2011 year, total salary expenditures for the College were \$20,294,453. Of this amount, approximately 68 percent is identified as instructional and academic support. Supplies and other services is the second largest classification of expenses and includes expenses not otherwise classified. Note 12 in the accompanying Notes to the Financial Statements identifies operating expenses by functional classification.



Capital Assets and Debt Administration

The College's capital assets total \$25,565,852. Net assets decreased \$966,602 primarily because there were no major capital acquisitions. Due to reductions in funding and economic factors, the College did not begin any new construction projects. The College was able to increase its net assets by \$3,267,215 without materially increasing the debt of the College. No major capital projects were started in fiscal year 2010-11. More detailed information on long-term debt activity and capital asset activity can be found in Notes 4, 9, and 15 following the basic financial statements.

Economic Factors

As has been discussed with the Commission, history shows an inverse cyclical relationship between enrollment changes and changes in GDP. The economic condition of the College is somewhat dependent on the fiscal decisions of federal, state and local government. In particular the legislature of the State of South Carolina has chosen to cut funding to higher education in the wake of state revenue shortfalls. Leadership has predicted this decline and the imminent "flattening" of enrollments as a result of the before mentioned cyclical relationships. State funding to the College for current operations was reduced 12.1% (\$759,856) in FY10/11. Since the fiscal year 2000, funding has decreased from the State by approximately 50%.

Not having performed our roles during and after a "Great Recession," the current circumstances present seemingly uncharted territory. We are faced with many decisions. We are dedicated to fulfilling our mission of Building Our Community through Maximizing Student Success, both for today and to assure that future generations are able to benefit from that mission. As such, we endeavor to lead rather than wait and react. This proactive stance will mean smarter planning and better execution of strategies that attempt to balance both our educational goals and the economic goals that support them.

Nelissa Granacher
 Interim VP for Business Services

Aug 4. [Signature]
 President

YORK TECHNICAL COLLEGE
Statement of Net Assets
June 30, 2011

	June 30 2011	June 30 2010
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 21,966,227	18,205,885
Accounts Receivable, Net of \$1,000,000 (Note 3)	5,732,023	5,145,858
Inventories	-	8,623
Other Assets	8,815	5,625
Total Current Assets	27,707,065	23,365,991
NONCURRENT ASSETS		
Capital Assets, Net of \$21,303,364 Accumulated Depreciation (Note 4)	25,565,852	26,532,454
Total Noncurrent Assets	25,565,852	26,532,454
Total Assets	53,272,917	49,898,445
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	1,143,625	1,201,278
Payroll Liabilities	922,597	528,091
Deferred Revenue	2,083,105	2,138,287
Notes Payable - Current (Note 9)	165,971	159,844
Funds Held for Others	3,243	3,243
Accrued Compensated Absences - Current (Note 9)	101,791	102,659
Total Current Liabilities	4,420,332	4,133,402
NONCURRENT LIABILITIES		
Accrued Compensated Absences - Long Term (Note 9)	1,214,051	1,265,004
Note Payable - Long Term (Note 9)	223,583	352,303
Total Noncurrent Liabilities	1,437,634	1,617,307
Total Liabilities	5,857,966	5,750,709
NET ASSETS		
Invested in Capital Assets, Net of Related Debt and Accumulated Depreciation of \$21,303,364 (Note 4)	25,176,298	26,020,307
Unrestricted (Note 7)	22,238,653	18,127,429
Total Net Assets	\$ 47,414,951	44,147,736

YORK TECHNICAL COLLEGE
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011

	June 30 2011	June 30 2010
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowance of \$15,447,279 and \$13,407,235 Respectively)	\$ 5,442,795	7,093,203
Federal Grants and Contracts	4,800,053	6,190,663
State and Local Grants and Contracts	4,801,647	4,633,849
Sales and Services of Educational Departments	1,054,132	1,009,186
Auxiliary Enterprises	598,160	684,008
Other Operating Revenues	593,653	466,686
Total Operating Revenues	17,290,440	20,077,595
EXPENSES		
OPERATING EXPENSES		
Salaries	20,294,453	21,177,523
Benefits	5,385,602	5,355,332
Scholarships	4,411,529	4,379,856
Utilities	1,087,878	989,088
Supplies and Other Services	7,497,711	7,638,257
Depreciation	1,572,355	1,542,001
Total Operating Expenses	40,249,528	41,082,057
Operating Income (Loss)	(22,959,088)	(21,004,462)
NONOPERATING REVENUES		
State Appropriations		
Salary and Fringes	5,542,505	6,302,361
Lottery Technology Funds	118,807	149,217
County Appropriations	4,235,326	4,110,065
Interest Income	136,155	52,380
Federal Grants and Contracts	15,475,990	12,059,868
State and Local Grants and Contracts	717,520	448,647
Other Nonoperating Revenues	-	-
Net Nonoperating Revenues	26,226,303	23,122,538
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	3,267,215	2,118,076
Local Capital Appropriations	-	267,970
State Capital Appropriations	-	-
Increase in Net Assets	3,267,215	2,386,046
NET ASSETS		
Net Assets - Beginning of Year	44,147,736	41,761,690
Prior Period Adjustments	-	-
Net Assets - End of Year	\$ 47,414,951	44,147,736

