

YORK TECHNICAL COLLEGE

**Independent Auditors' Report
Financial Statements and Schedules
For the Year Ended June 30, 2010
With Comparative Totals for June 30, 2009**

YORK TECHNICAL COLLEGE
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June 30, 2010

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YORK TECHNICAL COLLEGE
 Commission Members - Administrative Staff - Service Area
 For the Year Ended June 30, 2010

Period Covered

Fiscal Year Ended June 30, 2010.

<u>York Technical College Commission Members</u>	<u>County</u>	<u>Term Expires</u>
B. Anthony Vaughan, Chair	York	2013
Charles Z. Robinson, Vice-Chair	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
Geri H. Rucker	York	2014
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
Marc C. Tarplee	Interim Vice President for Business Services
Edward F. Duffy	Vice President for Development
Mark A. Ulseth	Associate Vice President for Academic and Student Affairs

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, 2010 and June 30, 2009, 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 Audit 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 financial position of York Technical College and its discretely presented component unit, as of June 30, 2010 and June 30, 2009, 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. As described in Note 1 to the financial statement, the College has adopted the mandate of the SC Comptroller General Office for the classification of PELL grant revenues

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2010 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 27, 2010 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 blue ink that reads "Clint Bantle" followed by a stylized flourish and "E. Co. RA".

September 27, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 \$ 44,147,736 as of June 30, 2010 (net assets). Of this amount, \$ 18,127,429 (unrestricted net assets) may be used to meet the College's ongoing obligations from unrestricted activities.
- The College's net assets increased by \$ 2,386,046 or 6%, primarily in the category of current assets.
- The College experienced an operating loss of \$ 21,004,462 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, State appropriations of \$ 6,451,578, local appropriations of \$ 4,110,065 State grants and contracts of \$ 448,647, Federal grants and contracts of \$ 12,059,868, and other non-operating revenues of \$ 52,380 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 noncurrent 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.

Financial Analysis of the College as a Whole

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.

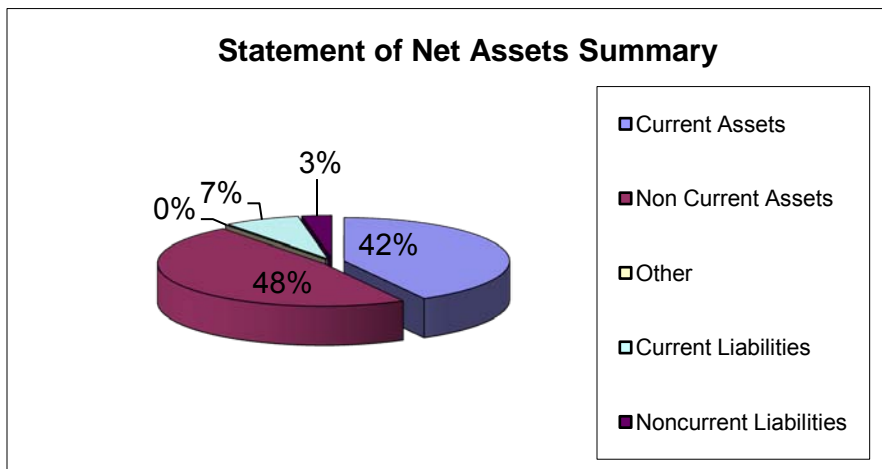
Net Assets As of June 30, 2010 (in millions)

	2010	2009	Increase/ Decrease	% Change
Current Assets	\$ 23.4	\$ 20.0	3.4	17.0
Non-current Assets				
Capital Assets, Net of Accumulated Depreciation	26.5	27.6	(1.1)	(4.0)
Total Assets	\$ 49.9	\$ 47.6	\$ 2.3	4.8
			-	
Current Liabilities	4.1	4.1	-	-
Non-current Liabilities	1.6	1.8	(0.2)	(11.1)
Total Liabilities	\$ 5.7	\$ 5.9	\$ (0.2)	(3.4)
			-	
Net Assets				
Invested in Capital Assets, Net of Related Debt	26.0	26.9	(0.9)	(3.3)
Unrestricted	18.1	14.9	3.2	21.5
Total Net Assets	\$ 44.1	\$ 41.8	\$ 2.3	5.5

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 \$44,147,736 at the close of fiscal year ended June 30, 2010.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment) reflects approximately 59 percent of its total net assets less any related debt used to acquire those assets that are still outstanding. 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 to repay this debt will 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.

