

# **YORK TECHNICAL COLLEGE**

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**Independent Auditors' Report  
Financial Statements and Schedules  
For the Year Ended June 30, 2009  
With Comparative Totals for June 30, 2008**



**YORK TECHNICAL COLLEGE**  
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June 30, 2009

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**YORK TECHNICAL COLLEGE**  
 Commission Members - Administrative Staff - Service Area  
 For the Year Ended June 30, 2009

Period Covered

Fiscal Year Ended June 30, 2009.

<u>York Technical College Commission Members</u>	<u>County</u>	<u>Term Expires</u>
B. Anthony Vaughan, Chair	York	2013
Carolyn B. Carpenter, Vice-Chair	York	2013
Edwin L. Barnes	York	2010
Robert B. Meek, Jr.	York	2012
Charles Z. Robinson	York	2013
Jeffrey C. Sigmon	York	2012
James C. Hardin, III	York	2012
Vacant	York	2006
Gerri H. Rucker	York	2010
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
Dennis A. Gribenas	Vice President for Business Affairs
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

City of Rock Hill	U.S. Department of Agriculture
National Science Foundation	U.S. Department of Commerce
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 Transportation
	U.S. Environmental Protection Agency
	U.S. Department of HUD

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Independent Auditors' Report

York Technical College  
Rock Hill, South Carolina

We have audited the accompanying basic financial statements of York Technical College, a component unit of the South Carolina Technical and Comprehensive Education Board, as of and for the year ended June 30, 2009 and June 30, 2008. These basic financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We audited the financial statements of the discretely presented component unit, the York Technical College Foundation, Inc. In our opinion, those financial statements present fairly, in all material respects, the financial position of the York Technical College Foundation, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the revised July, 2009 *State Board Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the York Technical College Foundation were not audited in accordance with Government Auditing Standards. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

In our opinion, based on our audit and the reports of other auditors, 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, 2009, and the results of its operations and the changes in net assets and cash flows for the year 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, 2009 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 read in conjunction with this report in considering the results of our audit.

We have also issued our report dated September 23, 2009 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.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplemental schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of York Technical College. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in blue ink that reads "Cain Brantley & Co. PA". The signature is written in a cursive style with a long horizontal flourish extending to the right.

September 23, 2009

## 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, 2009. 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 \$41,761,690 as of June 30, 2009 (net assets). Of this amount, \$14,860,647 (unrestricted net assets) may be used to meet the College's ongoing obligations from unrestricted activities.
- The College's net assets increased by \$2,994,278 or 7%, primarily in the category of current assets.
- The College experienced an operating loss of \$10,555,083 as reported in the Statement of Revenues, Expenses, and Changes in Net Assets. However, State appropriations of \$6,920,069, local appropriations of \$3,976,718, State grants and contracts of \$194,875, Federal grants and contracts of \$740,824, capital appropriations of \$1,629,225 and other non-operating revenues of \$87,650 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 replace 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

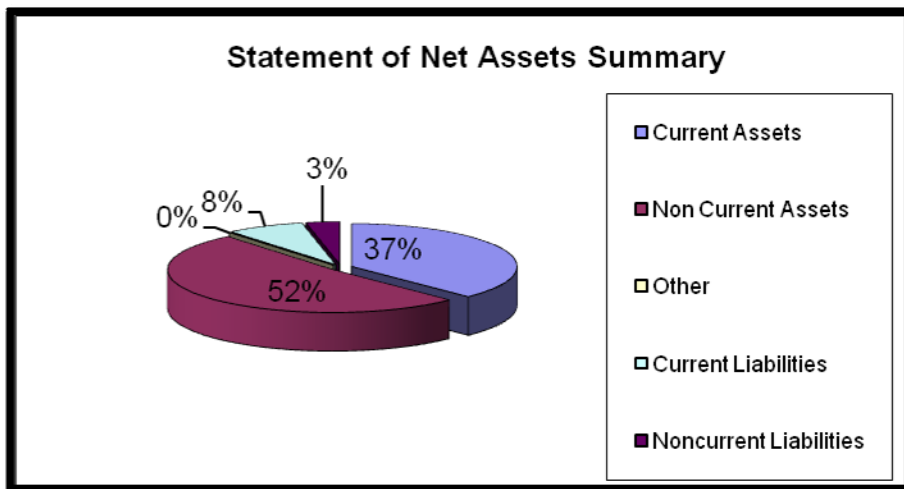
The following schedule is prepared from the College's Statement of Net Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Note that assets substantially exceed liabilities denoting a sound financial condition for the College.

<b>Net Assets</b>				
<b>As of June 30, 2009</b>				
<b>(in millions)</b>				
	<b>2009</b>	<b>2008</b>	<b>Increase/ Decrease</b>	<b>% Change</b>
Current Assets	\$ 20.0	\$ 18.4	1.6	8.7
Non-current Assets				
Capital Assets, Net of Accumulated Depreciation	27.6	26.2	1.4	5.3
Total Assets	<u>\$ 47.6</u>	<u>\$ 44.6</u>	<u>\$ 3.0</u>	<u>6.7</u>
Current Liabilities	4.1	4.1	-	-
Non-current Liabilities	1.8	1.7	0.1	5.9
Total Liabilities	<u>\$ 5.9</u>	<u>\$ 5.8</u>	<u>\$ 0.1</u>	<u>1.7</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	26.9	25.4	1.5	5.9
Unrestricted	14.9	13.4	1.5	11.2
Total Net Assets	<u><u>\$ 41.8</u></u>	<u><u>\$ 38.8</u></u>	<u><u>\$ 3.0</u></u>	<u><u>7.7</u></u>

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 \$41,761,690 at the close of fiscal year ended June 30, 2009.

The College's investment in capital assets (e.g., land, buildings, machinery, and equipment) reflects approximately 66 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.