YORK TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2011

	June 30 2011	June 30 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of Scholarship Allowances)	\$ 5,942,247	5,687,560
Federal, State and Local Grants and Contracts	8,442,691	11,294,228
Sales and Services of Educational Departments	1,054,132	1,009,186
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	598,160	684,008
Other Receipts	587,069	574,599
Other Income Non Operating	-	-
Payments and Vendors	(13,049,335)	(12,573,444)
Payments to Employees	(25,337,371)	(26,763,318)
	(21,762,407)	(20,087,181)
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations		
Salary and Fringe	5,542,505	6,302,361
Lottery (Equipment)	118,807	149,217
County Appropriations	4,235,326	4,110,065
State , Local and Federal Grants, Gifts and Contracts - Non Operating	16,218,302	13,272,833
	26,114,940	23,834,476
Net Cash Flows Provided by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Note Payable	(122,593)	(148,849)
Local Appropriations	-	267,970
State Appropriations	-	-
Purchase of Capital Assets	(605,753)	(495,688)
	(728,346)	(376,567)
Net Cash Provided by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	136,155	52,380
	136,155	52,380
Net Cash Flows Provided (Used) by Investing Activities		
Net Increase in Cash (\$3,760,342)	3,760,342	3,423,108
Cash - Beginning of Year	18,205,885	14,782,777
	\$ 21,966,227	18,205,885
Cash - End of Year		

YORK TECHNICAL COLLEGE
Statement of Cash Flows, Continued
For the Year Ended June 30, 2011

	June 30	Restated June 30
	2011	2010
Reconciliation of Net Operating Revenue (Expenses) to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (22,959,088)	(21,004,462)
Adjustments to Reconcile Net Income (Loss) to Net Cash	-	-
Depreciation Expense	1,572,355	1,542,001
Change in Assets and Liabilities		
Funds Held for Others	-	1,118
Receivables, Net	(610,958)	(776,081)
Inventories	8,623	(1,239)
Deferred Charges and Prepaid Expenses	(3,188)	124,735
Accounts Payable	336,853	74,532
Compensated Absences	(51,821)	5,266
Deferred Revenue	(55,183)	(36,323)
Book Value of Assets Transferred from State TECH	-	(16,728)
Net Cash Provided (Used) by Operating Activities	<u>\$ (21,762,407)</u>	<u>(20,087,181)</u>

YORK TECHNICAL COLLEGE
Component Unit
York Technical College Foundation
Statement of Financial Position
For the Year Ended June 30, 2011

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	Total
ASSETS				
Cash	\$ 157,498	(47,112) *	118,087	228,473
Investments	1,457	1,166,065	3,491,579	4,659,101
Grants Receivable	-	400,000	-	400,000
Accounts Receivable	-	19,857	-	19,857
Assets Restricted for Long-Term Assets				
Unconditional Promises to Give, Net of Allowance of \$10,830	-	240,221	-	240,221
Property, Plant and Equipment Net of Accumulated Depreciation	777,388	291,152	-	1,068,540
Due from Other Funds	106,820	385,925	-	*
	<u>\$ 1,043,163</u>	<u>2,456,108</u>	<u>3,609,666</u>	<u>6,616,192</u>
LIABILITIES AND NET ASSETS				
Accounts Payable	-	42,803	-	42,803
Sales Tax Payable	-	21,689	-	21,689
Capital Lease Obligation Payable	28,137	-	-	28,137
Due to Other Funds	-	-	492,745	*
	<u>28,137</u>	<u>64,492</u>	<u>492,745</u>	<u>92,629</u>
Net Assets	<u>1,015,026</u>	<u>2,391,616</u>	<u>3,116,921</u>	<u>6,523,563</u>
	<u>\$ 1,043,163</u>	<u>2,456,108</u>	<u>3,609,666</u>	<u>6,616,192</u>

* Interfund accounts do not constitute assets or liabilities of the entity as a whole.

YORK TECHNICAL COLLEGE
Component Unit
York Technical College Foundation
Statement of Changes in Net Assets
For the Year Ended June 30, 2011

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 5,974	1,269,946	19,380	1,295,300
Investment Income	18,414	238,288	-	256,702
Unrealized Gain (Loss) on Investment	-	-	158,045	158,045
Rental Income	86,196	-	-	86,196
Total Revenues and Gains	<u>110,584</u>	<u>1,508,234</u>	<u>177,425</u>	<u>1,796,243</u>
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>1,513,543</u>	<u>(1,757,639)</u>	<u>244,097</u>	<u>1</u>
Total Revenues, Gains and Other Support	<u>\$ 1,624,127</u>	<u>(249,405)</u>	<u>421,522</u>	<u>1,796,244</u>
EXPENSES				
Program Services				
Capital Outlay	1,014,533	-	-	1,014,533
General and Administrative	137,876	-	-	137,876
Scholarships	94,442	-	-	94,442
Support Services				
Management and General	126,209	-	-	126,209
Fund Raising	1,315	-	-	1,315
Total Expenses	<u>1,374,375</u>	<u>-</u>	<u>-</u>	<u>1,374,375</u>
Change in Net Assets	<u>249,752</u>	<u>(249,405)</u>	<u>421,522</u>	<u>421,869</u>
Net Assets at Beginning of Year	<u>765,275</u>	<u>2,641,021</u>	<u>2,695,399</u>	<u>6,101,695</u>
Net Assets at End of Year	<u>\$ 1,015,027</u>	<u>2,391,616</u>	<u>3,116,921</u>	<u>6,523,564</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: York Technical College, a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of York, Chester, and Lancaster counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College's service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading the skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity: The financial reporting entity, as defined by Government Accounting Standards Board (GASB), consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Accordingly, the financial statements include the accounts of York Technical College as the primary government and the accounts of York Technical College Foundation, its component unit. The College is part of the primary government of the State of South Carolina. However, based on the nature and significance of the Foundation's relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt non-governmental component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The twenty-eight member board of the Foundation is self-perpetuating and consists of community leaders and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or incomes thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. However, significant note disclosures to the Foundation's financial statements have been incorporated into the College's notes to the financial statements. (See the Component Unit Section within this Summary of Significant Accounting Policies.)