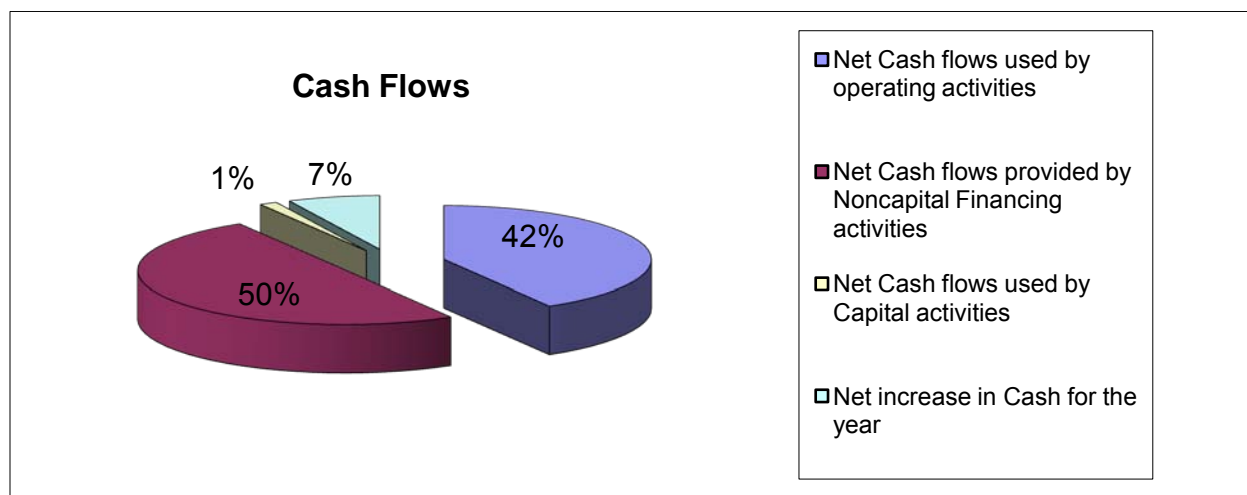
Approximately 59 percent of the College's net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$ 18,127,429 or approximately 41 percent may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2010 appear in the charts and graphs that follow.



This schedule is a condensed version of the College's Statement of Cash Flows for the fiscal year. 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.

**Cash Flows for Fiscal Year Ended
June 30, 2010
(in millions)**

	2010	Restated 2009	Increase/ Decrease	% Change
Cash Flows from Operating Activities	\$ (19.8)	\$ (14.1)	(5.7)	3.8
Cash Flows from Noncapital Financing Activities	23.8	18.9	4.9	25.9
Cash Flows from Capital and Related Activities	(0.6)	(0.8)	0.2	(79.5)
Cash from Investing Activities	0.05	0.1	(0.1)	(50.0)
Net Increase/(Decrease) in Cash	<u>\$ 3.4</u>	<u>\$ 4.1</u>	<u>(0.6)</u>	<u>(15.9)</u>



This schedule is a summary of the College's operating results for the fiscal year. The Statement of Revenues, Expenses and Changes in Net Assets present and categorize 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, the College will always 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 "Income Before Other Revenues, Expenses, Gains or Losses."

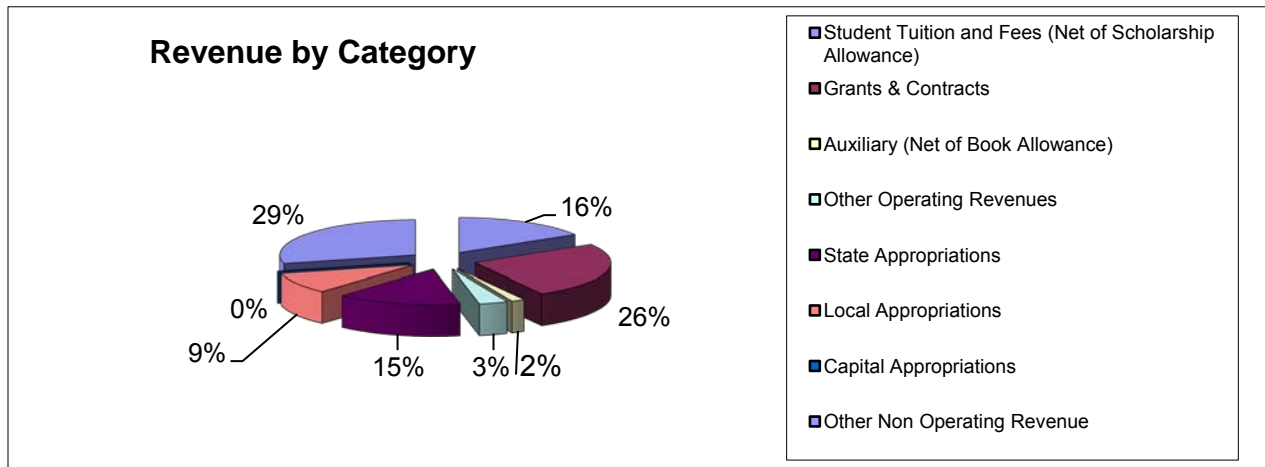
**Operating Results for Fiscal Year Ended
June 30, 2010
(in millions)**