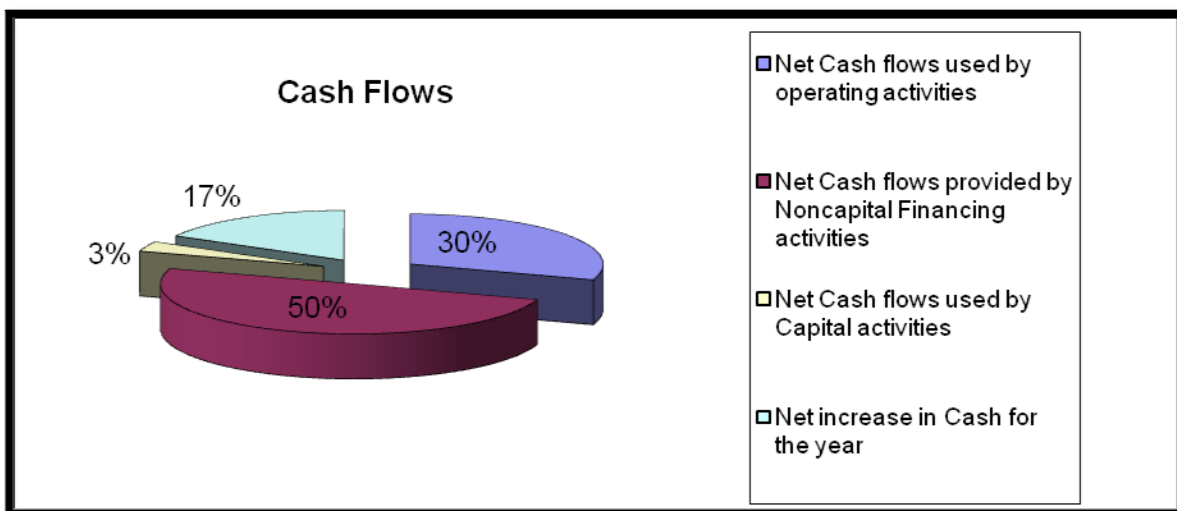
Approximately 66 percent of the College's net assets represent resources that are subject to external restrictions on how they may be used. Unrestricted net assets of \$14,860,647 or approximately 34 percent may be used to meet the College's ongoing unrestricted obligations. Pictorial presentations of specific areas of the College's financial condition on June 30, 2009 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, 2009  
(in millions)**

	2009	2008	Increase/ Decrease	%
Cash Flows from Operating Activities	\$ (7.7)	\$ (8.0)	0.3	(3.8)
Cash Flows from Noncapital Financing Activities	12.5	12.8	(0.3)	(2.3)
Cash Flows from Capital and Related Activities	(0.8)	(3.9)	3.1	(79.5)
Cash from Investing Activities	0.1	0.3	(0.2)	(73.3)
<b>Net Increase/(Decrease) in Cash</b>	<b>\$ 4.1</b>	<b>\$ 1.2</b>	<b>2.9</b>	<b>240.0</b>



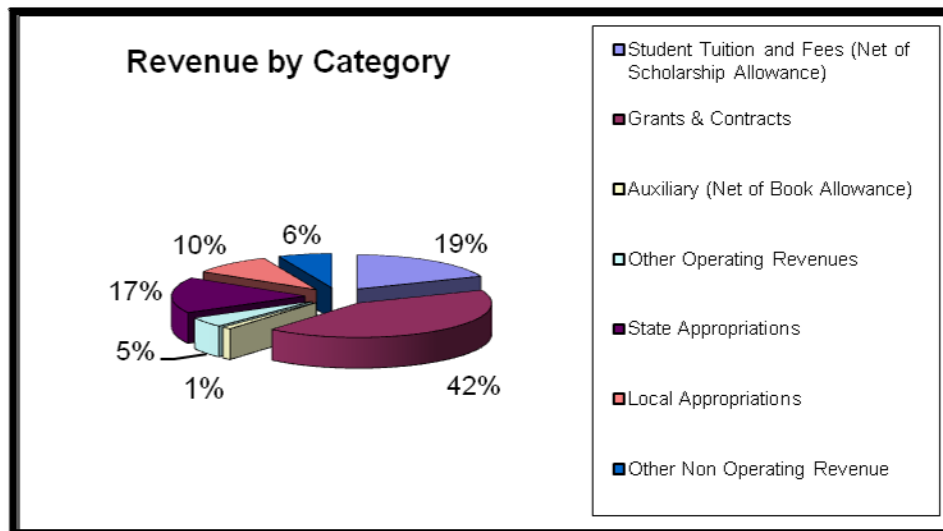
This schedule is a summary of the College's operating results for the fiscal year. The Statement of Revenues, Expenses and Changes in Net Assets present and categorize revenues earned and expenses incurred during the year by operating and non-operating. Generally, operating revenues and expenses are 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, 2009  
(in millions)**

	<b>2009</b>	<b>2008</b>	<b>Increase/ Decrease</b>	<b>% Change</b>
Operating Revenue				
Tuition and Fees (Net of Scholarship Allowance)	\$ 7.7	\$ 7.1	\$ 0.6	8.5
Grants and Contracts	17.3	15.4	1.9	12.3
Auxiliary	0.5	0.4	0.1	25.0
Other	1.9	2.0	(0.1)	(5.0)
Total Operating Revenue	<u>27.4</u>	<u>24.9</u>	<u>2.5</u>	<u>10.0</u>
Less Operating Expenses	<u>38.0</u>	<u>35.7</u>	<u>2.3</u>	<u>6.4</u>
Net Operating Loss	<u>(10.6)</u>	<u>(10.8)</u>	<u>0.2</u>	<u>(1.9)</u>
Non-operating Revenue				
State Appropriations	6.9	8.8	(1.9)	(21.6)
Local Appropriations	4.0	3.6	0.4	11.1
Proceeds from Local Capital Appropriations	1.6	0.7	0.9	128.6
Proceeds from State Capital Appropriations	-	1.1	(1.1)	(100.0)
Other	1.1	1.4	(0.3)	(21.4)
Total Non-operating Revenue	<u>13.6</u>	<u>15.6</u>	<u>(2.0)</u>	<u>(12.8)</u>
Increase in Net Assets	<u>3.0</u>	<u>4.8</u>	<u>2.4</u>	<u>50.0</u>
Increase in Net Assets	3.0	4.8	1.4	87.5
Prior Period Adjustments	-	-	-	
Net Assets, Beginning of Year	<u>38.8</u>	<u>34.0</u>	<u>4.8</u>	<u>14.1</u>
Net Assets, End of Year	<u>\$ 41.8</u>	<u>\$ 38.8</u>	<u>\$ 3.0</u>	<u>7.7</u>