Financial statements for the Foundation can be obtained by mailing a request to York Technical College Foundation, 452 South Anderson Road, Rock Hill, South Carolina 29730.

The College is part of the State of South Carolina's primary government and has been included in the State's comprehensive annual financial report as such. However, the College is not legally separate; therefore, it is not considered a Component Unit of the State of South Carolina.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The financial reporting entity, as defined by the Governmental Accounting Standards Board (GASB) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of York Technical College as the primary government. York Technical College has determined that it is not a component of another entity.

Financial Statements: The financial statement presentation for the College meets the requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities. The financial statement presentation provides a comprehensive, entity-wide perspective of the College's net assets, revenues, expenses and changes in net assets and cash flows that replaces the fund-group perspective previously required.

Basis of Accounting: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented as net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

The College has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments: Deposits and investments for the College are governed by the South Carolina Code of Laws, Section 11-9-660, "Investments of Funds." GASB Statement No. 40, Deposits and Investment Risk Disclosures – an amendment to GASB Statement No. 3 requires disclosures related to deposit risks (e.g. custodial credit risk), investment risks (e.g. credit risk, which includes custodial credit risk and concentrations of credit risks) and interest rate risk.

The College accounts for its investments at fair value in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students, and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts. Detail for accounts receivable are discussed in Note 3. Allowances for losses for student accounts receivables is established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2011, the allowance for uncollectible student accounts was \$1,000,000.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Inventories: Inventories for internal use are valued at cost. Inventories for resale are carried at the lower of cost or market on the first-in, first-out ("FIFO") basis.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions, renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements, and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

Deferred Revenues and Deposits: Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of long-term liabilities as well as short-term liabilities in the statement of net assets and as a component of benefit expenses in the statement of revenues, expenses, and changes in net assets.

Net Assets: The College's net assets are classified as follows:

Invested capital assets, net related debt: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable: Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consists of endowment and similar type funds in which donors or other outside sources have stipulated as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The College policy for applying expenses that can be used as both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources and then to unrestricted resources.

Income Taxes: The College is exempt from income taxes under the Internal Revenue Code.

Classification of Revenues: The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Beginning fiscal year 2010, the SC Comptroller General's Office mandated that PELL grants be reclassified as non-operating revenues from operating revenues; therefore, the FY09 financial statements were restated in order to standardize comparisons between FY09, FY10 and FY11.

State Fiscal Stabilization Funds are reported as Federal non-operating revenues in the financial statements, with a portion reported as capital grants if appropriate.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the Child Development Center.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by the bookstore and food service. Revenues of internal service and auxiliary enterprise activities and the related expenditures of College departments have been eliminated. Effective March 1, 2004, Barnes and Noble assumed the operations of the Bookstore.

Component Units: See Note 17.

NOTE 2 - DEPOSITS AND INVESTMENTS

DEPOSITS:

State Law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS, Continued

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party if the counterparty to the deposit transaction fails.

The College's policy concerning custodial credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The College President is authorized to invest surplus funds or may delegate this responsibility to the Vice President of Business Services. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process (and all in compliance with State laws and regulations). All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral.

The deposits for York Technical College were \$22,260,606 at June 30, 2011 and \$19,003,903 at June 30, 2010. Of these deposits, none were exposed to custodial credit risk as uninsured and uncollateralized. In addition, all these deposits were collateralized with securities held by the pledging institution in the College's name. The SC State Treasurer's Office monitors the collateral sufficiency and requires that collateral equal a minimum of 102%.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. York Technical College does not maintain deposits that are denominated in a currency other than the United States dollar; therefore, the College is not exposed to this risk.

INVESTMENTS:

The College is authorized, by the South Carolina Code of Laws, Section 11-9-660, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

The College had no investments at June 30, 2011 or June 30, 2010.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

The College's policy concerning custodial credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The College President is authorized to invest surplus funds or may delegate this responsibility to the Vice President for Business Services. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process (and all in compliance with State laws and regulations). All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral.

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations.

The College's policy concerning credit risk is to invest surplus funds of the College in a manner that maximizes return to the College while safeguarding against any potential of loss. The College President is authorized to invest surplus funds or may delegate this responsibility to the Executive Vice President. Investments shall be selected from financial institutions on a competitive basis through an informal bidding process (and all in compliance with State laws and regulations). All investments shall be protected by FDIC, FSLIC, and/or have sufficient pledged securities as collateral.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS, Continued

INVESTMENTS: Continued

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College does not have a policy on concentration of credit risk.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. It occurs because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities.

The College does not have a policy concerning interest rate risk.

Foreign Currency Risk:

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. York Technical College does not maintain investments that are denominated in a currency other than the United States dollar, and therefore, the College is not exposed to this risk.

The following schedule reconciles cash and cash equivalents as reported on the Statement of Net Assets to the footnote disclosure provided for deposits.

	2011	2010
STATEMENT OF NET ASSETS:		
Cash and Cash Equivalents	\$ 21,966,227	18,205,885
Plant	-	-
	21,966,227	18,205,885
DEPOSITS AND INVESTMENTS NOTE:		
Cash on Hand	2,981	3,375
Carrying Amount of Deposits, Net	21,963,246	18,202,510
Carrying Amounts of Plant	-	-
Total	\$ 21,966,227	18,205,885

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2011 and June 30, 2010, are summarized as follows:

	2011	2010
Student Accounts	\$ 3,684,626	4,239,260
Less: Allowance for Doubtful Accounts	(1,000,000)	(1,000,000)
Federal Grants and Contracts	196,834	195,138
State Grants and Contracts	2,740,629	1,608,110
Other	109,934	103,350
Net Accounts Receivable	\$ 5,732,023	5,145,858

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2011, the allowance for uncollectible student accounts is valued at \$1,000,000 and at June 30, 2010, the allowance for uncollectible student accounts is valued at \$1,000,000.