	2010	2009 Restated	Increase/ Decrease	% Change
Operating Revenue				
Tuition and Fees (Net of Scholarship Allowance)	\$ 7.1	\$ 7.7	\$ (0.6)	(7.8)
Grants and Contracts	10.8	11.3	(0.5)	(4.4)
Auxiliary	0.7	0.5	0.2	40.0
Other	1.5	1.9	(0.4)	(21.1)
Total Operating Revenue	<u>20.1</u>	<u>21.4</u>	<u>(1.3)</u>	<u>(6.1)</u>
Less Operating Expenses	<u>41.1</u>	<u>38.0</u>	<u>3.1</u>	<u>8.2</u>
Net Operating Loss	<u>(21.0)</u>	<u>(16.6)</u>	<u>(4.4)</u>	<u>26.5</u>
Non-operating Revenue				
State Appropriations	6.4	6.9	(0.5)	(7.2)
Local Appropriations	4.1	4.0	0.1	2.5
Federal Grants and Contracts	12.1	6.8	5.3	77.9
Proceeds from Local Capital Appropriations	0.3	1.6	(1.3)	(81.3)
Proceeds from State Capital Appropriations	-	-	-	
Other	0.5	0.3	0.2	66.7
Total Non-operating Revenue	<u>23.4</u>	<u>19.6</u>	<u>3.8</u>	<u>19.4</u>
Increase in Net Assets	<u>2.4</u>	<u>3.0</u>	<u>2.4</u>	<u>80.0</u>
Increase in Net Assets	2.4	3.0	1.4	87.5
Prior Period Adjustments	-	-	-	
Net Assets, Beginning of Year	<u>41.8</u>	<u>38.8</u>	<u>3.0</u>	<u>7.7</u>
Net Assets, End of Year	<u>\$ 44.2</u>	<u>\$ 41.8</u>	<u>\$ 2.4</u>	<u>5.7</u>

Revenues

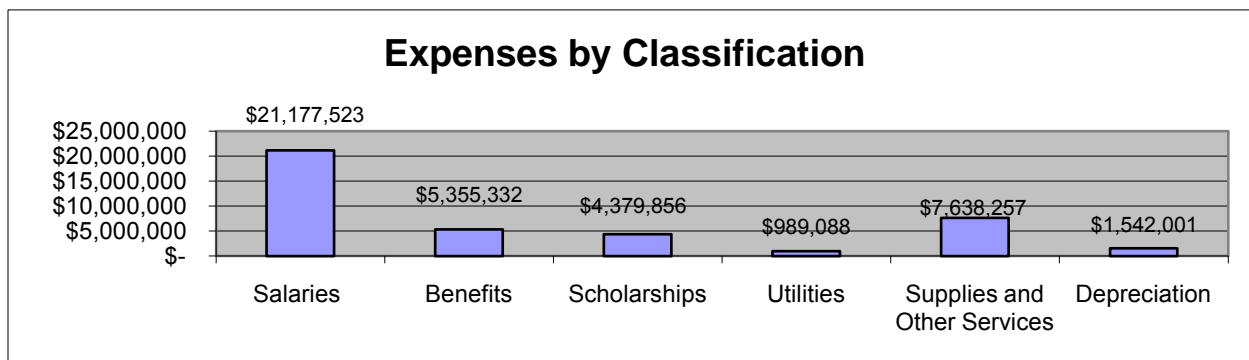
The SC Comptroller General's office mandated that PELL grants be re-classified as non-operating revenues from operating revenues; therefore, the FY09 financial statements were restated in order to standardize comparisons between FY09 and FY10.

The College received American Recovery and Reinvestment funds (ARRA) and recorded these funds as non-operating grants and contracts per State guidelines.



Expenses

During the 2010 year, total salary expenditures for the College were \$ 21,177,523. Of this amount, approximately 67 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 are \$26,532,454. Net assets decreased \$1,029,585 primarily because there were no major capital acquisitions. Due to reduction in funding and economic factors the College did not begin any new construction projects. The College was able to increase its net assets by \$2,386,046 without increasing the debt of the College. No major capital projects were started in fiscal year 2009-2010. More detailed information on long-term debt activity and capital asset activity can be found in Notes 4, 9, and 16 following the basic financial statement.

Economic Factors

The State of South Carolina did not meet its revenue expectations, resulting in a reduction in support for higher education. State appropriations decreased by approximately \$ 378,000 compared to the 2008-2009 fiscal year. The State will implement another budget cut at the beginning of 2010-2011 fiscal year, which will reduce state appropriations to approximately \$ 5,343,000.