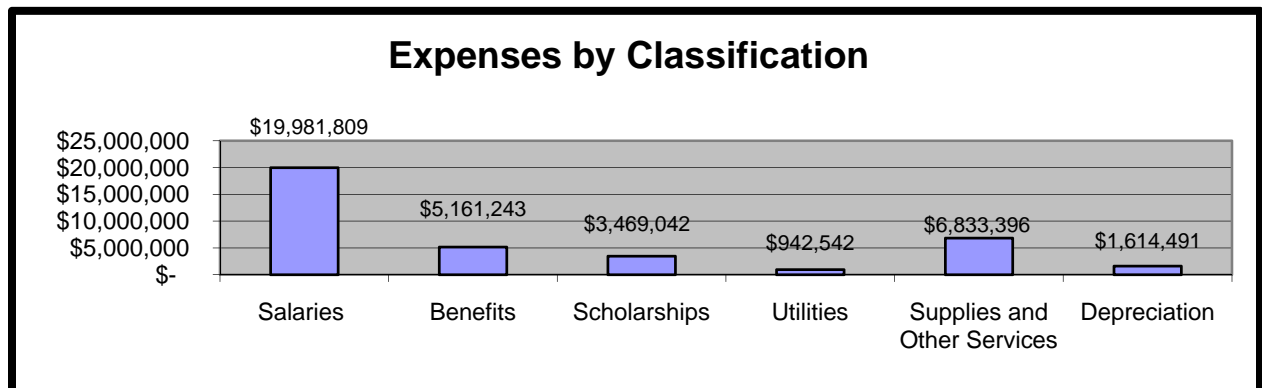
## Revenues

A large portion of the revenue included in the Grants and Contracts category represents student financial assistance, which is used to pay tuition and fees for students to attend the College.



## Expenses

During the 2009 year, total salary expenditures for the College were \$19,981,809. Of this amount, approximately 70 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 \$27,562,039, a 5% increase over fiscal year 2008. The College was able to increase its net assets by \$2,994,278 without increasing the debt of the College. The Chester Center was completed and classes started in the spring of 2009. No major capital projects were started in fiscal year 2008-2009.

## Economic Factors

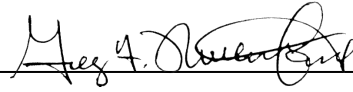
The State of South Carolina has not met revenue expectations and as a result, support for Higher Education has decreased. The College received \$1,800,000 less in appropriations compared to fiscal year 2007-2008. It is expected that State revenues will also be lower this year with additional decreases in funding for the College.

Annual enrollment growth of the College increased by 12% in fiscal year 2008. Enrollment for credit courses increased by approximately 20% in 2009, while enrollment for non-credit classes remained strong. Although final enrollment reports for fiscal year 2009 will not be complete until the middle of October, we expect to have record enrollment due to the economic crisis. Historically, during difficult economic periods, community and technical colleges experience increased enrollment.



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VP for Business Affairs



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President

**YORK TECHNICAL COLLEGE**  
Statement of Net Assets  
June 30, 2009

	June 30 2009	June 30 2008
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 14,782,777	10,700,690
Accounts Receivable, Net of \$200,000 (Note 3)	5,134,097	7,644,403
Inventories	7,384	6,669
Other Assets	130,360	16,038
Total Current Assets	20,054,618	18,367,800
NONCURRENT ASSETS		
Capital Assets, Net of \$18,229,292 Accumulated Depreciation (Note 4)	27,562,039	26,220,013
Total Noncurrent Assets	27,562,039	26,220,013
Total Assets	47,616,657	44,587,813
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Accounts Payable	891,017	1,767,692
Payroll Liabilities	763,821	482,712
Deferred Revenue	2,174,611	1,603,468
Notes Payable - Current (Note 16)	149,033	139,225
Funds Held for Others	2,125	2,125
Accrued Compensated Absences - Current (Note 9)	107,358	91,888
Total Current Liabilities	4,087,965	4,087,110
NONCURRENT LIABILITIES		
Accrued Compensated Absences - Long Term (Note 9)	1,255,039	1,071,640
Note Payable - Long Term (Note 16)	511,963	661,025
Total Noncurrent Liabilities	1,767,002	1,732,665
Total Liabilities	5,854,967	5,819,775
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt and Accumulated Depreciation of \$18,229,292 (Note 4)	26,901,043	25,419,763
Unrestricted (Note 7)	14,860,647	13,348,275
Total Net Assets	\$ 41,761,690	38,768,038

**YORK TECHNICAL COLLEGE**  
Statement of Revenues, Expenses, and Changes in Net Assets  
For the Year Ended June 30, 2009

	June 30 2009	June 30 2008
<b>REVENUES</b>		
<b>OPERATING REVENUES</b>		
Student Tuition and Fees Net of Scholarship Allowances of (\$10,196,677)	\$ 7,727,306	7,071,617
Federal Grants and Contracts	12,616,238	11,141,838
State and Local Grants and Contracts	4,714,405	4,283,672
Sales and Services of Educational Departments	1,039,352	977,189
Auxiliary Enterprises	452,893	409,306
Other Operating Revenues	897,246	1,065,716
Total Operating Revenues	27,447,440	24,949,338
<b>EXPENSES</b>		
<b>OPERATING EXPENSES</b>		
Salaries	19,981,809	19,539,909
Benefits	5,161,243	4,830,245
Scholarships	3,469,042	1,444,524
Utilities	942,542	903,539
Supplies and Other Services	6,833,396	7,420,363
Depreciation	1,614,491	1,625,424
Total Operating Expenses	38,002,523	35,764,004
Operating Income (Loss)	(10,555,083)	(10,814,666)
<b>NONOPERATING REVENUES</b>		
State Appropriations		
Salary and Fringes	6,680,520	8,576,868
Lottery Technology Funds	239,549	269,333
County Appropriations	3,976,718	3,608,123
Interest Income	87,650	331,516
Federal Grants and Contracts	740,824	759,177
State and Local Grants and Contracts	194,875	242,606
Other Nonoperating Revenues	-	54,550
Net Nonoperating Revenues	11,920,136	13,842,173
Income (Loss) Before Other Revenues, Expenses, Gains or Losses	1,365,053	3,027,507
Local Capital Appropriations	1,629,225	727,235
State Capital Appropriations	-	1,058,081
Increase in Net Assets	2,994,278	4,812,823
<b>NET ASSETS</b>		
Net Assets - Beginning of Year	38,768,038	33,954,072
Prior Period Adjustments	(626)	1,143
Net Assets - End of Year	\$ 41,761,690	38,768,038