NOTE 4 - CAPITAL ASSETS

The activity in the College's capital assets for the fiscal year ended June 30, 2011 are as follows:

	Beginning Balance July 1, 2010	Increases	Decreases	Transfers	Ending Balance June 30, 2011
Capital Assets Not Being Depreciated:					
Land and Improvements	\$ 1,029,567	-	-	-	1,029,567
Construction In Progress	-	156,890	-	-	156,890
Total Capital Assets Not Being Depreciated	1,029,567	156,890	-	-	1,186,457
Other Capital Assets:					
Buildings and Improvements	37,378,432	-	-	-	37,378,432
Machinery, Equipment and Other	5,725,382	420,480	17,245	-	6,128,617
Vehicles	579,885	28,383	-	-	608,268
Depreciable Land Improvements	1,567,442	-	-	-	1,567,442
Total Other Capital Assets At Historical Cost	45,251,141	448,863	17,245	-	45,682,759
Less Accumulated Depreciation For:					
Buildings And Improvements	(13,939,959)	(961,914)	-	-	(14,901,873)
Machinery, Equipment And Other	(4,551,604)	(558,037)	17,245	-	(5,092,396)
Vehicles	(399,402)	(52,404)	-	-	(451,806)
Depreciable Land Improvements	(857,289)	-	-	-	(857,289)
Total Accumulated Depreciation	(19,748,254)	(1,572,355)	17,245	-	(21,303,364)
Capital Assets, Net	\$ 26,532,454	(966,602)	-	-	25,565,852

There were no gains or losses on the disposal of fixed assets in the fiscal year ended June 30, 2011.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 4 - CAPITAL ASSETS, Continued

The activity in the College's capital assets for the fiscal year ended June 30, 2010 are as follows:

	Beginning Balance July 1, 2009	Increases	Decreases	Transfers	Ending Balance June 30, 2010
Capital Assets Not Being Depreciated:					
Land and Improvements	\$ 1,029,567	-	-	-	1,029,567
Construction In Progress	6,623,349	12,447	-	(6,635,796)	-
Total Capital Assets Not Being Depreciated	<u>7,652,916</u>	<u>12,447</u>	<u>-</u>	<u>(6,635,796)</u>	<u>1,029,567</u>
Other Capital Assets:					
Buildings and Improvements	30,742,636	6,635,796	-	-	37,378,432
Machinery, Equipment and Other	5,301,851	451,415	235,683	207,799	5,725,382
Vehicles	526,486	31,826	6,307	27,880	579,885
Depreciable Land Improvements	1,567,442	-	-	-	1,567,442
Total Other Capital Assets At Historical Cost	<u>38,138,415</u>	<u>7,119,037</u>	<u>241,990</u>	<u>235,679</u>	<u>45,251,141</u>
Less Accumulated Depreciation For:					
Buildings And Improvements	(12,978,044)	(961,915)	-	-	(13,939,959)
Machinery, Equipment And Other	(4,063,172)	(516,316)	235,683	(207,799)	(4,551,604)
Vehicles	(343,286)	(51,271)	6,307	(11,152)	(399,402)
Depreciable Land Improvements	(844,790)	(12,499)	-	-	(857,289)
Total Accumulated Depreciation	<u>(18,229,292)</u>	<u>(1,542,001)</u>	<u>241,990</u>	<u>(218,951)</u>	<u>(19,748,254)</u>
Capital Assets, Net	<u>\$ 27,562,039</u>	<u>5,589,483</u>	<u>-</u>	<u>(6,619,068)</u>	<u>26,532,454</u>

There were no gains or losses on the disposal of fixed assets in the fiscal year ended June 30, 2010.

NOTE 5 - PENSION PLAN(S)

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Retirement System and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of York Technical College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 5 - PENSION PLAN(S), Continued

South Carolina Retirement System, continued

From July 1, 1988 to June 30, 2005, employees participating in the SCRS were required to contribute 6.0 percent of all compensation. On July 1, 2005, the required employee contribution increased to 6.25 percent. On July 1, 2006, the required employee contribution increased to 6.50 percent. Effective July 1, 2010, the employer contribution rate became 13.14 percent which included a 3.90 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2011, 2010, and 2009, were \$1,379,625, \$1,396,709, and \$1,380,592, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for fiscal year 2010 and 2011. Also, the College paid employer group-life insurance contributions of \$22,396 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5 percent of all compensation. Effective July 1, 2010, the employer contribution rate became 15.03 percent which, as for the SCRS, included the 3.90 percent surcharge. The College's actual contributions to the PORS for the years ending June 30, 2011, 2010, and 2009, were \$13,145, \$7,393, and \$5,123, respectively, and equaled the required contributions of 11.13 percent (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$236 and accidental death insurance contributions of \$236 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.90 percent from the employer in fiscal year 2011.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for postretirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$191,970 (excluding the surcharge) from York Technical College as employer and \$135,044 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$3,116 in the current fiscal year at the rate of .15 percent of compensation.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 5 - PENSION PLAN(S), Continued

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions.

NOTE 6 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS AND OTHER EMPLOYEE BENEFITS

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. “Agency” contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.90% of annual covered payroll for 2011 and 2010, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. York Technical College paid approximately \$667,942 and \$610,897 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2011 and 2010, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.22 for the fiscal year ended June 30, 2011 3.23 for the fiscal year ended June 30, 2010.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 6 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS AND OTHER EMPLOYEE BENEFITS, Continued

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

In the opinion of College Administration, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position.

The College participates in certain Federal programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures allowed under terms of the grant. The College administration believes disallowances, if any, be immaterial.