Opening enrollment for the fall semester increased by 18% during fiscal year 2009-2010 compared to the prior year and demand for corporate/continuing education non-credit training continues to be good. Final opening enrollment for the 2010-2011 fiscal year is not yet available, but preliminary data indicate that enrollment will only increase approximately 2-3%. This change in enrollment patterns is consistent with general economic conditions. Our enrollment is countercyclical, so as the economy continues to slowly recover, we expect only modest enrollment growth during the next two to three years.



VP for Business Services



President

YORK TECHNICAL COLLEGE
Statement of Net Assets
June 30, 2010

	June 30 2010	June 30 2009
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 18,205,885	14,782,777
Accounts Receivable, Net of Allowance for Uncollectible (Note 3)	5,145,858	5,134,097
Inventories	8,623	7,384
Other Assets	5,625	130,360
Total Current Assets	23,365,991	20,054,618
NONCURRENT ASSETS		
Capital Assets, Net of Accumulated Depreciation (Note 4)	26,532,454	27,562,039
Total Noncurrent Assets	26,532,454	27,562,039
Total Assets	49,898,445	47,616,657
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	1,201,278	891,017
Payroll Liabilities	528,091	763,821
Deferred Revenue	2,138,287	2,174,610
Notes Payable - Current (Note 16)	159,844	149,033
Funds Held for Others	3,243	2,125
Accrued Compensated Absences - Current (Note 9)	102,659	107,358
Total Current Liabilities	4,133,402	4,087,964
NONCURRENT LIABILITIES		
Accrued Compensated Absences - Long Term (Note 9)	1,265,004	1,255,039
Note Payable - Long Term (Note 16)	352,303	511,963
Total Noncurrent Liabilities	1,617,307	1,767,002
Total Liabilities	5,750,709	5,854,966
NET ASSETS		
Invested in Capital Assets, Net of Related Debt and Accumulated Depreciation (Note 4)	26,020,307	26,901,043
Unrestricted (Note 7)	18,127,429	14,860,647
Total Net Assets	\$ 44,147,736	41,761,690

YORK TECHNICAL COLLEGE
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2010

	June 30 2010	Restated June 30 2009
REVENUES		
OPERATING REVENUES		
Student Tuition and Fees Net of Scholarship Allowance (of \$13,407,235)	\$ 7,093,203	7,727,306
Federal Grants and Contracts	6,190,663	6,597,014
State and Local Grants and Contracts	4,633,849	4,714,405
Sales and Services of Educational Departments	1,009,186	1,039,352
Auxiliary Enterprises	684,008	452,893
Other Operating Revenues	466,686	897,246
Total Operating Revenues	20,077,595	21,428,216
EXPENSES		
OPERATING EXPENSES		
Salaries	21,177,523	19,981,809
Benefits	5,355,332	5,161,243
Scholarships	4,379,856	3,469,042
Utilities	989,088	942,542
Supplies and Other Services	7,638,257	6,833,394
Depreciation	1,542,001	1,614,491
Total Operating Expenses	41,082,057	38,002,523
Operating Income (Loss)	(21,004,462)	(16,574,307)
NONOPERATING REVENUES		
State Appropriations		
Salary and Fringes	6,302,361	6,680,520
Lottery Technology Funds	149,217	239,549
County Appropriations	4,110,065	3,976,718
Interest Income	52,380	87,650
Federal Grants and Contracts	12,059,868	6,760,048
State and Local Grants and Contracts	448,647	194,875
Other Nonoperating Revenues	-	-
Net Nonoperating Revenues	23,122,538	17,939,360
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	2,118,076	1,365,053
Local Capital Appropriations	267,970	1,629,225
State Capital Appropriations	-	-
Increase in Net Assets	2,386,046	2,994,278
NET ASSETS		
Net Assets - Beginning of Year	41,761,690	38,768,038
Prior Period Adjustments	-	(626)
Net Assets - End of Year	\$ 44,147,736	41,761,690

YORK TECHNICAL COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2010

	June 30 2010	Restated June 30 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of Scholarship Allowances)	\$ 5,687,560	9,135,009
Federal, State and Local Grants and Contracts	11,294,228	11,107,941
Sales and Services of Educational Departments	1,009,186	1,039,352
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	684,008	452,893
Other Receipts	574,599	907,610
Other Income Non Operating	-	-
Payments and Vendors	(12,573,444)	(12,093,689)
Payments to Employees	(26,763,318)	(24,663,074)
	<u>(20,087,181)</u>	<u>(14,113,958)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations		
Salary and Fringe	6,302,361	6,680,520
Lottery (Equipment)	149,217	239,549
County Appropriations	4,110,065	4,176,718
State , Local and Federal Grants, Gifts and Contracts - Non Operating	13,272,833	7,818,188
	<u>23,834,476</u>	<u>18,914,975</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Note Payable	(148,849)	(139,254)
Local Appropriations	267,970	1,629,225
State Appropriations	-	659,967
Purchase of Capital Assets	(495,688)	(2,956,518)
	<u>(376,567)</u>	<u>(806,580)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on Investments	52,380	87,650
	<u>52,380</u>	<u>87,650</u>
Net Cash Flows Provided (Used) by Investing Activities	52,380	87,650
Net Increase in Cash	3,423,108	4,082,087
Cash - Beginning of Year	14,782,777	10,700,690
Cash - End of Year	<u>\$ 18,205,885</u>	<u>14,782,777</u>