**YORK TECHNICAL COLLEGE**  
Statement of Cash Flows  
For the Year Ended June 30, 2009

	June 30 2009	June 30 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees (Net of Scholarship Allowances)	\$ 9,135,009	6,223,645
Federal, State and Local Grants and Contracts	17,517,605	16,633,783
Sales and Services of Educational Departments	1,039,352	977,189
Auxiliary Enterprise Charges (Net of Scholarship Allowances)	452,893	409,306
Other Receipts	907,610	1,063,750
Other Income Non Operating	-	54,550
Payments and Vendors	(12,093,689)	(9,170,066)
Payments to Employees	(24,663,074)	(24,143,805)
	(7,704,294)	(7,951,648)
Net Cash Provided (Used) by Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations		
Salary and Fringe	6,680,520	8,576,868
Lottery (Equipment)	239,549	269,333
County Appropriations	4,176,718	3,398,123
State , Local and Federal Grants, Gifts and Contracts - Non Operating	1,408,524	528,060
	12,505,311	12,772,384
Net Cash Flows Provided by Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Note Payable	(139,254)	(149,750)
Local Appropriations	1,629,225	727,235
State Appropriations	659,967	21,081
Purchase of Capital Assets	(2,956,518)	(4,500,826)
	(806,580)	(3,902,260)
Net Cash Provided by Capital and Related Financing Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	87,650	331,516
	87,650	331,516
Net Cash Flows Provided (Used) by Investing Activities		
Net Increase in Cash	4,082,087	1,249,993
Cash - Beginning of Year	10,700,690	9,450,697
Cash - End of Year	\$ 14,782,777	10,700,690

**YORK TECHNICAL COLLEGE**  
Statement of Cash Flows, Continued  
For the Year Ended June 30, 2009

	June 30	June 30
	2009	2009
<b>Reconciliation of Net Operating Revenue (Expenses) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (10,555,083)	(10,814,666)
Adjustments to Reconcile Net Income (Loss) to Net Cash	-	54,550
Depreciation Expense	1,614,491	1,625,424
Change in Assets and Liabilities		
Receivables, Net	758,714	474,889
Inventories	715	(1,125)
Deferred Charges and Prepaid Expenses	114,322	10,883
Accounts Payable	734,820	714,177
Compensated Absences	198,869	120,290
Deferred Revenue	(571,142)	(137,795)
Deposits Held for Others	-	1,726
Net Cash Provided (Used) by Operating Activities	\$ (7,704,294)	(7,951,647)

**YORK TECHNICAL COLLEGE**  
Component Unit  
York Technical College Foundation  
Statement of Financial Position  
For the Year Ended June 30, 2009

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	2,009 Total
<b>ASSETS</b>				
Cash	\$ 2,650	340,227	437,316	780,193
Investments	1,345	621,581	2,543,214	3,166,140
Grants Receivable	-	-	-	-
Accounts Receivable	-	1,750	341	2,091
Assets Restricted for Long-Term Assets				
Investments	-	1,125,544	-	1,125,544
Unconditional Promises to Give, Net of Allowance of \$12,068	-	289,642	-	289,642
Property, Plant and Equipment				
Net of Accumulated Depreciation	665,194	291,152	-	956,346
Due from Other Funds	259,716	78,305	-	*
	<u>\$ 928,905</u>	<u>2,748,201</u>	<u>2,980,871</u>	<u>6,319,956</u>
<b>LIABILITIES AND NET ASSETS</b>				
Accounts Payable	7,500	48,456	-	55,956
Capital Lease Obligation Payable	212,038	-	-	212,038
Due to Other Funds	-	-	338,021	*
	<u>219,538</u>	<u>48,456</u>	<u>338,021</u>	<u>267,994</u>
Net Assets	<u>709,367</u>	<u>2,699,745</u>	<u>2,642,850</u>	<u>6,051,962</u>
	<u>\$ 928,905</u>	<u>2,748,201</u>	<u>2,980,871</u>	<u>6,319,956</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, 2009

	Unrestricted (General)	Temporarily Restricted (Escrow)	Permanently Restricted (Endowed)	2009 Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>				
Contributions	\$ 556,789	924,257	34,006	1,515,052
Investment Income	7,293	170,265	-	177,558
Unrealized Gain (Loss) on Investment	-	(303,795)	-	(303,795)
Rental Income	57,863	-	-	57,863
Total Revenues and Gains	<u>621,945</u>	<u>790,727</u>	<u>34,006</u>	<u>1,446,678</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
	<u>2,994,537</u>	<u>(2,994,537)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 3,616,482</u>	<u>(2,203,810)</u>	<u>34,006</u>	<u>1,446,678</u>
<b>EXPENSES</b>				
Program Services				
Capital Outlay	2,892,583	-	-	2,892,583
General and Administrative	160,402	-	-	160,402
Scholarships	101,082	-	-	101,082
Support Services				
Management and General	96,070	-	-	96,070
Fund Raising	2,080	-	-	2,080
Total Expenses	<u>3,252,217</u>	<u>-</u>	<u>-</u>	<u>3,252,217</u>
Change in Net Assets	<u>364,265</u>	<u>(2,203,810)</u>	<u>34,006</u>	<u>(1,805,539)</u>
Net Assets at Beginning of Year	<u>345,103</u>	<u>4,903,555</u>	<u>2,608,843</u>	<u>7,857,501</u>
Net Assets at End of Year	<u>\$ 709,368</u>	<u>2,699,745</u>	<u>2,642,849</u>	<u>6,051,962</u>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements  
June 30, 2009

**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, 2009

**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, 2009, the allowance for uncollectible student accounts was \$200,000.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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, 2009

**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.

*Nonoperating 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.

**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.

**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 Affairs. 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, and/or have sufficient pledged securities as collateral.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 2 - DEPOSITS AND INVESTMENTS**, Continued

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. The deposits for York Technical College at June 30, 2009, were \$10,700,690. 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's investments at June 30, 2009 and June 30, 2008, none of which are with the State Treasurer's Office, are presented below. All investments are presented by investment type.