The College has been notified by the US Department of Education that it is not in compliance with an institutional eligibility criterion, and subject to future determination, may be required to return some previously disbursed financial aid or pay a monetary penalty. Any subsequent liability is undetermined, and may be zero.

At June 30, 2011, the College had remaining project commitment balances of approximately \$519,795 for HVAC and Chiller Replacements and a Parking Lot Expansion. The balance will be funded from county allocations.

OTHER CAPITAL PROJECTS

Other capital projects, which are not to be capitalized when completed, are for replacements, repairs, and/or renovations to existing facilities.

Unrestricted Net Assets

Planned Uses of Unrestricted Net Assets are at June 30 are as follows:

	2011
60 Day Operating Reserve	\$ 5,603,992
Master Plan Implementation	16,134,661
Operating Contingency	500,000
	\$ 22,238,653

Planned Uses of Unrestricted Net Assets are at June 30 are as follows:

	2010
60 Day Operating Reserve	\$ 5,394,323
Health Science Facility	8,287,942
Master Plan Implementation	4,445,164
	\$ 18,127,429

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 8 - LEASE OBLIGATIONS

Future commitments for operating leases in excess of one year as reported at June 30, 2011 are as follows:

<u>Year Ended June 30, 2011</u>	<u>Operating Leases/ Equipment</u>
2012	\$ 45,794
2013	4,637
2014	4,637
2015	-
2016	-
Total Minimum Payments	<u>\$ 55,068</u>

Future commitments for operating leases in excess of one year as reported at June 30, 2010 were as follows:

<u>Year Ended June 30, 2010</u>	<u>Operating Leases/ Equipment</u>
2011	\$ 44,323
2012	44,323
2013	44,323
2014	469
2015	-
Total Minimum Payments	<u>\$ 133,438</u>

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>June 30, 2010</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2011</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Notes Payable	\$ 512,147	36,766	159,359	389,554	165,971	223,583
Accrued Compensated Absences	1,367,663	49,772	152,859	1,264,576	101,791	1,214,051
Total Long-Term Liabilities	<u>\$ 1,879,810</u>	<u>86,538</u>	<u>312,218</u>	<u>1,654,130</u>	<u>267,762</u>	<u>1,437,634</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 9 - LONG-TERM LIABILITIES, Continued

Long-term liability activity for the year ended June 30, 2010 was as follows:

	June 30, 2009	Addition	Reductions	June 30, 2010	Current Portion	Noncurrent Portion
Notes Payable	\$ 660,996	-	148,849	512,147	159,844	352,303
Accrued Compensated Absences	1,362,397	157,423	152,157	1,367,663	102,659	1,265,004
Total Long-Term Liabilities	<u>\$ 2,023,393</u>	<u>157,423</u>	<u>301,006</u>	<u>1,879,810</u>	<u>262,503</u>	<u>1,617,307</u>

NOTE 10 - RELATED ORGANIZATIONS, RELATED PARTY TRANSACTIONS, AND TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNITS

Certain separately chartered legal entities whose activities are related to those of the College exist primarily to provide financial assistance and other support to the College and its educational program. Financial statements for these entities are audited by independent auditors and retained by them. They include York Technical College Foundation.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14 as amended by GASB 39. Because of the nature and the significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of the Foundation and a summary of significant transactions (if any) between the Foundation and the College for the year ended June 30, 2011.

The York Technical College Foundation

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of York Technical College. The Foundation's activities are governed by its Board of Directors.

York Technical College recorded receipts of \$455,402 from the Foundation in non-operating revenues for the fiscal year ended June 30, 2011 and \$389,662 for the fiscal year ended June 30, 2010. These funds were used to support College programs such as scholarships and facility utilization. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation.

Related party receivables and payables as of June 30, 2011 and June 30, 2010 are as follows:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Due from the Foundation	\$ 36,051	63,383
Due to the Foundation	-	-

More detailed discussion of the Foundation can be found in Note 17.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 11 - RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets including data processing;
- Real property, its contents, and other equipment;
- Motor vehicles;
- General tort liability

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 12 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2011 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	\$ 12,242,473	3,061,338	-	-	2,994,082	-	18,297,893
Academic Support	1,728,598	501,078	-	-	738,998	-	2,968,674
Student Services	2,946,970	779,171	-	-	719,491	-	4,445,632
Operation and Maintenance of Plant	1,312,548	411,304	-	1,087,878	1,584,905	-	4,396,635
Institutional Support	1,996,812	613,962	-	-	1,328,684	-	3,939,458
Scholarships & Fellowships	-	-	4,411,529	-	-	-	4,411,529
Auxiliary Enterprises	67,052	18,749	-	-	131,551	-	217,352
Depreciation	-	-	-	-	-	1,572,355	1,572,355
Total Operating Expenses	\$ 20,294,453	5,385,602	4,411,529	1,087,878	7,497,711	1,572,355	40,249,528

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 12 - OPERATING EXPENSES BY FUNCTION, Continued

Operating expenses by functional classification for the year ended June 30, 2010 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	\$ 12,192,344	2,929,356	-	-	2,614,835	-	17,736,535
Academic Support	1,965,760	535,151	-	-	619,767	-	3,120,678
Student Services	3,052,566	751,484	-	-	1,657,536	-	5,461,586
Operation and Maintenance of Plant	1,412,481	395,668	-	989,088	851,195	-	3,648,432
Institutional Support	2,482,003	723,520	-	-	1,725,263	-	4,930,786
Scholarships & Fellowships	-	-	4,379,856	-	-	-	4,379,856
Auxiliary Enterprises	72,369	20,153	-	-	169,661	-	262,183
Depreciation	-	-	-	-	-	1,542,001	1,542,001
Total Operating Expenses	<u>\$ 21,177,523</u>	<u>5,355,332</u>	<u>4,379,856</u>	<u>989,088</u>	<u>7,638,257</u>	<u>1,542,001</u>	<u>41,082,057</u>

NOTE 13 - STATE APPROPRIATIONS

State funds for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board) and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a detailed schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2011 and June 30, 2010.