YORK TECHNICAL COLLEGE
Statement of Cash Flows, Continued
For the Year Ended June 30, 2010

	June 30	Restated June 30
	2010	2009
Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (21,004,462)	(16,574,307)
Adjustments to Reconcile Net Income (Loss) to Net Cash	-	-
Depreciation Expense	1,542,001	1,614,491
Change in Assets and Liabilities		
Receivables, Net	(776,081)	368,274
Inventories	(1,239)	715
Deferred Charges and Prepaid Expenses	124,735	114,322
Accounts Payable	74,532	734,820
Compensated Absences	5,266	198,869
Deferred Revenue	(36,323)	(571,142)
Deposits Held for Others	1,118	-
Book Value of Assets Transferred from SBTCE	(16,728)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (20,087,181)</u>	<u>(14,113,958)</u>

YORK TECHNICAL COLLEGE
Component Unit
York Technical College Foundation
Statement of Financial Position
For the Year Ended June 30, 2010

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	Total
ASSETS				
Cash	\$ 2,650	29,878	490,207	522,735
Investments	1,452	2,145,501	2,366,311	4,513,264
Accounts Receivable	-	18,491	-	18,491
Assets Restricted for Long-Term Assets				
Investments	-	60,868	-	60,868
Unconditional Promises to Give, Net of Allowance of \$10,335	-	238,027	-	238,027
Property, Plant and Equipment Net of Accumulated Depreciation	632,166	291,152	-	923,318
Due from Other Funds	228,496	(67,376)	-	*
	<u>\$ 864,764</u>	<u>2,716,541</u>	<u>2,856,518</u>	<u>6,276,703</u>
LIABILITIES AND NET ASSETS				
Accounts Payable	-	75,520	-	75,520
Capital Lease Obligation Payable	99,489	-	-	99,489
Due to Other Funds	-	-	161,119	*
	<u>99,489</u>	<u>75,520</u>	<u>161,119</u>	<u>175,009</u>
Net Assets	<u>765,275</u>	<u>2,641,021</u>	<u>2,695,399</u>	<u>6,101,695</u>
	<u>\$ 864,764</u>	<u>2,716,541</u>	<u>2,856,518</u>	<u>6,276,704</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, 2010

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	Total
REVENUE, GAINS AND OTHER SUPPORT				
Contributions	\$ 101,401	404,754	52,550	558,705
Investment Income	3,729	75,767	-	79,496
Unrealized Gain (Loss) on Investment	-	207,081	-	207,081
Rental Income	74,529	-	-	74,529
Total Revenues and Gains	179,659	687,602	52,550	919,811
NET ASSETS RELEASED FROM RESTRICTIONS				
	746,326	(746,326)	-	-
Total Revenues, Gains and Other Support	\$ 925,985	(58,724)	52,550	919,811
EXPENSES				
Program Services				
Capital Outlay	547,643	-	-	547,643
General and Administrative	134,897	-	-	134,897
Scholarships	62,888	-	-	62,888
Support Services				
Management and General	110,842	-	-	110,842
Fund Raising	13,808	-	-	13,808
Total Expenses	870,078	-	-	870,078
Change in Net Assets	55,907	(58,724)	52,550	49,733
Net Assets at Beginning of Year	709,368	2,699,745	2,642,849	6,051,962
Net Assets at End of Year	\$ 765,275	2,641,021	2,695,399	6,101,695

YORK TECHNICAL COLLEGE
Notes to the Financial Statements
June 30, 2010

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, 2010

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, 2010, the allowance for uncollectible student accounts was \$1,000,000.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

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, 2010

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 and FY08 financial statements were restated in order to standardize comparisons between FY08, FY09 and FY10.

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, 2010

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 at June 30, 2010, were 18,205,885. 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 deposits for York Technical College at June 30, 2009, were \$14,782,777. 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.

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, 2010 or June 30, 2009.

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, 2010

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.