Investment Type	York Technical College Investments Investment Maturities (In Years)				
	Fair Value Amounts	Less Than 1 Year	1 to 5 years	6 to 10 years	More than 10 Years
2009 Money Market	\$ 9,830,825	9,830,825	-	-	-
2009 Interest Bearing Checking	4,951,952	4,951,952	-	-	-
2009 Total Investments	14,782,777	14,782,777	-	-	-
2008 Money Market	9,766,428	9,766,428	-	-	-
2008 Interest Bearing Checking	934,262	934,262	-	-	-
2008 Total Investments	\$ 10,700,690	10,700,690	-	-	-

**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 Affairs. 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). Funds will only be deposited with financial institutions that are insured and guaranteed by FDIC, or other Federal or State Regulatory Agencies. As of June 30, 2009, all funds were fully collateralized by FHLB letters of credit and securities held by the pledging institution in the College's name.

The College's investments at June 30, 2009 were held by the College or in the College's name by the College's custodial banks. The College recognized no losses due to the default by counterparts to investment transactions.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 2 - DEPOSITS AND INVESTMENTS**, Continued

**INVESTMENTS:** Continued

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 Vice President of Business Affairs. 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, and/or have sufficient pledged securities as collateral.

The College's rated debt investment as of June 30, 2009 and June 30, 2008, were rated by Moody's Investors Service and are listed below using the Moody's Investors Service rating scale.

York Technical College Related Investments  
Quality Ratings

	Fair Value	AAA	AA	A	A1+	Unrated
2009 Money Market	\$ 9,830,825	-	-	-	-	9,830,825
2009 Interest Bearing Checking	4,951,952	-	-	-	-	4,951,952
2008 Money Market	9,766,428	-	-	-	-	9,766,428
2008 Interest Bearing Checking	934,262	-	-	-	-	934,262

**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 has all funds fully collateralized.

**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 is not exposed to this risk.

For the year ended June 30, 2009 and June 30, 2008, the previous tables show investments by the specific method.

**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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 2 - DEPOSITS AND INVESTMENTS**, Continued

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

	2009	2008
STATEMENT OF NET ASSETS:		
Cash and Cash Equivalents	\$ 14,782,777	10,700,690
Plant	-	-
	14,782,777	10,700,690
DEPOSITS AND INVESTMENTS NOTE:		
Cash on Hand	3,230	2,880
Carrying Amount of Deposits, Net	14,779,547	10,697,810
Carrying Amounts of Plant	-	-
Total	\$ 14,782,777	10,700,690

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2009 and June 30, 2008, are summarized as follows:

	2009	2008
Student Accounts	\$ 1,806,372	2,906,502
Less: Allowance for Doubtful Accounts	(200,000)	(57,000)
Federal Grants and Contracts	319,742	710,183
State Grants and Contracts	2,170,004	3,655,234
Local Grants and Contracts	-	-
Non-Governmental Grants and Contracts	-	-
Other	1,037,979	429,484
Net Accounts Receivable	\$ 5,134,097	7,644,403

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, 2009, the allowance for uncollectible student accounts is valued at \$200,000 and at June 30, 2008, the allowance for uncollectible student accounts is valued at \$57,000.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 4 - CAPITAL ASSETS**

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
<b>Capital Assets Not Being Depreciated:</b>					
Land and Improvements	\$ 1,029,567	-	-	-	1,029,567
Construction In Progress	4,436,983	2,186,366	-	-	6,623,349
<b>Total Capital Assets Not Being Depreciated</b>	<b>5,466,550</b>	<b>2,186,366</b>	<b>-</b>	<b>-</b>	<b>7,652,916</b>
<b>Other Capital Assets:</b>					
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
<b>Total Other Capital Assets At Historical Cost</b>	<b>37,421,219</b>	<b>770,152</b>	<b>52,956</b>	<b>-</b>	<b>38,138,415</b>
<b>Less Accumulated Depreciation For:</b>					
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)
<b>Total Accumulated Depreciation</b>	<b>(16,667,757)</b>	<b>(1,614,491)</b>	<b>52,956</b>	<b>-</b>	<b>(18,229,292)</b>
<b>Capital Assets, Net</b>	<b>\$ 26,220,012</b>	<b>1,342,027</b>	<b>-</b>	<b>-</b>	<b>27,562,039</b>

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

The activity in the College's capital assets for the fiscal year ended June 30, 2008 are as follows:

	Beginning Balance July 1, 2007	Increases	Decreases	Transfers	Ending Balance June 30, 2008
<b>Capital Assets Not Being Depreciated:</b>					
Land and Improvements	\$ 1,029,567	-	-	-	1,029,567
Construction In Progress	4,823,741	3,574,604	3,961,362	-	4,436,983
<b>Total Capital Assets Not Being Depreciated</b>	<b>5,853,308</b>	<b>3,574,604</b>	<b>3,961,362</b>	<b>-</b>	<b>5,466,550</b>
<b>Other Capital Assets:</b>					
Buildings and Improvements	27,491,426	3,251,210	-	-	30,742,636
Machinery, Equipment and Other	3,829,012	804,546	22,199	-	4,611,359
Vehicles	390,882	121,676	12,776	-	499,782
Depreciable Land Improvements	857,290	710,152	-	-	1,567,442
<b>Total Other Capital Assets At Historical Cost</b>	<b>32,568,610</b>	<b>4,887,584</b>	<b>34,975</b>	<b>-</b>	<b>37,421,219</b>
<b>Less Accumulated Depreciation For:</b>					
Buildings And Improvements	(10,675,853)	(1,151,096)	-	-	(11,826,949)
Machinery, Equipment And Other	(3,290,128)	(422,252)	22,199	-	(3,690,182)
Vehicles	(291,537)	(39,576)	12,776	-	(318,337)
Depreciable Land Improvements	(819,790)	(12,500)	-	-	(832,290)
<b>Total Accumulated Depreciation</b>	<b>(15,077,308)</b>	<b>(1,625,424)</b>	<b>34,975</b>	<b>-</b>	<b>(16,667,757)</b>
<b>Capital Assets, Net</b>	<b>\$ 23,344,610</b>	<b>6,836,764</b>	<b>3,961,362</b>	<b>-</b>	<b>26,220,013</b>

There were no gains or losses on the disposal of fixed assets in the fiscal year ended June 30, 2008.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
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, PO 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.