	2011	2010
NON-CAPITAL APPROPRIATIONS		
Current Year's Appropriations:		
Appropriations per State Board Allocation	\$ 5,542,505	6,302,361
Appropriations from SC Education Lottery Fund	118,807	149,217
Total Non-Capital Appropriations Recorded as Current Year Revenue	<u>\$ 5,661,312</u>	<u>6,451,578</u>
CAPITAL APPROPRIATIONS		
Capital Improvement Bond Proceeds	\$ -	-
Supplemental Appropriations (Proviso #73-12)	-	-
Total Capital Appropriations Recorded as Current Year Revenue	<u>\$ -</u>	<u>-</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 14 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

	<u>2011</u>	<u>2010</u>	Increase/ Decrease
Charges for Services	\$ 19,060,564	20,077,596	(1,017,032)
Operating Grants and Contributions	18,794,867	16,670,959	2,123,908
Capital Grants and Contributions	-	267,970	(267,970)
Less: Expenses	<u>(40,249,528)</u>	<u>(41,082,057)</u>	832,529
Net Program Revenue (Expense)	<u>(2,394,097)</u>	<u>(4,065,532)</u>	<u>1,671,435</u>
General Revenues:			
Earnings on Investments	-	-	-
Transfers:			
State Appropriations	<u>5,661,312</u>	<u>6,451,578</u>	<u>(790,266)</u>
Total General Revenue and Transfers	<u>5,661,312</u>	<u>6,451,578</u>	<u>(790,266)</u>
Change in Net Assets	3,267,215	2,386,046	881,169
Net Assets - Beginning	44,147,736	41,761,690	2,386,046
Prior Period Adjustments	-	-	-
Net Assets - Ending	<u>\$ 47,414,951</u>	<u>44,147,736</u>	<u>3,267,215</u>

NOTE 15 – NOTE PAYABLE

Note payable consisted of the following at June 30, 2011:

The College has a note payable with First Citizens Bank, dated May 21, 2007, for a training facility at Waterford Business Park in the amount of \$950,000 at 6.84% interest. Annual payments of \$194,875 will be made January 15 of each year, beginning January 15, 2008. The final payment is due January 15, 2013. York County has designated fee revenues to reimburse the College each year once payments have been made to the note holder.

During fiscal year ended June 30, 2010, the College received an award from the State Energy Program, American Recovery and Reinvestment Act, for energy efficiency and renewable energy improvements to facilities. Twenty-five percent of the award, \$36,763.35, was in the form of a no-interest loan. Annual payments of \$6,127.29 will be made November 1 of each year, beginning in 2011. The final payment is due November 1, 2016. The loan may be paid in whole or in part at any time during the loan period.

The amortization scheduled maturities of the notes payable at June 30, 2011 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Balance</u>
2012	\$ 176,871	24,131	201,002	212,682
2013	188,172	12,452	200,624	24,510
2014	6,127	-	6,127	18,383
2015	6,127	-	6,127	12,256
2016	6,127	-	6,127	6,129
2017	<u>6,129</u>	<u>-</u>	<u>6,129</u>	<u>-</u>
Grand Total	<u>389,553</u>	<u>36,583</u>	<u>426,136</u>	<u>273,960</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 15 – NOTE PAYABLE, Continued

The amortization scheduled maturities of the notes payable at June 30, 2010 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Balance</u>
2011	\$ 159,844	35,031	194,875	352,303
2012	170,777	24,098	194,875	181,526
2013	181,526	12,416	194,875	-
Grand Total	<u>512,147</u>	<u>71,545</u>	<u>584,625</u>	<u>533,829</u>

NOTE 16 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS

The College incurred expenditures of \$2,335,028 during fiscal year 2011 and expenditures of \$2,351,445 under American Recovery and Reinvestment Act (ARRA) funding. These funds were awarded to the College via pass-through funding from the U.S Department of Education (State Fiscal Stabilization Funds), U.S. Department of Labor (Workforce Investment Act), and the U.S. Department of Energy (State Energy Program). ARRA funds were primarily used to provide scholarships and student support for Workforce Investment Act participants. In addition, funds were used to provide instructional support and instructional equipment.

The schedules below list the expenses by functional classification and individual funds and expenses.

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Services</u>	<u>Supplies and Other</u>	<u>June 30, 2011 Total</u>
Instruction	\$ 885,512	127,226	-	259,625		1,272,363
Academic Support	4,028	1,449	-	142,793		148,270
Student Services	177,076	63,748	-	32,695		273,519
Operation and Maintenance of Plant	-	-	-	542,487		542,487
Institutional Support	-	-	-	1,343		1,343
Scholarships & Fellowships	-	-	97,046	-		97,046
	<u>\$ 1,066,616</u>	<u>192,423</u>	<u>97,046</u>	<u>978,943</u>		<u>2,335,028</u>

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Services</u>	<u>Supplies and Other</u>	<u>June 30, 2010 Total</u>
Instruction	\$ 116,761	16,317	-	379,375		512,453
Academic Support	-	-	-	37,703		37,703
Student Services	216,142	18,084	-	379,510		613,736
Operation and Maintenance of Plant	-	-	-	-		-
Institutional Support	-	-	-	69,837		69,837
Scholarships & Fellowships	-	-	1,117,716	-		1,117,716
	<u>\$ 332,903</u>	<u>34,401</u>	<u>1,117,716</u>	<u>866,425</u>		<u>2,351,445</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 16 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS, Continued