	2010	2009
STATEMENT OF NET ASSETS:		
Cash and Cash Equivalents	\$ 18,205,885	14,782,777
Plant	-	-
	18,205,885	14,782,777
DEPOSITS AND INVESTMENTS NOTE:		
Cash on Hand	3,375	3,230
Carrying Amount of Deposits, Net	18,202,510	14,779,547
Carrying Amounts of Plant	-	-
Total	\$ 18,205,885	14,782,777

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2010 and June 30, 2009, are summarized as follows:

	<u>2010</u>	<u>2009</u>
Student Accounts	\$ 4,239,260	1,806,372
Less: Allowance for Doubtful Accounts	(1,000,000)	(200,000)
Federal Grants and Contracts	195,138	319,742
State Grants and Contracts	1,608,110	2,170,004
Other	<u>103,350</u>	<u>1,037,979</u>
 Net Accounts Receivable	 <u>\$ 5,145,858</u>	 <u>5,134,097</u>

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, 2010, the allowance for uncollectible student accounts is valued at \$1,000,000 and at June 30, 2009, the allowance for uncollectible student accounts is valued at \$200,000.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance <u>July 1, 2009</u>	Increases	Decreases	Transfers	Ending Balance <u>June 30, 2010</u>
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.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 4 - CAPITAL ASSETS, Continued

The activity in the College's capital assets for the fiscal year ended June 30, 2009 are as follows:

	Beginning Balance July 1, 2008	Increases	Decreases	Transfers	Ending Balance June 30, 2009
Capital Assets Not Being Depreciated:					
Land and Improvements	\$ 1,029,567	-	-	-	1,029,567
Construction In Progress	4,436,983	2,186,366	-	-	6,623,349
Total Capital Assets Not Being Depreciated	<u>5,466,550</u>	<u>2,186,366</u>	<u>-</u>	<u>-</u>	<u>7,652,916</u>
Other Capital Assets:					
Buildings and Improvements	30,742,636	-	-	-	30,742,636
Machinery, Equipment and Other	4,611,359	726,807	36,315	-	5,301,851
Vehicles	499,782	43,345	16,641	-	526,486
Depreciable Land Improvements	1,567,442	-	-	-	1,567,442
Total Other Capital Assets At Historical Cost	<u>37,421,219</u>	<u>770,152</u>	<u>52,956</u>	<u>-</u>	<u>38,138,415</u>
Less Accumulated Depreciation For:					
Buildings And Improvements	(11,826,949)	(1,151,095)	-	-	(12,978,044)
Machinery, Equipment And Other	(3,690,181)	(409,306)	36,315	-	(4,063,172)
Vehicles	(318,337)	(41,590)	16,641	-	(343,286)
Depreciable Land Improvements	(832,290)	(12,500)	-	-	(844,790)
Total Accumulated Depreciation	<u>(16,667,757)</u>	<u>(1,614,491)</u>	<u>52,956</u>	<u>-</u>	<u>(18,229,292)</u>
Capital Assets, Net	<u>\$ 26,220,012</u>	<u>1,342,027</u>	<u>-</u>	<u>-</u>	<u>27,562,039</u>

There were no gains or losses on the disposal of fixed assets in the fiscal year ended June 30, 2009.

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, 2010

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, 2008, the employer contribution rate became 12.74 percent which included a 3.50 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, 2010, 2009, and 2008, were \$1,396,709, \$1,380,592, and \$1,320,646, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for fiscal year 2009 and 2010. Also, the College paid employer group-life insurance contributions of \$22,674 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, 2007, the employer contribution rate became 14.15 percent which, as for the SCRS, included the 3.50 percent surcharge. The College's actual contributions to the PORS for the years ending June 30, 2010, 2009, and 2008, were \$7,393, \$5,123, and \$4,630, respectively, and equaled the required contributions of 10.65 percent (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$139 and accidental death insurance contributions of \$139 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 3.50 percent from the employer in fiscal year 2010.

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 \$209,649 (excluding the surcharge) from York Technical College as employer and \$147,480 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$3,403 in the current fiscal year at the rate of .15 percent of compensation.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

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. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not 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, 3.50% of annual covered payroll for 2010 and 2009, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. York Technical College paid approximately \$ 610,897 and \$ 603,478 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2010 and 2009, 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 \$3.23 for the fiscal years ended June 30, 2010 and 2009.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

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, would be immaterial.

At June 30, 2010, the College had remaining project commitment balances of approximately \$567,721 for Building Renovations, a Heat Recovery and Ventilation System, Parking Lot Expansion and Library Expansion Feasibility Study. The College was awarded funds under the American Reinvestment and Recovery Act (ARRA Funds) and will use approximately \$534,148 to meet these commitments. 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:

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

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

	2009
60 Day Operating Reserve	\$ 6,223,483
Operating Contingency	600,000
Health Science Facility	5,000,000
Master Plan Implementation	3,037,164
	\$ 14,860,647

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 8 - LEASE OBLIGATIONS

Future commitments for capital leases and operating leases having remaining noncancelable terms in excess of one year 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>

Future commitments for capital leases and operating leases having remaining noncancelable terms in excess of one year as reported at June 30, 2009 were as follows:

<u>Year Ended June 30, 2009</u>	<u>Operating Leases/ Equipment</u>
2010	\$ 59,686
2011	39,686
2012	39,686
2013	469
2014	-
Total Minimum Payments	<u>\$ 139,527</u>

NOTE 9 - LONG-TERM LIABILITIES

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

	<u>June 30, 2009</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2010</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
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>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 9 - LONG-TERM LIABILITIES, Continued

Long-term liability activity for the year ended June 30, 2009 was as follows:

	June 30, 2008	Addition	Reductions	June 30, 2009	Current Portion	Noncurrent Portion
Notes Payable	\$ 800,250	-	139,254	660,996	149,033	511,963
Accrued Compensated Absences	1,163,528	265,835	66,966	1,362,397	107,358	1,255,039
Total Long-Term Liabilities	<u>\$ 1,963,778</u>	<u>265,835</u>	<u>206,220</u>	<u>2,023,393</u>	<u>256,391</u>	<u>1,767,002</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, 2010.

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 \$389,662 from the Foundation in non-operating revenues for the fiscal year ended June 30, 2010 and \$1,646,918 for the fiscal year ended June 30, 2009. 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, 2010 and June 30, 2009 are as follows:

	June 30, 2010	June 30, 2009
Due from the Foundation	\$ 63,383	34,731
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, 2010

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, 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>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 12 - OPERATING EXPENSES BY FUNCTION, Continued

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	\$ 11,286,583	2,768,327	-	-	1,820,683	-	15,875,593
Academic Support	1,907,520	528,065	-	-	651,389	-	3,086,974
Student Services	3,121,135	800,531	-	-	2,169,631	-	6,091,297
Operation and Maintenance of Plant	1,376,327	406,586	-	942,542	843,537	-	3,568,992
Institutional Support	2,174,713	632,605	-	-	1,200,644	-	4,007,962
Scholarships & Fellowships	-	-	3,469,042	-	-	-	3,469,042
Auxiliary Enterprises	115,531	25,129	-	-	147,512	-	288,172
Depreciation	-	-	-	-	-	1,614,491	1,614,491
Total Operating Expenses	<u>\$ 19,981,809</u>	<u>5,161,243</u>	<u>3,469,042</u>	<u>942,542</u>	<u>6,833,396</u>	<u>1,614,491</u>	<u>38,002,523</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, 2010 and June 30, 2009.

	2010	2009
NON-CAPITAL APPROPRIATIONS		
Current Year's Appropriations:		
Appropriations per State Board Allocation	\$ 6,302,361	6,680,520
Appropriations from SC Education Lottery Fund	149,217	239,549
Total Non-Capital Appropriations Recorded as Current Year Revenue	<u>\$ 6,451,578</u>	<u>6,920,069</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, 2010

NOTE 14 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES

	2010	Restated 2009	Increase/ Decrease
Charges for Services	\$ 20,077,596	21,428,216	(1,350,620)
Operating Grants and Contributions	16,670,959	11,019,291	5,651,668
Capital Grants and Contributions	267,970	1,629,225	(1,361,255)
Less: Expenses	<u>(41,082,057)</u>	<u>(38,002,523)</u>	<u>(3,079,534)</u>
Net Program Revenue (Expense)	<u>(4,065,532)</u>	<u>(3,925,791)</u>	<u>(139,741)</u>
General Revenues:			
Earnings on Investments	-	-	-
Transfers:			
State Appropriations	<u>6,451,578</u>	<u>6,920,069</u>	<u>(468,491)</u>
Total General Revenue and Transfers	<u>6,451,578</u>	<u>6,920,069</u>	<u>(468,491)</u>
Change in Net Assets	2,386,046	2,994,278	(608,232)
Net Assets - Beginning	41,761,690	38,768,038	2,993,652
Prior Period Adjustments	-	(626)	626
Net Assets - Ending	<u>\$ 44,147,736</u>	<u>41,761,690</u>	<u>2,386,046</u>

NOTE 15 – ACCOUNTING CHANGES AND PRIOR PERIOD ADJUSTMENTS

Other Matters:

Prior period adjustment for \$(626) was made to reflect a change in fund balance at year end June 30, 2009 and there were no prior period adjustments for June 30, 2010.

NOTE 16 – NOTE PAYABLE

Note payable consisted of the following at June 30, 2010:

The College has a note payable with First Citizens Bank, dated May 21, 2007, for 3D Systems University Construction Project 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.