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, 2009, 2008, and 2007, were \$1,380,592, \$1,320,646, and \$1,117,075, respectively, and equaled the required contributions of 8.05 percent (excluding the surcharge) for fiscal year 2008 and 9.24 percent (excluding the surcharge) for fiscal year 2009. Also, the College paid employer group-life insurance contributions of \$22,412 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, 2009, 2008, and 2007, were \$5123, \$4,630, and \$4,627, 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 \$96 and accidental death insurance contributions of \$96 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 5 - PENSION PLAN(S)**, Continued

*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 2009.

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 \$208,858 (excluding the surcharge) from York Technical College as employer and \$146,924 from its employees as plan members. In addition, the College paid to the SCRS employer group-life insurance contributions of \$3,390 in the current fiscal year at the rate of .15 percent of compensation.

*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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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% and 3.35% of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. York Technical College paid approximately \$ 603,478 and \$ 568,168 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2008, 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, 2009 and 2008.

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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 7 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS**

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:

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

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

	<u>2008</u>
60 Day Operating Reserve	\$ 5,400,000
Local Financing of the Chester Facility	1,500,000
Health Science Facility	4,000,000
Operating Contingency	500,000
Other Construction Project Costs	<u>1,948,275</u>
	<u>\$ 13,348,275</u>

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

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 8 - LEASE OBLIGATIONS**, Continued

Future commitments for capital leases and operating leases having remaining noncancelable terms in excess of one year as reported at June 30, 2008 were as follows:

<u>Year Ended June 30, 2008</u>	<u>Operating Leases/ Equipment</u>
2010	\$ 49,219
2011	39,686
2012	39,686
2013	39,686
2014	469
Total Minimum Payments	<u>\$ 168,746</u>

**NOTE 9 - LONG-TERM LIABILITIES**

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

	<u>June 30, 2008</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2009</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
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
Note Payable	-	-	-	-	-	-
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>

Long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>June 30, 2007</u>	<u>Addition</u>	<u>Reductions</u>	<u>June 30, 2008</u>	<u>Current Portion</u>	<u>Noncurrent Portion</u>
Notes Payable	\$ 950,000	-	149,750	800,250	139,225	661,025
Accrued Compensated Absences	1,043,238	251,570	131,280	1,163,528	91,888	1,071,640
Note Payable	-	-	-	-	-	-
Total Long-Term Liabilities	<u>\$ 1,993,238</u>	<u>251,570</u>	<u>281,030</u>	<u>1,963,778</u>	<u>231,113</u>	<u>1,732,665</u>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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, 2009.

***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 \$1,646,918 from the Foundation in nonoperating revenues for the fiscal year ended June 30, 2009 and \$573,315 for the fiscal year ended June 30, 2008. 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, 2009 and June 30, 2008 are as follows:

	June 30, 2009	June 30, 2008
Due from the Foundation	\$ 34,731	60,160
Due to the Foundation	-	(10,145)

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

**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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 11 - RISK MANAGEMENT**, Continued

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, 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
<b>Total Operating Expenses</b>	<b>\$ 19,981,809</b>	<b>5,161,243</b>	<b>3,469,042</b>	<b>942,542</b>	<b>6,833,396</b>	<b>1,614,491</b>	<b>38,002,523</b>

Operating expenses by functional classification for the year ended June 30, 2008 are summarized as follows:

	Salaries	Benefits	Scholarship	Utilities	Supplies and Other Services	Deprecation	Total
Instruction	\$ 11,290,283	2,574,342	-	-	3,267,192	-	17,131,817
Academic Support	2,782,414	758,844	-	-	1,690,049	-	5,231,307
Student Services	1,563,285	400,895	-	-	151,145	-	2,115,325
Operation and Maintenance of Plant	1,343,549	385,010	-	903,539	813,786	-	3,445,884
Institutional Support	2,465,413	686,236	-	-	1,348,578	-	4,500,227
Scholarships & Fellowships	-	-	1,444,524	-	-	-	1,444,524
Auxiliary Enterprises	94,965	24,918	-	-	149,613	-	269,496
Depreciation	-	-	-	-	-	1,625,424	1,625,424
<b>Total Operating Expenses</b>	<b>\$ 19,539,909</b>	<b>4,830,245</b>	<b>1,444,524</b>	<b>903,539</b>	<b>7,420,363</b>	<b>1,625,424</b>	<b>35,764,004</b>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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, 2009 and June 30, 2008.

	<u>2009</u>	<u>2008</u>
<b>NON-CAPITAL APPROPRIATIONS</b>		
Current Year's Appropriations:		
Appropriations per State Board Allocation	\$ 6,680,520	8,576,868
Appropriations from SC Education Lottery Fund	<u>239,549</u>	<u>269,333</u>
Total Non-Capital Appropriations Recorded as Current Year Revenue	<u>\$ 6,920,069</u>	<u>8,846,201</u>
<b>CAPITAL APPROPRIATIONS</b>		
Capital Improvement Bond Proceeds	\$ -	558,081
Supplemental Appropriations (Proviso #73-12)	<u>-</u>	<u>500,000</u>
Total Capital Appropriations Recorded as Current Year Revenue	<u>\$ -</u>	<u>1,058,081</u>

**NOTE 14 - REQUIRED INFORMATION ON BUSINESS - TYPE ACTIVITIES**

	<u>2009</u>	<u>2008</u>	Increase/ Decrease
Charges for Services	\$ 27,447,440	24,949,338	2,498,102
Operating Grants and Contributions	5,000,067	4,995,972	4,095
Capital Grants and Contributions	1,629,225	1,785,316	(156,091)
Less: Expenses	<u>(38,002,523)</u>	<u>(35,764,004)</u>	<u>(2,238,519)</u>
Net Program Revenue (Expense)	<u>(3,925,791)</u>	<u>(4,033,378)</u>	<u>107,587</u>
General Revenues:			
Earnings on Investments	-	-	-
Transfers:			
State Appropriations	<u>6,920,069</u>	<u>8,846,201</u>	<u>(1,926,132)</u>
Total General Revenue and Transfers	<u>6,920,069</u>	<u>8,846,201</u>	<u>(1,926,132)</u>
Change in Net Assets	2,994,278	4,812,823	(1,818,545)
Net Assets - Beginning	38,768,038	33,954,072	4,813,966
Prior Period Adjustments	<u>(626)</u>	<u>1,143</u>	<u>(1,769)</u>
Net Assets - Ending	<u>\$ 41,761,690</u>	<u>38,768,038</u>	<u>2,993,652</u>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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 \$1,143 at year end June 30, 2008.