Fund	Funds used through June 30, 2011
ARRA - State Stabilization	1,731,604
ARRA WIA Adult	29,665
ARRA WIA Dislocated Workers Call Center	224,946
ARRA Quick Jobs HHS	24,431
ARRA Quick Jobs COM	11,197
ARRA Quick Jobs2	10,182
ARRA BTOP Broadband Technology	148,270
ARRA S&T Heat Recover	126,342
ARRA DSS Classroom Materials	7,491
ARRA DSS Early Childhood	20,000
ARRA ABC Childcare	900
	<hr/>
Total expenses incurred through June 30, 2011	<u><u>\$ 2,335,028</u></u>

Fund	Funds used through June 30, 2010
ARRA - FSEOG-FWS	43,661
ARRA - State Stabilization	519,383
ARRA WIA Adult Call Center	62,689
ARRA WIA Adult	675,924
ARRA WIA Dislocated Workers Call Center	132,680
ARRA WIA Dislocated Workers	387,530
ARRA WIA ARRA Summer Youth Jobs	156,762
ARRA WIA State Reserve Funds	97,412
ARRA WIA Dislocated Worker	62,899
ARRA WIA Youth	31,450
ARRA WIA Adult	62,899
ARRA Hot Climate Training Project	25,160
ARRA Test House/Weatherization	72,283
ARRA State Energy Program	20,713
	<hr/>
Total expenses incurred through June 30, 2010	<u><u>\$ 2,351,445</u></u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION

The York Technical College Foundation, Inc. (the Foundation) was incorporated under the laws of South Carolina on May 17, 1983, for the purpose of seeking funds and resources to further the educational mission of York Technical College. The Foundation is exclusively a charitable and educational corporation within the meaning of section 501(c)(3) of the IRS Code of 1954.

Summary Of Significant Accounting Policies

Classes of Net Assets

The financial statements report amounts separately by class of net assets:

Unrestricted Net Assets

Unrestricted net assets are those currently available for use by the Foundation.

Temporarily Restricted Net Assets

Temporarily restricted net assets are contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations.

Permanently Restricted Net Assets

Permanently restricted net assets are contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the organization's actions.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designed for future periods or restricted by donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the foundation reports the support as unrestricted.

For the fiscal year 2010-2011, temporarily restricted net assets are restricted for scholarships to York Technical College students as well as equipment, building improvement, buildings and teach incentives. Permanently restricted net assets are named endowments of which the earnings from the corpus are to be used for scholarships.

During the fiscal year 2010-2011 \$100,000 of Title III monies from the federal government and a match of \$100,000 from the Foundation matured. The value at maturity was \$543,154.28 and the Foundation Executive Committee reallocated these funds as follows; \$100,000 back to original endowment, invested long term, \$100,000 match added to endowment, one third of interest earned posted to endowments, one third of interest earned posted to general scholarship fund, and one third of interest earned posted to general fund.

Cash and Cash Equivalents

For purposes of the cash flow statement cash and cash equivalents are considered to be cash or highly liquid investments with a maturity of three months or less when purchased.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION, Continued

Cash and Investments

The cash balance at June 30, 2011 was \$228,473 and the bank balance was \$252,161. See Note 2, Assets Restricted for Long-Term Assets, for that portion. Of the cash balance, \$199,540 is invested in a repurchase agreement (cash equivalent) that has an underlying security in the bank's name as collateral. The Foundation does not require additional collateral.

Investments are presented in the financial statements in the aggregate at fair market value. Investments consist of four separate trusts under agreements with a financial management company. The trustee, by agreement, can invest in stocks, bonds, negotiable securities and property (real and personal) as the trustee deems advisable. All investments are in the name of the Foundation. The book and market values of the investments are listed below.

	<u>Book Value</u>	<u>Fair Value</u>
Unrestricted	\$ 1,457	1,457
Temporarily Restricted	2,238,459	2,238,459
Permanently Restricted	<u>2,282,271</u>	<u>2,419,185</u>
	<u>\$ 4,522,187</u>	<u>4,659,101</u>

The Foundation accounts for its investments at fair value in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net assets.

The allowance for unrealized gains/losses at June 30, 2011 is \$136,914.

Fair Value of Financial Instruments

Statement of Financial Accounting Standards No. (SFAS) 157, Fair Value Measurements, defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosures regarding the fair value measurements of certain financial instruments. SFAS 157 addresses acceptable valuation techniques and establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- *Level 1 inputs* are unadjusted quoted prices for identical assets and liabilities in active markets to which the reporting entity has access.
- *Level 2 inputs* are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. They include quoted prices for similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable (for example, interest rates); and inputs that are derived from or corroborated by observable market data.
- *Level 3 inputs* are unobservable and are significant to the fair value measurement.

SFAS 157 expands disclosures about fair value measurements for certain financial assets and liabilities.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION, Continued

The carrying amounts of cash, receivables, accounts payable, and other accrued liabilities approximate fair value because of the short maturity of these financial instruments. The carrying values of the Foundation's investments are based on information provided by external investment managers or comparison to quoted market values.

The carrying amounts of capital lease obligations approximate fair value because these financial instruments bear interest at rates which approximate current market rates for notes and bonds with similar maturities and credit equity.