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

	Principal	Interest	Payments	Balance
2011	\$ 159,844	35,031	194,875	352,303
2012	170,777	24,098	194,875	181,526
2013	<u>181,526</u>	<u>12,416</u>	<u>193,942</u>	<u>-</u>
Grand Total	<u>512,147</u>	<u>71,545</u>	<u>583,692</u>	<u>533,829</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 16 – NOTE PAYABLE, Continued

The amortization scheduled maturities of the notes payable at June 30, 2009 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Balance</u>
2010	\$ 149,033	45,842	194,875	511,963
2011	159,368	35,507	194,875	352,595
2012	170,420	24,455	194,875	182,175
2013	182,175	12,670	194,845	-
Grand Total	<u>660,996</u>	<u>118,474</u>	<u>779,470</u>	<u>1,046,733</u>

NOTE 17 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS

The College incurred expenditures of \$2,351,445 during fiscal year 2010 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 individual funds and expenses and expenses by functional classification.

	<u>Salaries</u>	<u>Benefits</u>	<u>Scholarships</u>	<u>Supplies and Other Services</u>	<u>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, 2010

NOTE 17 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) FUNDS, Continued

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
Total expenses incurred through June 30, 2010	\$ 2,351,445

NOTE 18 - 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.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 18 - COMPONENT UNIT INFORMATION, Continued

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 designated 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 2009-10, temporarily restricted net assets are restricted for scholarships to York Technical College students as well as equipment, building improvements, buildings and teacher incentives. Also included in the temporarily restricted fund are \$100,000 of Title III monies from the federal government and a match of \$100,000 from the Foundation. The corpus of these monies is restricted for 20 years after which the \$100,000 reverts to the Foundation along with the earnings on the entire \$200,000. Permanently restricted net assets are named endowments of which the earnings from the corpus are to be used for scholarships.

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.

Cash and Investments

The cash balance at June 30, 2010 was \$522,735 and the bank balance was \$526,205. See Note 2, Assets Restricted for Long-Term Assets, for that portion. Of the cash balance, \$473,578 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 fair values of the investments are listed below.

	<u>Book Value</u>	<u>Fair Value</u>
Unrestricted	\$ 1,452	1,452
Temporarily Restricted	2,206,369	2,206,369
Permanently Restricted	2,411,364	2,366,311
	<u>\$ 4,619,185</u>	<u>4,574,132</u>

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 18 - COMPONENT UNIT INFORMATION, Continued

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, 2010 is (\$45,053).

Included in the temporarily restricted investments is \$60,868 of investments at fair value that are restricted for long-term amounts.

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.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 18 - COMPONENT UNIT INFORMATION, Continued

Assets Restricted for Long-Term Assets

In prior years the Foundation engaged in 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:

Investments	\$	60,868
Contributions, Net of Allowance \$10,335		238,027
		238,027
	\$	298,895

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

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:

	Total		Total
<u>Cost</u>	<u>06/03/09</u>	<u>Addition</u>	<u>06/30/08</u>
Land	\$ 379,152	85,000	464,152
Land Improvements	28,000	-	28,000
Building	394,812	-	394,812
Building Improvements	74,668	-	74,668
Furniture	299,577	-	299,577
	\$ 1,176,209	85,000	1,261,209
 <u>Accumulated Depreciation</u>			
Land Improvements	\$ 16,800	1,400	18,200
Building and Improvements	103,205	16,769	119,974
Furniture	99,858	99,859	199,717
	\$ 219,863	118,028	337,891
Net Book Value	\$ 956,346	-	923,318

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.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 18 - COMPONENT UNIT INFORMATION, Continued

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 6/30/10	\$ 248,361
Discount/Allowance	10,334
Total	\$ 238,027
Total Future Payments:	
2011	\$ 169,467
2012	50,894
2013	28,000
Aggregate Thereafter	-
Total	\$ 248,361

Investment Income

Investment income consists of the following:

Interest and Dividends (Net of Broker's Fees)	\$ 75,266
	75,266
Interest Checking	4,230
	\$ 79,496

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 \$35,000 for salaries, \$76,648 for scholarships, \$3,000 for rent, \$264,368 grants and \$10,645 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 for the Heavy Equipment Building. The lease must meet arms length conditions before the state will approve it and the state must approve all leases with the college.

During the year, the Foundation entered into transactions for the purchase of goods and services with two board members. Furniture purchased on State contract with White Office Supply for a total of \$16,907 and payment to Comporium Communications for \$975. There are no amounts payable or receivable at year-end.

YORK TECHNICAL COLLEGE
Notes to the Financial Statements, Continued
June 30, 2010

NOTE 18 - COMPONENT UNIT INFORMATION, Continued

Capital Leases

The 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	<u>199,718</u>
Total	<u><u>\$ 99,859</u></u>

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2010 were as follows:

<u>Fiscal Year Ending June 30</u>	
2012	<u>\$ 102,633</u>
Total Minimum Lease Payments	<u>102,633</u>
Less Amount Representing Interest	(3,144)
Present Value of Minimum Lease Payments	<u><u>\$ 99,489</u></u>

Employee Compensated Absences

The Foundation's obligation for employees' 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 or 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.