**NOTE 16 – NOTE PAYABLE**

Note payable consisted of the following at June 30, 2009:

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 7.15% 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.

Total Notes Payable \$ 950,000.00

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	-
<b>Grand Total</b>	<u>660,996</u>	<u>118,474</u>	<u>779,470</u>	<u>1,046,733</u>

The amortization scheduled maturities of the notes payable at June 30, 2008 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>	<u>Balance</u>
2009	\$ 139,254	55,649	194,903	660,996
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	-
<b>Grand Total</b>	<u>800,250</u>	<u>174,123</u>	<u>974,373</u>	<u>1,707,729</u>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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) for the IRS Code of 1954.

Foundation activities and support include, but are not limited to:

- Financial aid for students
- Recognition of outstanding scholarship or leadership
- Recognition of outstanding teaching
- Development of special facilities
- Awards for special achievement
- Support of the College library
- Procurement of special equipment
- Planning for special College activities and programs
- Development of State-wide interest in support of the College

**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 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 2008-09, 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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 17 - COMPONENT UNIT INFORMATION**, Continued

**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, 2009 was \$780,193 and the bank balance was \$2,107,069. See Note 2, Assets Restricted for Long-Term Assets, for that portion. Of the cash balance, \$2,054,436 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	\$ 1,345	1,345
Temporarily Restricted	2,156,548	2,156,548
Permanently Restricted	2,385,926	2,133,792
	<u>\$ 4,543,819</u>	<u>4,291,685</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, 2009 is (\$252,134).

Included in the temporarily restricted investments is \$369,155 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.

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**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 revenues 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	\$	154,301
Investments, at Fair Value		369,155
Pledges, Net of Allowance \$12,068		289,642
		<hr/>
	\$	813,098
		<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, 2009

**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:

	<u>Total</u> <u>06/03/08</u>	<u>Addition</u>	<u>Deletions</u>	<u>Total</u> <u>06/30/09</u>
<u>Property, Plant and Equipment</u>				
Land	\$ 379,152	-	-	379,152
Land Improvements	28,000	-	-	28,000
Building	179,000	215,812	-	394,812
Building Improvements	74,668	-	-	74,668
Furniture	346,924	299,577	346,924	299,577
	<u>\$ 1,007,744</u>	<u>515,389</u>	<u>346,924</u>	<u>1,176,209</u>
<u>Accumulated Depreciation</u>				
Land Improvements	\$ 15,400	1,400	-	16,800
Building and Improvements	86,436	16,769	-	103,205
Furniture	346,923	99,859	346,924	99,858
	<u>\$ 448,759</u>	<u>118,028</u>	<u>346,924</u>	<u>219,863</u>
Net Book Value	<u>\$ 558,985</u>	-	-	<u>956,346</u>

**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 contributions receivable in the temporarily restricted fund is related to miscellaneous pledges. The full amount of \$301,710 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:

Balance as of 6/30/09	<u>\$ 301,710</u>
Discount/Allowance	12,068
Total	<u>\$ 289,642</u>
Total Future Payments:	
2010	\$ 157,189
2011	72,081
2012	45,206
2013	27,233
Total	<u>\$ 301,709</u>

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 17 - COMPONENT UNIT INFORMATION**, Continued

**Investment Income**

Investment income consists of the following:

Interest and Dividends (Net of Broker's Fees)		\$	170,265
			170,265
Interest Checking			7,293
		\$	177,558

**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, \$79,685 for scholarships, \$3,000 for rent, \$214,534 grants and \$1,314,700 for supplies/other costs.

The college also leases, through an annually renewable operating lease, 2 instructional facilities from the Foundation. The monthly lease rate is \$4,544.10 for the Wilson Street property and \$1,666.66 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 no board members. There are no amounts payable or receivable at year-end.

**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			99,859
Total		\$	199,718

**YORK TECHNICAL COLLEGE**  
Notes to the Financial Statements, Continued  
June 30, 2009

**NOTE 17 - COMPONENT UNIT INFORMATION**, Continued

**Capital Leases**, continued

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2009 were as follows:

<u>Fiscal Year Ending June 30</u>	
2010	\$ 116,074
2011	<u>102,633</u>
Total Minimum Lease Payments	<u>218,707</u>
Less Amount Representing Interest	(6,668)
Present Value of Minimum Lease Payments	<u>\$ 212,039</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.

The York Technical College Foundation has committed to advance funds in the amount of \$85,000 toward the purchase of land in partnership with Chester County and Chester County Economic Development.

**Line Of Credit**

York Technical College Foundation has a \$500,000 line of credit collateralized by a CD and Money Market account with a large regional financial institution at June 30, 2009 and June 30, 2008. At June 30, 2009, as well as during the previous fiscal year, advances on the unsecured credit line were \$0.

# **YORK TECHNICAL COLLEGE**

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**Independent Auditors' Reports Required by  
Government Auditing Standards and the Single Audit Act**

**Schedule of Expenditures of Federal Awards  
For The Year Ended June 30, 2009**



**YORK TECHNICAL COLLEGE**

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Independent Auditors' Report On Compliance With Requirements  
Applicable To Each Major Program And Internal Control Over  
Compliance In Accordance With OMB Circular A-133

York Technical College  
Rock Hill, South Carolina

Compliance

We have audited the compliance of York Technical College, a component unit of the South Carolina Technical and Comprehensive Education Board, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. York Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of York Technical College's management. Our responsibility is to express an opinion on York Technical College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about York Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on York Technical College's compliance with those requirements.

In our opinion York Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of York Technical College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered York Technical College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of York Technical College's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of York Technical College as of and for the year ended June 30, 2009 and June 30, 2008, and have issued our report thereon dated September 23, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization and the federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink that reads "Clint Brantley" followed by a stylized flourish and the initials "E. C. RA".