Public Support, Revenue, and Expenses

The foundation recognizes contributions and investment income on the accrual basis. For donations, income is recognized when the cash has been received. Interest incomes earned on the endowments are allocated to the endowments in the endowment fund. All other interest income is recorded in the general fund. Revenue is recorded when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates. The estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Assets Restricted for Long-Term Assets

During the year the foundation embarked on a fund raising campaign for several capital projects on York Technical College's campus. The assets on hand at June 30 related to these capital projects are as follows:

Cash	\$	-
Pledges, Net of Allowance \$10,830		240,221
		<hr/>
	\$	240,221
		<hr/> <hr/>

Property, Plant And Equipment

Property, plant and equipment is carried at cost. The Foundation reports depreciation using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are generally as follows:

Land Improvements	20 Years
Buildings and Improvements	28 Years
Furniture	3 Years

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION, Continued

The Foundation capitalizes all long-term assets with a cost or donated fair value of \$1,000 or more. Property, plant and equipment details are as follows:

Cost	Total 06/03/10	Addition	Deletions	Total 06/30/11
Land	\$ 464,152	81,000	-	545,152
Land Improvements	28,000	-	-	28,000
Building	394,812	189,000	-	583,812
Building Improvements	74,668	-	-	74,668
Furniture	299,577	-	-	299,577
	<u>\$ 1,261,209</u>	<u>270,000</u>	<u>-</u>	<u>1,531,209</u>
Accumulated Depreciation				
Land Improvements	\$ 18,200	1,400	-	19,600
Building and Improvements	119,974	23,519	-	143,493
Furniture	199,717	99,859	-	299,576
	<u>\$ 337,891</u>	<u>124,778</u>	<u>-</u>	<u>462,669</u>
Net Book Value	<u>\$ 923,318</u>	<u>-</u>	<u>-</u>	<u>1,068,540</u>

The increase to land and buildings was a result of the donation by Duke Energy Carolinas, LLC of a 3,813 square foot building on .57 acres of land located at 127 Saluda Street, Chester, South Carolina.

Depreciation expense was \$124,778 for the year ended June 30, 2011.

Taxes

The Internal Revenue Service has determined that the Foundation meets the requirements of the Internal Revenue Code and is exempt from federal income tax under Section 501(c)(3) of the Code.

Contributions Receivable

The unconditional promises to give in the temporarily restricted fund are related to pledges for capital projects. The full amount of \$248,361 discounted to present value at 4.0 percent, is expected to be collected over the next four years. See Note 2 "Assets Restricted for Long-Term Assets". The pledges receivable details are as follows:

	Temporarily Restricted Fund
Balance as of 6/30/11	\$ 251,051
Discount/Allowance	10,830
Total	<u>\$ 240,221</u>
Total Future Payments:	
2012	\$ 223,508
2013	19,250
2014	4,150
2015	4,143
Total	<u>\$ 251,051</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION, Continued

Investment Income

Investment income consists of the following:

Interest and Dividends (Net of Broker's Fees)	\$	253,442
		253,442
Interest Checking		3,260
		\$ 256,702

Related Party Transactions

Due to the purpose of the Foundation, York Technical College (the college) is a related party. The Foundation seeks funds and resources to further the educational mission of the college. It provides to the college's students, scholarships, while the college provides to the Foundation, the personnel to manage the Foundation's activities. All transactions are conducted at arms-length.

Amounts paid to the college were \$26,250 for salaries, \$53,755 for scholarships, \$2,250 for rent, \$371,272 grants and \$1,876 for supplies/other costs.

The college also leases, through an annually renewable operating lease, 2 instructional facilities from the Foundation. The annual lease rate is \$54,529.20 for the Wilson Street property and \$19,999.92 each for the Heavy Equipment Building and the Saluda Street facility. The lease must meet arms length conditions before the state will approve it and the state must approve all leases with the college.

Capital Leases

Foundation has entered into a lease agreement as lessee for financing the acquisition of furniture for the Chester Center Building constructed by York Technical College. The lease agreement qualifies as a capital lease for accounting purposes and has been at the present value of their future minimum payments as of the inception date.

The assets acquired through capital lease are as follow:

Asset:	
Furniture	\$ 299,577
Less: Accumulated Depreciation	299,577
Total	\$ -

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2011

NOTE 17 - COMPONENT UNIT INFORMATION, Continued

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2011 were as follows:

<u>Fiscal Year Ending June 30</u>	
2012	<u>\$ 28,137</u>
Total Future Minimum Lease Payments	<u>28,137</u>
Less Amount Representing Interest	-
Present Value of Minimum Lease Payments	<u>\$ 28,137</u>

Sales Tax Payable

During the 2010/2011 fiscal year the Foundation established a sales tax payable liability account. This account represents sales tax not collected by vendors on orders placed by the Foundation. The funds in this account will be payable to the State of South Carolina Department of Revenue upon establishment of an account.

Employee Compensated Absences

The Foundation's obligation for employee's rights to receive compensation for future absences such as vacation could not be determined as of the Foundation's year end and thus is not recognized in the accompanying financial statements. The effect of these unaccrued absences on financial position and change in net assets has not been determined.

Contingencies / Commitments

Due to the nature of the Foundation's normal activities, it is routinely subject to a variety of claims and demands by various individuals and entities. Loss contingencies are situations involving uncertainties as to possible loss. The uncertainties are resolved when certain events occur to fail to occur. Loss contingencies may result for litigation, claims, audit disallowances, threatened property loss, or uncollectible receivables. Such situations are loss contingencies if the related liability has not been recorded, yet a loss is reasonably possible. Guarantees of others' debts are loss contingencies, however, even if the probability of loss is remote. The Foundation maintains insurance against certain loss contingencies with liability policies and physical damage coverage. At the date of this report, management is not aware of any contingencies that will result in any material loss to the Foundation.

Subsequent Events

Management has, through September 7, 2011, considered whether events have occurred or circumstances exist subsequent to the date of the financial statements, June 30, 2011, that would have materially significant effect on the carrying amounts of assets or liabilities, including estimates, and no such items have been identified.