September 23, 2009

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Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Based On An Audit Of Financial Statements Performed  
In Accordance With Government Auditing Standards

York Technical College  
Rock Hill, South Carolina

We have audited the financial statements of York Technical College, a component unit of the South Carolina Technical and Comprehensive Education Board, as of and for the year ended June 30, 2009 and June 30, 2008, and have issued our report thereon dated September 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We audited the financial statements of the York Technical College Foundation, Inc. as described in our report on York Technical College's report. The York Technical College Foundation, Inc.'s financial statements were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered York Technical College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the York Technical College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the York Technical College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the York Technical College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the York Technical College's financial statements that is more than inconsequential will not be prevented or detected by the York Technical College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the York Technical College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink, appearing to read "C. Brantley & Co. PA". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

September 23, 2009

**YORK TECHNICAL COLLEGE**  
 Schedule of Expenditures of Federal Awards  
 As of June 30, 2009

<b>FEDERAL GRANTOR</b>	CFDA Number	Pass Through Entity ID #	Grant Period	Deferred Revenue June 30, 2008	Revenues	Expenditures	Deferred Revenue June 30, 2009
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Student Financial Aid							
CWS	84.033		08-09	- \$	165,858	\$ 165,858	-
CWS America Reads	84.033		08-09	-	23,762	23,762	-
Pell 07-08	84.063		07-08	-	(3,173)	(3,173)	-
Pell 08-09	84.063		08-09	-	6,022,397	6,022,397	-
SEOG 07-08	84.007		07-08	-	3,932	3,932	-
SEOG 08-09	84.007		08-09	-	199,296	199,296	-
Federal Family Education Loan	84.268		08-09	-	1,723,700	1,723,700	-
Academic Competitive Grant	84.375		08-09	-	59,800	59,800	-
TRIO							
Student Support 07-08	84.042A		07-08	-	39,500	39,500	-
Student Support 08-09	84.042A		08-09	-	246,563	246,563	-
Talent Search 07-08	84.044		07-08	-	50,976	50,976	-
Talent Search 08-09	84.044		08-09	-	260,130	260,130	-
<b>Pass-Through South Carolina Department of Education</b>							
Perkins Challenge	84.048	09VA416	08-09	-	248,081	248,081	-
<b>Total U.S. Department of Education</b>					<b>- \$ 9,040,822</b>	<b>\$ 9,040,822</b>	<b>-</b>
<b>U.S. DEPARTMENT OF LABOR</b>							
<b>Pass-Through South Carolina Department of Transportation</b>							
JARC	20.516		08-09	\$	179,626	\$ 179,626	
<b>Pass-Through Catawba Regional Planning Council</b>							
NAFTA	17.245		08-09	-	1,066,398	1,066,398	
Work Keys Expansion	17.255		08-09	-	46,697	46,697	
WIA Older Youth	17.259		08-09	-	420,307	420,307	-
WIA Adult	17.250		08-09	-	1,677,583	1,677,583	-
WIA Dislocated Workers	17.258		08-09	-	1,832,643	1,832,643	-
WIA ARRA Summer Youth Jobs	17.259		08-09	-	1,446	1,446	-
<b>Total U.S. Department of Labor</b>					<b>- \$ 5,224,700</b>	<b>\$ 5,224,700</b>	<b>-</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>							
Chester Center	11.300		08-09	\$	1,500,000	\$ 1,500,000	
<b>Total U.S. Department of Commerce</b>					<b>\$ 1,500,000</b>	<b>\$ 1,500,000</b>	
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>							
NR Diesel	66.034		08-09	- \$	14,594	\$ 14,594	-
<b>Total U.S. Environmental Protection Agency</b>					<b>- \$ 14,594</b>	<b>\$ 14,594</b>	<b>-</b>
<b>U.S. DEPARTMENT OF ENERGY</b>							
National Energy Resource Center	81.117		08-09	\$	33,873	\$ 33,873	
Energy Efficiency Training Center Project	81.042		08-09	\$	25,145	\$ 25,145	
<b>Total U.S. Department of Energy</b>					<b>- \$ 59,018</b>	<b>\$ 59,018</b>	<b>-</b>
<b>TOTAL FEDERAL AWARDS</b>					<b>- \$ 15,839,134</b>	<b>\$ 15,839,134</b>	<b>\$ -</b>

**YORK TECHNICAL COLLEGE**

Notes To Schedule Of Expenditures Of Federal Awards  
For The Year Ended June 30, 2009

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of York Technical College. The reporting entity is defined in Note 1 of the College's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 of the College's financial statements.

3. PARTICIPATION AGREEMENT

The College does not participate in any of the Department of Education or Health and Human Services Student Loan Programs.

4. FEDERAL LOAN PROGRAMS

The College has students who have approved loans which were received by those students during the current year. The College is not the lender, it only processes them for the lender the student chooses. The totals and types of loans received for the current fiscal year are:

Department of Education	CFDA # 84.268	
	Subsidized	\$ 958,200
	Unsubsidized	<u>765,500</u>
		<u>\$ 1,723,700</u>

**YORK TECHNICAL COLLEGE**  
Summary Schedule Of Prior Audit Findings  
June 30, 2009

**Findings Relating to the Financial Statements:**

There were no findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings and questioned costs relating to federal awards.

**YORK TECHNICAL COLLEGE**  
Schedule of Findings and Questioned Costs  
June 30, 2009

**Summary of Auditors' Results:**

GAGAS

An unqualified opinion was issued on York Technical College's general purpose financial statements dated September 23, 2009.

There were no significant deficiencies or material weaknesses. No instances of noncompliance material to the financial statement were disclosed by the audit of their financial statements.

A-133

An unqualified opinion was also issued on compliance of major programs at York Technical College dated September 23, 2009. No significant deficiencies in the internal control over major programs were found. Our audit disclosed no audit findings that are required to be reported under OMB Circular A-133.

The major programs at York Technical College are the student Financial Aid Cluster and the TRIO Cluster from the U.S. Department of Education, the WIA Cluster from the U.S. Department of Labor and the Investment For Public Works and Economic Development Facilities (CFDA #11.300) from the U.S. Department of Commerce. Type A or major programs are defined as those that expended \$475,174 which is 3% of total Federal Awards expended at the College. York Technical College's total federal awards expended for the year ended June 30, 2009 were between \$10 million and \$100 million.

York Technical College is a low-risk auditee according to the criteria in OMB Circular A-133.

**Findings Relating to the Financial Statements:**

There were no major findings relating to the financial statements.

**Findings and Questioned Costs Relating to Federal Awards:**

There were no findings and questioned costs relating to federal awards.